

NOVADEL PHARMA INC  
Form DEF 14A  
April 27, 2007

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.24a -12

**NOVADEL PHARMA INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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- (4) Proposed maximum aggregate value of transaction:
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-

25 Minneakoning Road  
Flemington, New Jersey 08822  
(908) 782-3431

April 27, 2007

Dear NovaDel Stockholders:

It is my pleasure to invite you to NovaDel's 2007 Annual Meeting of Stockholders. We will hold the meeting on June 6, 2007 at 9:00 a.m. Eastern Daylight Time, at the offices of Morgan, Lewis & Bockius LLP, located at 502 Carnegie Center, Princeton, New Jersey 08540.

2006 was a very important year in our Company's history. We confirmed the strength of our oral spray formulation platform and our capabilities by securing FDA approval for our nitroglycerin oral spray, NitroMist<sup>®</sup>, in November of 2006. Over the course of the year, we also released strong clinical data for zolpidem oral spray to treat insomnia and sumatriptan oral spray to treat migraine attacks. Today, we are working toward our goal of transferring these strong clinical results into commercially viable products that could provide faster acting and more efficacious treatments at a lower dose to the patient. In 2006, we secured a number of patents to protect our intellectual property against competition and we completed the pre-clinical development for two additional new compounds, tizanidine oral spray for spasticity and ropinirole oral spray for Parkinson's disease. Both compounds offer tremendous promise for patients suffering from central nervous system disorders and both will enter clinical development in the coming months. As we closed the past year, we strengthened our management team, expanded our investor base, significantly increased trading volumes and the liquidity in our stock and secured sufficient capital to fulfill our plans for the year ahead. As we move ahead in 2007, we will build on this momentum and begin to deliver on the promise of our oral spray technology and unique formulation capabilities.

During the 2007 Annual Meeting, we will discuss each item of business described in the Notice of Annual Meeting and Proxy Statement that is included in this packet. I would also like to take the opportunity at this meeting to update you on important developments with our current and ongoing clinical studies and to address any questions you may have about NovaDel.

Regardless of whether you plan to attend the meeting or not, please vote your shares by mail, by telephone or through the Internet using the instructions on the enclosed proxy card.

On behalf of NovaDel's Board of Directors and its management team, thank you for your continuing interest in NovaDel. I look forward to seeing you at the meeting and to keeping you informed of our progress throughout 2007.

Sincere regards,

Jan H. Egberts, M.D.  
President and Chief Executive Officer

NOVADEL PHARMA INC.  
25 Minneakoning Road  
Flemington, New Jersey 08822  
(908) 782-3431

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

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To be held on June 6, 2007  
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To Our Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders, or Annual Meeting, of NovaDel Pharma Inc., referred to herein as we, us, our or NovaDel, a Delaware corporation, will be held at the offices of Morgan, Lewis & Bockius LLP, located at 502 Carnegie Center, Princeton, New Jersey 08540, on Wednesday, June 6, 2007, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect seven Directors to our Board of Directors to serve until the next Annual Meeting of Stockholders or until their successors have been duly elected or appointed and qualified;
2. To ratify the selection of J.H. Cohn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
3. To consider and take action upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

These items of business are more fully described in the Proxy Statement accompanying this notice. Only holders of record of our common stock, par value \$.001 per share (the "Common Stock"), at the close of business on April 20, 2007 (the "Record Date"), will be entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof.

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting for any purpose germane to the meeting, at our principal executive offices at 25 Minneakoning Road, Flemington, NJ 08822, by contacting our Corporate Secretary.

Whether you plan to attend the meeting in person or not, it is important that you read the Proxy Statement and follow the instructions on your proxy card to vote by mail, telephone or Internet. This will ensure that your shares are represented and will save us additional expenses of soliciting proxies.

By Order of the Board of Directors,

Michael E. Spicer  
Chief Financial Officer and Corporate Secretary

Flemington, New Jersey  
April 27, 2007

**YOUR VOTE IS IMPORTANT. IN ORDER TO ASSURE YOUR  
REPRESENTATION AT THE MEETING, PLEASE COMPLETE, SIGN AND  
DATE THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE AND RETURN IT  
IN THE ENCLOSED ENVELOPE.**

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NOVADEL PHARMA INC.  
25 Minneakoning Road  
Flemington, New Jersey 08822  
(908) 782-3431

PROXY STATEMENT

**General**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of NovaDel Pharma Inc., referred to herein as we, us, our or NovaDel, of proxies to be voted at the Annual Meeting of Stockholders, or the Annual Meeting, to be held at 9:00 a.m., Eastern Daylight Time, on Wednesday, June 6, 2007, at the offices of Morgan, Lewis & Bockius LLP, located at 502 Carnegie Center, Princeton, New Jersey 08540, and at any adjournments or postponements thereof.

On June 28, 2006 our Board of Directors approved a change of our fiscal year end from July 31 to December 31. Accordingly, the new fiscal year will begin on January 1 and end on December 31. We have filed our Transition Report on Form 10-K for the period ended December 31, 2006.

A copy of our Transition Report on Form 10-K for the period ended December 31, 2006 is enclosed with these materials. Upon written request, we will provide each stockholder being solicited by this Proxy Statement with a copy, free of charge, of any of the documents referred to in this Proxy Statement. All such requests should be directed to NovaDel Pharma Inc., 25 Minneakoning Road, Flemington, New Jersey 08822, Attn: Michael E. Spicer, Chief Financial Officer and Corporate Secretary.

The Annual Meeting has been called to consider and take action on the following proposals:

- (i) to elect seven Directors to our Board of Directors, or the Board, to serve until the next Annual Meeting of Stockholders or until their successors have been duly elected or appointed and qualified;
- (ii) to ratify the selection of J.H. Cohn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- (iii) to consider and take action upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Our principal executive office is located at 25 Minneakoning Road, Flemington, New Jersey 08822 and our telephone number is (908) 782-3431. The approximate date on which this Proxy Statement, the proxy card and other accompanying materials are first being sent or given to stockholders is April 27, 2007.

