

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person OSTRACH MICHAEL S		2. Issuer Name and Ticker or Trading Symbol THRESHOLD PHARMACEUTICALS INC [THLD]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director _____ 10% Owner _____ <input checked="" type="checkbox"/> Officer (give title below) _____ Chief Operating Officer				
(Last) (First) (Middle) C/O THRESHOLD PHARMACEUTICALS, INC., 1300 SEAPORT BOULEVARD, 5TH FLOOR		3. Date of Earliest Transaction (Month/Day/Year) 09/26/2006		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person				
(Street) REDWOOD CITY, CA 94063		4. If Amendment, Date Original Filed (Month/Day/Year)						
(City) (State) (Zip)		Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned						
1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	Amount	(A) or (D) Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock Option (Right to Buy) (1)	\$ 2.5	09/27/2006		A		250,000		(2)	09/13/2015	Common Stock	250,000	(4)	250,000	D	
Stock Option (Right to Buy)	\$ 12.45	09/26/2006		D		250,000			09/12/2006 09/13/2015	Common Stock	250,000	(4)	0	D	
Stock Option (Right to Buy) (1)	\$ 2.5	09/27/2006		A		50,000		(3)	03/13/2016	Common Stock	50,000	(5)	50,000	D	
Stock Option (Right to Buy)	\$ 14.51	09/26/2006		D		50,000			02/01/2006 03/13/2016	Common Stock	50,000	(5)	0	D	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OSTRACH MICHAEL S C/O THRESHOLD PHARMACEUTICALS, INC. 1300 SEAPORT BOULEVARD, 5TH FLOOR REDWOOD CITY, CA 94063			Chief Operating Officer	

Signatures

/s/ David L. Southern, Attorney-in-fact	09/28/2006
<small>Signature of Reporting Person</small>	<small>Date</small>

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The stock option was granted pursuant to the Threshold Pharmaceuticals, Inc. 2004 Amended and Restated Equity Incentive Plan.

(2) This option shall vest and become exercisable commencing on September 27, 2006 in equal monthly installments, with the last installment vesting on September 12, 2009.

(3) This option shall vest and become exercisable commencing on September 27, 2006 in equal monthly installments, with the last installment vesting on January 1, 2010.

(4) On September 26, 2006, the issuer canceled, pursuant to the issuer's option exchange program, an option granted to the reporting person on September 14, 2005. In exchange, the reporting person has received a replacement option on September 27, 2006, for the same number of shares, having an exercise price equal to \$2.50, the closing market price of the underlying stock on the grant date.

(5) On September 26, 2006, the issuer canceled, pursuant to the issuer's option exchange program, an option granted to the reporting person on March 14, 2006. In exchange, the reporting person has received a replacement option on September 27, 2006, for the same number of shares, having an exercise price equal to \$2.50, the closing market price of the underlying stock on the grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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