**Record Date and Shares Outstanding**

Stockholders of record at the close of business on April 20, 2007 (the "Record Date") are entitled to notice of and to vote at the meeting. At the Record Date, 59,495,732 shares of our Common Stock were issued and outstanding.

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## **Revocability of Proxies**

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy (including a telephone vote), by delivering a written revocation of your proxy to our Corporate Secretary, or by voting at the meeting. The method by which you vote by proxy will in no way limit your right to vote at the meeting if you decide to attend in person. If your shares are held in the name of a bank or brokerage firm, you must obtain a proxy, executed in your favor, from the bank or broker, to be able to vote at the meeting.

## **Voting Rights**

Only holders of record of our Common Stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote on all matters to be voted upon at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the outstanding shares on the Record Date will constitute a quorum for the transaction of business at the Annual Meeting and at any postponement or adjournment thereof.

For Proposal 1, the affirmative vote of a plurality of the shares of Common Stock cast by the stockholders present in person or represented by proxy at the Annual Meeting is required to elect the nominees for election as Directors. Thus, broker non-votes and withholding authority will have no effect on the outcome of the vote for the election of Directors. Brokers do, however, have discretionary authority to vote shares held in their name on this proposal, even if they do not receive instructions from the beneficial owner.

For Proposal 2, the affirmative vote of a majority of votes cast by the stockholders entitled to vote and who are present in person or represented by proxy at the Annual Meeting is required to ratify the selection of J.H. Cohn LLP as our independent registered public accounting firm for 2007. Abstentions will have the effect of a vote "against" this proposal. Because broker non-votes are not considered to be votes cast, they will have no effect on the vote for this proposal. Brokers do, however, have discretionary authority to vote shares held in their name on this proposal, even if they do not receive instructions from the beneficial owner. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the selection of J.H. Cohn LLP as our independent registered public accounting firm for 2007, the Audit Committee of our Board may reconsider its selection.

## **Questions and Answers**

### ***Q. What am I voting on?***

- Election of seven Directors (Mark J. Baric, Thomas E. Bonney, CPA, Jan H. Egberts, M.D., William F. Hamilton, Ph.D., J. Jay Lobell, Charles Nemeroff, M.D., Ph.D. and Steven B. Ratoff) for a term ending at the next Annual Meeting of Stockholders; and
- Ratification of the selection of J.H. Cohn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

### ***Q. Who is entitled to vote?***

Only stockholders of record at the close of business on the Record Date, April 20, 2007, are entitled to vote shares held by such stockholders on that date at the Annual Meeting. Each outstanding share entitles its holder to cast one vote.

**Q. How do I vote?**

**Vote By Mail:** Sign and date the proxy card you receive and return it in the enclosed stamped, self-addressed envelope.

**Vote By Telephone:** If you are a stockholder of record (that is, if you hold your stock in your own name), you may vote by telephone by following the instructions on your proxy card. The telephone number is toll-free, so voting by telephone is at no cost to you. If you vote by telephone, you do not need to return your proxy card.

If your shares are held in the name of a bank, broker or other holder of record (i.e., in [street name]), you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Telephone and Internet voting will be offered to stockholders owning shares through most banks and brokers.

**Q. Can I access the proxy materials and transition report on Form 10-K electronically?**

This Proxy Statement and our Transition Report on Form 10-K for the period ended December 31, 2006 are available on our website at [www.novadel.com](http://www.novadel.com).

**Q. Can I change my vote or revoke my proxy?**

Yes. You may change your vote or revoke your proxy at any time before the proxy is exercised. If you submitted your proxy by mail, you must (a) file with the Corporate Secretary a written notice of revocation or (b) timely deliver a valid, later-dated proxy. If you submitted your proxy by telephone, you may change your vote or revoke your proxy with a later telephone proxy. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Corporate Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting.

**Q. What is the process for admission to the Annual Meeting?**

If you are a record owner of your shares (i.e., your shares are held in your name), you must show government issued identification. Your name will be verified against the stockholder list. If you hold your shares through a bank, broker or trustee, you must also bring a copy of your latest bank or broker statement showing your ownership of your shares as of the Record Date.

**Q. What constitutes a quorum?**

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the Record Date will constitute a quorum. On April 20, 2007, the Record Date, there were 59,495,732 outstanding shares of Common Stock entitled to vote at the Annual Meeting.

Abstentions and broker non-votes are counted for purposes of determining whether a quorum is present at the Annual Meeting.

**Q. What vote is required to approve each item?**

The affirmative vote of a plurality of the votes cast at the meeting by stockholders entitled to vote thereon is required for the election of Directors. For ratification of the selection of J.H. Cohn LLP, the affirmative vote of a majority of the votes cast by stockholders entitled to vote thereon will be required.

**Q. What happens if I do not instruct my broker how to vote on the proxy?**

If you do not instruct your broker how to vote, your broker will vote your shares for you at his or her discretion on routine matters such as the election of directors or ratification of auditors.

**Q. What are the recommendations of the Board of Directors?**

The Board of Directors unanimously recommends that the stockholders vote:

- FOR the election of the seven nominated Directors; and
- FOR ratification of the selection of J.H. Cohn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

With respect to any other matter that properly comes before the Annual Meeting, the proxies will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**Information Regarding Board of Directors**

The Board of Directors, or the Board, has nominated seven (7) candidates for election as Director for a term expiring at the next Annual Meeting of Stockholders. All of the nominees are currently members of our Board and, other than Mark J. Baric, were elected by our stockholders at the last Annual Meeting. Mr. Baric was identified as a potential member of the Board by one of our current Directors. Upon careful deliberation of Mr. Baric's qualifications, the Corporate Governance and Nominating Committee recommended to the Board the election of Mr. Baric. The Board elected Mr. Baric on February 1, 2007. Directors are elected to serve for their respective terms or until their successors have been duly elected or appointed and qualified. The Board has no reason to believe that any of the nominees named below will be unavailable, or if elected, will decline to serve.



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Pursuant to our By-Laws, generally the number of Directors is fixed and may be increased or decreased from time to time by resolution of our Board. Currently, our By-Laws provide that the number of Directors must be not less than three (3) nor more than nine (9). The Board has fixed the number of Directors at seven (7) members. Proxies cannot be voted for a greater number of persons than the number of nominees named. In the event one or more of the named nominees is unable to serve, the persons designated as proxies may cast votes for other persons as substitute nominees. Dr. Rosenwald, a significant stockholder, has the ability to designate an individual to serve on our Board, and has exercised such ability by designating Mr. J. Jay Lobell. Although Mr. Lobell is a designee of Dr. Rosenwald's, he does not have any voting or dispositive control over the shares held directly or indirectly by Dr. Rosenwald. Based upon the recommendation of the Corporate Governance and Nominating Committee, the Board elected Mr. Lobell as a member of the Board on December 14, 2005. Pursuant to the listing standards of the American Stock Exchange, or AMEX, Mr. Lobell has been deemed to be an independent Director by our Board as of September 15, 2006. Also at its meeting on September 15, 2006, the Board appointed Mr. Steven B. Ratoff as Chairman of the Board. Mr. Ratoff had served as an independent member of our Board since his election to the Board on January 17, 2006. In connection with Mr. Ratoff's appointment as Chairman of the Board, the Board entered into a consulting arrangement to compensate Mr. Ratoff for his efforts in such position. Such arrangement is on a month-to-month basis. From September 15, 2006 until March 16, 2007, Mr. Ratoff was compensated at a rate of \$17,500 per month and reimbursement of reasonable expenses. Effective March 16, 2007, Mr. Ratoff's monthly rate was reduced to \$10,000 and reimbursement of reasonable expenses in connection with his reduction in day-to-day time spent with NovaDel. As a result of such relationship, the Board has determined that Mr. Ratoff, who otherwise would be deemed independent, is no longer an independent member of the Board pursuant to the listing standards of AMEX. As such, Mr. Ratoff no longer serves as a member of our Audit Committee or our Compensation Committee. The Board, based on the recommendation of the Corporate Governance and Nominating Committee, affirmatively determined that all of our Directors are independent of NovaDel and management under the standards set forth in the listing standards of the AMEX, with the exception of our Chairman, Mr. Steven B. Ratoff, who is not independent because of his consulting arrangement with NovaDel, and Dr. Jan H. Egberts, who is not independent because of his employment as our President and Chief Executive Officer.

NAME	AGE	POSITION WITH NOVADEL
Mark J. Baric	48	Director
Thomas E. Bonney	42	Director
Jan H. Egberts, M.D.	48	Director, President and Chief Executive Officer
William F. Hamilton, Ph.D.	67	Lead Independent Director
J. Jay Lobell	44	Director
Charles Nemeroff, M.D., Ph.D.	57	Director
Steven B. Ratoff	64	Director and Chairman of the Board

The ages, principal occupations and directorships held, and certain other information with respect to the nominees, are shown below as of April 27, 2007.

**Mark J. Baric**, Director, 48. Mr. Baric was elected to the Board in February 2007. Since 2005, Mr. Baric has been the President and co-founder of CeNeRx BioPharma, Inc., a privately held development company with a therapeutic focus on diseases of the central nervous system. In 2001 he co-founded and served, until 2005, as Chief Executive Officer and Chairman of 2ThumbZ Entertainment Inc., a privately held company which develops and markets entertainment applications for users of handheld wireless devices and networks. From 1996 to 2001, Mr. Baric was Chairman and Chief Executive Officer of Virtus Entertainment Corporation, an emerging company in the fast-growing interactive entertainment industry. From 1990 to 1996, Mr. Baric held various leadership positions, including Chief Operating Officer and Chief Financial and Administrative Officer of Seer Technologies Inc. (now known as Cicero, Inc.), a provider of business integration software. Prior to 1990, Mr. Baric held various leadership positions at several firms, including CS First Boston and Coopers and Lybrand. Mr. Baric serves on the boards of CeNeRx BioPharma, Inc.,

2ThumbZ Entertainment Inc. and Concert Technologies, a privately held company focused on rich media technology and licensing. Mr. Baric received an M.B.A. from the Wharton School of the University of Pennsylvania and a B.S. from Clarion University.

**Thomas E. Bonney**, CPA, Director, 42. Mr. Bonney was elected to the Board in March 2005. From 2002 to the present, Mr. Bonney has been President of CMF Associates, LLC, a financial and management consulting firm. Since December 2006, Mr. Bonney has been a General Partner of West Place LLC, a privately held company which invests in and manages hotels. Since June 2005, Mr. Bonney has been Chief Financial Officer and a Director of Leblon Holdings LLC, a privately held beverage supplier. From 2001 to 2002, he was Chief Financial Officer of Akcelerant Holdings, Inc., a technology holding company. From 1995 to 2001, Mr. Bonney was President and a Director of Polaris Consulting & Information Technologies, a technology solutions provider. Mr. Bonney was at Deloitte & Touche from 1987 to 1995 in various positions including Senior Manager. Mr. Bonney received his B.S. in Accounting at the Pennsylvania State University and is a member of the Pennsylvania Institute of Certified Public Accountants. He is a member and chair of our Audit Committee and a member of our Corporate Governance and Nominating Committee.

**Jan H. Egberts**, M.D., Director, President and Chief Executive Officer, 48. Dr. Egberts was elected to the Board in January 2006. From January 2006 to September 2006, Dr. Egberts was Chairman of the Board of NovaDel. Dr. Egberts joined NovaDel in September 2005 as our Chief Operating Officer and assumed the position of President and Chief Executive Officer of NovaDel effective as of December 23, 2005. From August 2004 to September 2005, Dr. Egberts was Chief Operating Officer at Dynogen Pharmaceuticals, Inc. From February 2001 to January 2004, Dr. Egberts was Chairman of Molnlycke Healthcare, Inc., and concurrently served as President of the Barrier division from February 2001 through April 2002 and from April 2002 to January 2004 as Senior Vice President and Global Marketing Director of Molnlycke Healthcare Inc. From November 1996 to February 2001, Dr. Egberts served as Vice President, Business and Market Development Worldwide for Johnson & Johnson Medical. Dr. Egberts received his M.D. from Erasmus University Medical School in the Netherlands, and pursued his clinical training at Harvard Medical School. He also holds an M.B.A. degree from Stanford University.

**William F. Hamilton**, Ph.D., Director, 67. Dr. Hamilton was elected to the Board in March 2003. In January 2006, Dr. Hamilton was appointed Lead Independent Director. Dr. Hamilton has served on the University of Pennsylvania faculty since 1967, and is the Landau Professor of Management and Technology, and Director of the Jerome Fisher Program in Management and Technology at The Wharton School and the School of Engineering and Applied Science. He serves as a director of Neose Technologies, Inc., a publicly-traded company developing proprietary drugs. Dr. Hamilton is also a director of Yaupon Therapeutics, Inc., a privately-held specialty pharmaceutical company that develops small molecule pharmaceuticals licensed from under-served academic laboratories and Avid Radiopharmaceuticals, Inc., a privately-held clinical-stage product-focused molecular imaging company. Dr. Hamilton received his B.S. and M.S. in chemical engineering and his M.B.A. from the University of Pennsylvania, and his Ph.D. in applied economics from the London School of Economics. Dr. Hamilton is a member of our Audit Committee and Compensation Committee and a member and chair of our Corporate Governance and Nominating Committee.

**J. Jay Lobell**, Director, 44. Mr. Lobell was elected to the Board in December 2005. Mr. Lobell has served as Chief Executive Officer, Secretary and a member of the Board of Directors of Paramount Acquisition Corp. since October 2005. Mr. Lobell has served as President and Chief Operating Officer of Paramount BioCapital Asset Management, Inc. and Paramount Biosciences, LLC since January 2005, and is a registered representative of Paramount BioCapital, Inc. Mr. Lobell also serves as President and Secretary of Sitka Sciences, Inc. and Norton Sound Acquisition Corp. which are affiliates of Paramount BioCapital, Inc. From 1996 until January 2005, Mr. Lobell was a partner at Covington & Burling, a law firm. Mr. Lobell received his B.A. from Queens College and his J.D. from Yale Law School. Mr. Lobell is a director of Innovive Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company. Mr. Lobell is a member and chair of our Compensation Committee and is a member of our Audit Committee.

**Charles Nemeroff**, M.D., Ph.D., Director, 57. Dr. Nemeroff was elected to the Board in September 2003. Dr. Nemeroff has been the Reunette W. Harris Professor and Chairman of the Department of Psychiatry and Behavioral Sciences at Emory University School of Medicine in Atlanta, Georgia, since 1991. Dr. Nemeroff serves on the Scientific Advisory Board of numerous publicly-traded pharmaceutical companies, including Astra-Zeneca Pharmaceuticals, Forest Laboratories, Janssen and Quintiles. In 2002, he was elected to the Institute of Medicine of the National Academy of Sciences. Dr. Nemeroff received his B.S. from the City College of New York, his M.S. from Northeastern University, his Ph.D. and post doctorate training from the University of North Carolina and his M.D. from the University of North Carolina. Dr. Nemeroff is chair of our Scientific Advisory Board. He is also a member of our Compensation Committee and is a member of our Corporate Governance and Nominating Committee.

**Steven B. Ratoff**, Director and Chairman of the Board, 64. Mr. Ratoff was elected to the Board in January 2006. Mr. Ratoff was elected Chairman of the Board on September 15, 2006. He is a private investor and since, December 2004, has served as a venture partner with ProQuest Investments, a health care venture capital firm. Mr. Ratoff has been a director, since May 2005, and Chairman of the Board, from September 2005 to October 2006 of Torrey Pines Therapeutics Inc. (formerly Axonyx Inc.), a NASDAQ development stage pharmaceutical company. Mr. Ratoff served as a director of Inkin Pharmaceuticals, Inc. from February 1998 to its sale to Salix, Inc. in September 2005. He also served as a board member since March 1995 and as Chairman of the Board and Interim Chief Executive Officer of CIMA Labs, Inc. from May 2003 to its sale to Cephalon, Inc. in August 2004. Mr. Ratoff also served as a director, since 1998 and as President and Chief Executive Officer of MacroMed, Inc. from February to December, 2001. From December 1994 to February 2001, Mr. Ratoff served as Executive Vice President and Chief Financial Officer of Brown-Forman Corporation, a publicly-traded diversified manufacturer of consumer products. Mr. Ratoff received his B.S. in Business Administration from Boston University and an M.B.A. with Distinction from the University of Michigan. Mr. Ratoff is also a retired Certified Public Accountant.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR  
ALL OF THE NOMINEES SET FORTH ABOVE FOR DIRECTOR**

**BOARD OF DIRECTORS AND COMMITTEES**

***Meetings and Committees of our Board***

Our Board met 10 times in person or by teleconference during the year ended December 31, 2006. Each Director attended more than 75% of the total of the Board meetings and the meetings of the committees upon which he served.

***Executive Sessions; Lead Independent Director***

Non-employee Directors meet regularly in executive session following regularly scheduled Board meetings. Since January 2006, the Board has designated a Lead Independent Director who acts as the leader of the independent Directors and as chairperson of the executive sessions of our independent Directors. Dr. Hamilton is currently serving as our Lead Independent Director.

***Attendance at Annual Meeting***

Although we have no formal policy regarding Director attendance at annual meetings, we strongly encourage all Directors to attend. All of NovaDel's then current Directors attended the Annual Meeting of Stockholders held on January 16, 2007 either in person or by telephone.

**Committees of the Board**

Our Board has the following three committees: (1) Audit Committee; (2) Compensation Committee; and (3) Corporate Governance and Nominating Committee.

<u>Committee</u>	<u>Members</u>	<u>Number of Meetings in 2006</u>
Audit	Thomas E. Bonney, <i>Chair</i> * William F. Hamilton, Ph.D. J. Jay Lobell	9
Compensation	J. Jay Lobell, <i>Chair</i> William F. Hamilton, Ph.D. Charles Nemeroff, M.D., Ph.D.	8
Corporate Governance and Nominating	William F. Hamilton, Ph.D., <i>Chair</i> Thomas E. Bonney Charles Nemeroff, M.D., Ph.D.	6

\*Mr. Thomas E. Bonney has been determined by the Board to be an "audit committee financial expert" as defined under applicable Securities and Exchange Commission rules and "independent" as required by the listing standards of AMEX.

**Audit Committee**

Members: Mr. Bonney (Chair), Dr. Hamilton and Mr. Lobell

Number of meetings in 2006: 9

Functions:

The functions of the Audit Committee are focused on the following areas:

- selects our independent registered public accounting firm and provides oversight of the firm's independence, qualifications and performance;
- reviews the adequacy of our internal control and financial reporting process and the reliability of our financial statements; and
- reviews our compliance with legal and regulatory requirements.

In the opinion of the Board, and as the term "independent" is defined in Section 121(A) of the listing standards of AMEX, Mr. Bonney, Dr. Hamilton and Mr. Lobell are independent of management and free of any relationship that would interfere with the exercise of independent judgment as members of the Audit Committee. Members of the Audit Committee also all meet the independence requirements set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934. Our Board has determined that Mr. Bonney qualifies as an "audit committee financial expert" and "independent director" as those terms are defined by the regulations of the Securities and Exchange Commission and the listing standards of AMEX.

The Audit Committee meets with management periodically to consider the adequacy of our internal controls and the objectivity of our financial reporting. The Audit Committee discusses these matters with our independent registered public accounting firm and with appropriate financial personnel from NovaDel. Meetings are held with participation from the independent registered public accounting firm. The independent registered public accounting firm is given unrestricted access to the Audit Committee. The Audit Committee also recommends to our stockholders the appointment of the independent registered public accounting firm and reviews periodically their performance and independence from management. In addition, the Audit Committee reviews our financing plans and reports its recommendations to the full Board



for approval and to authorize action. A copy of the Audit Committee's written charter is available on our website at [www.novadel.com](http://www.novadel.com). In 2006, the members of the Audit Committee were Mr. Thomas E. Bonney, Dr. William F. Hamilton and Mr. Steven B. Ratoff, with Mr. Steven B. Ratoff stepping down and Mr. J. Jay Lobell joining the Audit Committee on September 15, 2006.

### ***Compensation Committee***

Members: Mr. Lobell (Chair), Dr. Hamilton and Dr. Nemeroff

Number of meetings in 2006: 8

Functions:

- reviews and approves, or recommends for approval by a majority of the independent Directors of the Board, the compensation of our Chief Executive Officer and our other named executive officers;
- reviews and makes recommendations to the Board with respect to incentive compensation plans and equity-based plans; and
- reviews the Compensation Discussion and Analysis (CD&A) for inclusion in our proxy statement.

More specifically, the Compensation Committee annually reviews and approves corporate goals and objectives relevant to the total direct compensation — that is, changes in base salary, and non-equity and equity incentive plan compensation — of the Chief Executive Officer and our other named executive officers, evaluates their performance against these goals and objectives, and, based on its evaluation, sets their total direct compensation. The details of the process and procedures involved are described in the CD&A beginning on page 23 for the named executive officers total direct compensation.

Our full Board ultimately makes the final decisions regarding the Chief Executive Officer's and the other named executive officers total direct compensation.

*Role of Compensation Consultants.* The Compensation Committee engaged Compensation Resources, Inc., or CRI, to advise it on relevant executive pay and related issues, as needed. During 2006, CRI assisted by:

- reviewing our competitive market data with respect to peer group chief executive officer compensation;
- provided input on the pay recommendations for our Chief Executive Officer;
- reviewed our competitive market data for our named executive officers and observations on program design, including pay philosophy, pay levels, and incentive pay mix;
- reviewed information on executive compensation trends, as requested; and
- provided competitive compensation data on non-employee Directors' compensation program as it relates to pay levels.

In the opinion of the Board, and as the term "independent" is defined in Section 121(A) of the AMEX listing standards, Mr. Lobell, Dr. Hamilton and Dr. Nemeroff are independent and are "non-employee Directors" pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934. A copy of the Compensation Committee's written charter is available on our website at [www.novadel.com](http://www.novadel.com). In 2006, the members of the Compensation Committee were Dr. William F. Hamilton, Dr. Charles Nemeroff and Mr. Steven B. Ratoff, with Mr. Steven B. Ratoff stepping down and Mr. J. Jay Lobell joining the Compensation Committee on September 15, 2006.

**Compensation Committee Interlocks and Insider Participation**

From January 1, 2006 through January 17, 2006, the members of the Compensation Committee of the Board were Dr. William F. Hamilton, Dr. Lawrence J. Kessel and Dr. Charles Nemeroff. From January 17, 2006 through September 15, 2006, the members of the Compensation Committee were Dr. William F. Hamilton, Dr. Charles Nemeroff and Mr. Steven B. Ratoff and from September 15, 2006 through December 31, 2006, the members of the Compensation Committee were Mr. J. Jay Lobell, Dr. William F. Hamilton and Dr. Charles Nemeroff. None of these individuals was at any time during or at any other time an officer or employee of ours. Dr. Jan H. Egberts, our President and Chief Executive Officer participated in discussions and decisions regarding salaries and incentive compensation for all of our named executive officers, except he was excluded from discussions regarding his own salary and incentive stock compensation.

**Corporate Governance and Nominating Committee**

Members: Dr. Hamilton (Chair), Mr. Bonney and Dr. Nemeroff

Number of meetings in 2006: 6

Functions:

- recommends to the Board the persons to be nominated for election as Directors at any meeting of stockholders;
- develops and recommends to the Board a set of corporate governance principles applicable to NovaDel; and
- oversees the evaluation of the Board.

In the opinion of the Board, and as the term "independent" is defined in Section 121(A) of the AMEX listing standards, Mr. Bonney, Dr. Hamilton and Dr. Nemeroff are independent.

The Corporate Governance and Nominating Committee was established on June 14, 2004 and was responsible for developing and recommending a set of corporate governance guidelines to the Board. Our Board adopted such Corporate Governance Guidelines in September 2005, which were amended in June 2006. The guidelines are available on our website at [www.novadel.com](http://www.novadel.com). A complete description of the Corporate Governance and Nominating Committee's responsibilities is set forth in the Corporate Governance and Nominating Committee's written charter. A copy of the Corporate Governance and Nominating Committee's written charter is available on our website at [www.novadel.com](http://www.novadel.com).

**Code of Ethics**

Our Board adopted a Business Conduct Policy that is applicable to all of our employees, officers and Directors. The Business Conduct Policy is intended to be designed to deter wrong-doing and promote honest and ethical behavior, full, fair, timely, accurate and understandable disclosure, and compliance with applicable laws. The Business Conduct Policy satisfies the definition of "code of ethics" under the rules and regulations of the Securities and Exchange Commission and listing standards of AMEX. The Board adopted the Business Conduct Policy in 2003 and a subsequent revised Business Conduct Policy was adopted by the Board in 2004. A copy of the Business Conduct Policy can be obtained and will be provided to any person without charge upon written request to our Corporate Secretary at our executive offices, 25 Minneakoning Road, Flemington, New Jersey 08822.

The Business Conduct Policy can also be obtained on our website, [www.novadel.com](http://www.novadel.com). We intend to disclose on our website any amendments to, or waivers from, our Business Conduct Policy that are required to be disclosed pursuant to the rules of the Securities and Exchange Commission and AMEX. Our website and the information contained therein or connected thereto are not incorporated into this Proxy Statement.

### ***Independence of Directors***

The Board annually determines the independence of each Director based on a review by the Board and our Corporate Governance and Nominating Committee. The AMEX Corporate Governance Standards requires that a majority of the Board be independent and that for a Director to qualify as independent, the Board must affirmatively determine that the Director has no material relationship with NovaDel, either directly or as a partner, shareholder or officer of an organization that has a relationship with us. In determining whether a material relationship exists, the Board and our Corporate Governance and Nominating Committee broadly consider all relevant facts and circumstances brought to their attention through the processes described below.

The NovaDel Corporate Governance Guidelines, adopted by the Board in September 2005 and as amended in June 2006, are available on the Corporate Governance section of our website at [www.novadel.com](http://www.novadel.com). The listing standards of AMEX generally provide that a Director will not be considered independent if:

- the Director is, or within the last three years, has been an employee of NovaDel, or an immediate family member of the Director is, or within the last three years has been, an executive officer of NovaDel;
- the Director, or an immediate family member of the Director, has received more than \$60,000 in any 12-month period in the last three years in direct compensation from NovaDel, other than Director fees, compensation paid to an immediate family member who is an employee (other than an executive officer) of the company, compensation received for former service as an interim executive officer (provided the interim employment did not last longer than one year) or benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- a Director who is, or has an immediate family member who is, a current partner of our independent public registered accounting firm, or was a partner or employee of our independent registered public accounting firm who worked on our audit at any time during any of the past three years;
- the Director, or an immediate family member of the Director is, or in the last three years has been, employed as an executive officer of another company where any of NovaDel's present executives serve on that company's compensation committee; or
- a Director who is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of any organization to which the company made or from which the company received, payments that exceed 5% or \$200,000 of the organization's gross revenues for that year, whichever is greater, in any of the most recent three fiscal years (other than those arising solely from investments in the company's securities or payments under non-discretionary charitable contribution matching programs).

Pursuant to the Corporate Governance Guidelines and the AMEX rules, the Board reviewed the independence of each of our Directors in April 2007, taking into account potential conflicts of interest, transactions or other relationships that would reasonably be expected to compromise any of our Directors' independence. In performing this review, the Board, together with our Corporate Governance and Nominating Committee, reviewed the responses received from each Director to a questionnaire inquiring about, among other things, their relationships with us (and those of their immediate family members), their affiliations and other potential conflicts of interest.

As a result of this review, the Board, based on the recommendation of the Corporate Governance and Nominating Committee, affirmatively determined that all of our Directors are independent of NovaDel and management under the standards set forth in the listing standards of the AMEX, with the exception of our Chairman, Mr. Steven B. Ratoff, who is not independent because of his consulting arrangement with NovaDel, and Dr. Jan H. Egberts, who is not independent because of his employment as our President and Chief Executive Officer.



**Compensation of Directors**

The general policy of the Board is that compensation for independent Directors should be a mix of cash and equity-based compensation. NovaDel does not pay management Directors for Board service in addition to their regular employee compensation. The Compensation Committee, which consists solely of independent Directors, has the primary responsibility for reviewing and considering any revisions to Director compensation. The Board reviews the Compensation Committee's recommendations and determines the amount of Director compensation.

Pursuant to its charter, the Compensation Committee may engage the services of outside advisers, experts, and others to assist them. During 2006, the Compensation Committee hired CRI to aid in setting Director compensation.

To assist the Compensation Committee in its annual review of Director compensation, CRI provided Director compensation data compiled from the annual reports and proxy statements of companies that the Board uses as its "peer group" for determining Director compensation. The Director peer group consists of companies within the pharmaceutical and drug delivery industry that are generally considered comparable to NovaDel. The Director peer group consists of the following companies:

**Director Compensation Peer Group**

Advanced Life Sciences Holdings, Inc.	Generex Biotechnology Corporation
Advanced Viral Research Corp.	Idera Pharmaceuticals, Inc.
Anadys Pharmaceuticals, Inc.	Inhibitex, Inc.
Antigenics Inc.	Lev Pharmaceuticals Inc.
Avalon Pharmaceuticals, Inc.	Lipid Sciences, Inc.
Biopure Corporation	Manhattan Pharmaceuticals, Inc.
BioSante Pharmaceuticals, Inc.	Point Therapeutics, Inc.
Curis, Inc.	RegeneRx Biopharmaceuticals, Inc.
Delcath Systems, Inc.	Repros Therapeutics Inc.
Elite Pharmaceuticals, Inc	SIGA Technologies, Inc.
EpiCept Corporation	Valentis, Inc.

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The following table shows amounts earned by each Director in the fiscal year ended December 31, 2006.

Director	Fees		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Earned or Paid in Cash	Stock Awards					
	(\$)	(\$)	(\$)(2)	(\$)		(\$)	(\$)
Mark J. Baric(1)	□	□	□	□	□	□	□
Thomas E. Bonney	\$32,886	□	\$36,000	□	□	□	\$68,886
William F. Hamilton, Ph.D.	\$41,453	□	\$36,000	□	□	□	\$77,453
J. Jay Lobell	\$25,801	□	□(3)	□	□	□	\$25,801
Charles Nemeroff, M.D., Ph.D.	\$29,310	□	\$36,000	□	□	□	\$65,310
Steven B. Ratoff	\$29,449	□	\$71,000	□	□	□	\$100,449(4)

- (1) Mr. Baric was elected in February 2007 and did not receive any cash compensation or stock options in 2006.
- (2) Represents estimated fair value of the option award on the grant date using a Black-Scholes option pricing model that assumes the following: expected volatility of 64%; dividend yield of 0%; expected term until exercise of 4 years; and a risk-free interest rate of 4.3%. Options granted to non-employee Directors generally have the following terms: (i) exercise price equal to market price on the date of grant; (ii) vesting period of three years with one-third of the option grant vesting on each annual anniversary of the grant date; and (iii) contractual term of five years.
- (3) Mr. Lobell was elected to the Board in December 2005 and upon re-election in January 2006 was not awarded additional stock options.
- (4) Does not include fees earned by Mr. Ratoff pursuant to his consulting arrangement with us.

The following table shows the options granted to each Director in the fiscal year ended December 31, 2006.

Director	Number of Shares		Exercise Price Per Share
	Underlying Options Granted	Grant Date	
Mark J. Baric(1)	□	□	□
Thomas E. Bonney	50,000	1/17/2006	\$ 1.36
William F. Hamilton, Ph.D.	50,000	1/17/2006	\$ 1.36
J. Jay Lobell(2)	□	□	□
Charles Nemeroff, M.D., Ph.D.	50,000	1/17/2006	\$ 1.36
Steven B. Ratoff	100,000	1/17/2006	\$ 1.36

- (1) Mr. Baric was elected in February 2007 and was not granted any stock options in 2006.
- (2) Mr. Lobell was elected to the Board in December 2005 and upon re-election in January 2006 was not awarded additional stock options.

The Board followed the recommendation of the Compensation Committee and determined non-employee Director compensation as follows:

**Fiscal 2006 Policy** -- For the period from January 1, 2006 through August 31, 2006, Directors who were not employees and were independent received fees of \$2,000 for each meeting of the Board attended in person or \$1,000 if participated in by telephone. Non-employee independent Directors were also compensated \$3,000 per annum for serving, or \$5,000 per annum for chairing, a committee of the Board. Each non-employee independent Director is also awarded options to purchase 100,000 shares of Common Stock upon their election to the Board, to vest in three equal annual installments beginning on the first anniversary of their appointment. In addition, non-employee independent Directors are annually awarded options to purchase 50,000 shares of Common Stock at the time of their re-election to the Board. Such annually awarded options vest over a three-year period. Non-employee independent Directors are also reimbursed for expenses incurred in connection with their attendance at meetings of the Board or Committees thereof.

From September 1, 2006 through October 24, 2006, the Board unanimously approved certain changes recommended by the Compensation Committee to the compensation arrangements for non-employee Directors. All amounts were prorated for September 1, 2006 through October 25, 2006.

From October 25, 2006 through December 31, 2006, the Board unanimously approved certain changes recommended by the Compensation Committee to the compensation arrangements for non-employee Directors. Summarized below are the terms of the compensation for non-employee Directors, effective October 25, 2006. All amounts were prorated for the period from October 25, 2006 through December 31, 2006.

**Equity Compensation** -- Each new non-employee Director will, upon initially joining the Board, receive options to purchase 100,000 shares of our Common Stock pursuant to our 2006 Equity Incentive Plan, or the Plan, and thereafter, each non-employee Director will receive an annual grant of options to purchase 50,000 shares of our Common Stock upon re-election to the Board.

**Cash Compensation** -- Each non-employee Director will be paid an annual retainer fee of \$20,000 and \$2,000 for in-person and \$1,000 for telephonic meetings of the Board. The Lead Independent Director will be paid a \$2,500 retainer for such role. In addition, each non-employee Director will receive certain additional annual retainers and meeting fees for chairing or serving as a member of the committees of the Board, with annual retainers as follows:

Chairman of the Audit Committee	\$ 7,500
Member of the Audit Committee	\$ 2,500
Chairman of the Compensation Committee	\$ 5,000
Member of the Compensation Committee	\$ 2,500
Chairman of the Corporate Governance and Nominating Committee	\$ 5,000
Member of the Corporate Governance and Nominating Committee	\$ 2,500

In addition, each non-employee Director will be paid \$1,000 for in-person and \$500 for telephonic committee meetings. The Board has agreed to permit each non-employee Director to elect to receive cash compensation in connection with their Board and committee retainers in the form of equity under the Plan. Such election will be made on an annual basis and valued at the time of grant. Equity grants will be received by such non-employee Directors when cash compensation payments are due.

In September 2006, Mr. Ratoff was elected Chairman of the Board. In connection with Mr. Ratoff's appointment as Chairman of the Board, the Board entered into a consulting arrangement to compensate Mr. Ratoff for his efforts in such position. Such arrangement is on a month-to-month basis. From September 15, 2006 until March 16, 2007, Mr. Ratoff was compensated at a rate of \$17,500 per month and reimbursement of reasonable expenses. Effective March 16, 2007, his monthly rate was reduced to \$10,000 and reimbursement of reasonable expenses. Mr. Ratoff will also receive compensation as a member of the Board.

### ***Director Nomination Procedures***

The Corporate Governance and Nominating Committee is responsible for recommending to the Board the nominees for election as Directors at any meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. In making such recommendations, the Committee will consider candidates proposed by stockholders. Stockholders may submit a candidate's name and qualifications to the Board by mailing a letter to the attention of Michael E. Spicer, Chief Financial Officer and Corporate Secretary, NovaDel Pharma Inc., 25 Minneakoning Road, Flemington, New Jersey 08822. The Committee will review and evaluate information available to it regarding candidates proposed by stockholders and will apply the same criteria, and will follow substantially the same process in considering them, as it does in considering candidates identified by members of the Board or senior management. The criteria which will be applied include: (i) reputation for integrity, honesty and high ethical standards; (ii) demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to our current and long-term objectives and willingness and ability to contribute positively to our decision-making process; (iii) commitment to understanding our business and our industry; (iv) adequate time to attend and participate in meetings of the Board and its Committees; (v) ability to understand the sometimes conflicting interests of the various constituencies of NovaDel, which include stockholders, employees, customers, governmental units, creditors and the general public and to act in the interest of all stockholders; and (vi) such other attributes, including independence, that satisfy requirements imposed by the Securities and Exchange Commission and AMEX. When evaluating potential candidates, the Corporate Governance and Nominating Committee will take into consideration the qualifications set forth in the Corporate Governance Guidelines which are available on our website at [www.novadel.com](http://www.novadel.com). The Corporate Governance and Nominating Committee will also consider whether potential Director candidates will likely satisfy the applicable independence standards for the Board, the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

### ***Stockholder Communications with the Board***

Stockholders may communicate their comments or concerns about any matter to the Board by mailing a letter to the attention of the Board, c/o NovaDel, attention Corporate Secretary, at our office in Flemington, New Jersey.

## ***PROPOSAL 2***

### ***RATIFICATION OF THE SELECTION OF J.H. COHN LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007***

The Audit Committee, pursuant to its charter, has selected the independent registered public accounting firm of J.H. Cohn LLP for the purpose of auditing and reporting upon the financial statements of NovaDel for the fiscal year ending December 31, 2007. Neither the firm, nor any of its members has any direct or indirect financial interest in NovaDel. J.H. Cohn LLP has been employed by us to audit our financial statements since November 2003.

While the Audit Committee is responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm, the Audit Committee and our Board are requesting, as a matter of policy, that the stockholders ratify the appointment of J.H. Cohn LLP as our independent registered public accounting firm. The Audit Committee is not required to take any action as a result of the outcome of the vote on this proposal. However, if the stockholders do not ratify the selection, the Audit Committee may investigate the reasons for stockholder rejection and may consider whether to retain J.H. Cohn LLP or to appoint another independent registered public accounting firm. Furthermore, even if the appointment is ratified, the Audit Committee in their discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of NovaDel and our stockholders. A formal statement by representatives of J.H. Cohn LLP is not planned for the Annual Meeting. However, representatives of J.H. Cohn LLP are expected to be present at the Annual Meeting and will be available to respond to appropriate questions by stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE  
FOR THE RATIFICATION OF THE SELECTION OF J.H. COHN LLP  
AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007**

**Independent Registered Public Accounting Firm's Fee Summary**

The following table sets forth fees billed to us by our independent registered public accounting firm during the five month period ended December 31, 2006 and the fiscal years ended July 31, 2006 and 2005 for: (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements; (ii) services by our independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements and that are not reported as Audit Fees; (iii) services rendered in connection with tax compliance, tax advice and tax planning; and (iv) all other fees for services rendered.

	5 months ended <u>12/31/06</u>	<u>J.H. Cohn LLP</u>	
		<u>FY 2006</u>	<u>FY 2005</u>
Audit Fees	\$72,000	\$99,000	\$95,000
Audit Related Fees	\$7,000	\$12,000	\$3,000
Tax Fees	□	\$4,000	\$9,000
All Other Fees	□	□	□

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

The Audit Committee has adopted a policy for the pre-approval of all audit and permitted non-audit services that may be performed by our independent registered public accounting firm. Under this policy, unless a type of service to be provided by our independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee. The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee periodically will revise the list of pre-approved services, based on subsequent determinations. The Audit Committee delegates pre-approval authority to its chairperson and may delegate such authority to one or more of its members, whose activities are reported to the Audit Committee at each regularly scheduled meeting.

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The Audit Committee has approved for fiscal year 2007 the following services with the following fee limits:

### Audit Services

<b>Service</b>	<b>Range of Fees</b>
1. Statutory audits or financial audits for affiliates of the Company for annual financial statements and review of financial statements included in quarterly reports in Form 10-Q	Not to exceed \$20,000
2. Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g. comfort letters, consents) and assistance in responding to SEC comment letters	Not to exceed \$5,000
3. Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events and/or other actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies (Note: Under SEC rules, some consultations may be "audit-related" services rather than "audit" services)	Not to exceed \$10,000

### Audit Related Services