

NOVADEL PHARMA INC
Form DEF 14A
November 28, 2006

**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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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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

November 28, 2006

Dear Stockholder:

This has been an exciting and challenging year for our Company. On November 3, 2006, we announced that NitroMist (Nitroglycerin Lingual Aerosol) had been approved by the U.S. Food and Drug Administration for acute relief of an attack or acute prophylaxis of angina pectoris due to coronary artery disease. NitroMist is our first approval utilizing our proprietary oral spray technology. In addition, we announced positive results from our pilot study for Zolpidem Oral Spray (zolpidem is the active ingredient in Ambien®) as well as positive results from a pharmacokinetic study of our improved oral spray formulation of sumatriptan, the active ingredient in GlaxoSmithKline's leading migraine remedy, Imitrex®.

In September 2006 we announced the two latest additions to our pipeline of oral spray drug development candidates that we will take into the clinic in 2007. These new programs are focused on treating disorders of the central nervous system, with Tizanidine Oral Spray for spasticity and Ropinirole Oral Spray for Parkinson's disease.

I look forward to providing you with an update on the Company's business at the Annual Meeting of Stockholders to be held on January 16, 2007 at 10:00 a.m. at the principal office of NovaDel Pharma Inc. located at 25 Minneakoning Road, Flemington, New Jersey. Our Board of Directors and management look forward to personally greeting those stockholders who will attend the meeting.

Whether or not you plan to attend the Annual Meeting of Stockholders, we encourage you to vote your shares. You may vote by telephone, by mail or in person at the meeting.

Thank you for your investment and continued support of NovaDel Pharma Inc.

Sincerely,

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

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on January 16, 2007

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Annual Meeting) of NovaDel Pharma Inc., a Delaware corporation (we, us, our, and NovaDel), will be held at our principal office located at 25 Minneakoning Road, Flemington, New Jersey 08822, on Tuesday, January 16, 2007, at 10:00 a.m., Eastern Standard Time, for the following purposes:

1. To elect six Directors to our Board of Directors to serve until the next Annual Meeting of Stockholders to be held in May 2007 or until their successors have been duly elected or appointed and qualified;
2. To approve an amendment to our Certificate of Incorporation to increase the authorized shares of our common stock from 100,000,000 shares to 200,000,000 shares;
3. To ratify the selection of J.H. Cohn LLP as our independent registered public accounting firm for the transition period ending December 31, 2006; and
4. 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 November 22, 2006 (the Record Date), will be entitled to notice of and to vote at the Annual Meeting or 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 Annual Report on Form 10-K for the period ending July 31, 2006 and we intend to file a transition report on Form 10-K for the period ending December 31, 2006. As a result of the change in fiscal year, we will hold an additional Annual Meeting of Stockholders in May 2007.

We will make available an alphabetical list of stockholders entitled to vote at the meeting, for examination by any stockholder during ordinary business hours at our principal office, from January 5, 2007 until the meeting.

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

November 28, 2006

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**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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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. (we, us, our, and NovaDel) of proxies to be voted at the Annual Meeting of Stockholders (the Annual Meeting) to be held at 10:00 a.m., Eastern Standard Time, on Tuesday, January 16, 2007, at the principal office of NovaDel located at 25 Minneakoning Road, Flemington, New Jersey 08822, and at any adjournments or postponements thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended July 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 exhibits to 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.

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 Annual Report on Form 10-K for the period ending July 31, 2006 and we intend to file a transition report on Form 10-K for the period ending December 31, 2006. As a result of the change in fiscal year, we will hold an additional Annual Meeting of Stockholders in May 2007.

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

- (i) to elect six Directors to our Board of Directors (the Board of Directors or Board) to serve until the next Annual Meeting of Stockholders to be held in May 2007 or until their successors have been duly elected or appointed and qualified;
- (ii) to approve an amendment to our Certificate of Incorporation to increase the authorized shares of our common stock from 100,000,000 shares to 200,000,000 shares;
- (iii) to ratify the selection of J.H. Cohn LLP as our independent registered public accounting firm for the transition period ending December 31, 2006; and
- (iv) 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 November 30, 2006.

Record Date and Shares Outstanding

Stockholders of record at the close of business on November 22, 2006 (the Record Date) are entitled to notice of and to vote at the meeting. At the Record Date, 49,351,749 shares of our Common Stock were issued and outstanding.

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.

Abstentions and broker non-votes will be counted for the purpose of determining the presence or absence of a quorum. If you do not give instructions to your broker, your broker can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Discretionary items are proposals considered routine under the rules of the American Stock Exchange on which a broker may vote shares held in street name in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions the shares will be treated as broker non-votes. This year, all of the proposals are considered discretionary items, which means that if you do not instruct the broker on how to vote on the proposals, your broker has the authority to vote your shares.

Questions and Answers

Q. What am I voting on?

Election of six Directors (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 to be held in May 2007;

Approval of an amendment to our Certificate of Incorporation to increase the authorized shares of our common stock from 100,000,000 shares to 200,000,000 shares; and

Ratification of the selection of J.H. Cohn LLP as our independent registered public accounting firm for the transition period ending December 31, 2006.

Q. Who is entitled to vote?

Only stockholders of record at the close of business on the Record Date, November 22, 2006, 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.

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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 annual report on Form 10-K electronically?

This Proxy Statement and the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2006, are available on our website at 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 November 22, 2006, the Record Date, there were 49,351,749 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 the approval of an amendment to our Certificate of Incorporation to increase the authorized shares, the affirmative vote of a majority of our shares of Common Stock outstanding will be required, and for the 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 the broker on how to vote on the proposals, your broker has the authority to vote your shares for each of the proposals included in the Proxy Statement.

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 six nominated Directors;

FOR approval of an amendment to our Certificate of Incorporation to increase the authorized shares of our common stock from 100,000,000 shares to 200,000,000 shares; and

FOR ratification of the selection of J.H. Cohn LLP as our independent registered public accounting firm for the transition period ending December 31, 2006.

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

Information Regarding Board of Directors and Committees

The Board has nominated six candidates for election as Directors for a term expiring at the next Annual Meeting of Stockholders to be held in May 2007. Directors are elected to serve for their respective terms or until their successors have been duly elected and qualified. On June 28, 2006, the Company's 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 Annual Report on Form 10-K for the period ending July 31, 2006 and we intend to file a transition report on Form 10-K for the period ending December 31, 2006. As a result of the change in fiscal year, we will hold an additional Annual Meeting of Stockholders in May 2007.

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 of Directors; provided, that the By-Laws provide that the number must be not less than three (3) nor more than nine (9). Currently, the Board of Directors has fixed the number of Directors at seven members. Following the Annual Meeting, there will be one vacancy on the Board of Directors. 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 of Directors, or the Board, and has exercised such ability by designating Mr. J. Jay Lobell to serve on the Board. Although Mr. Lobell is a designee of Dr. Rosenwald, he does not have any voting or dispositive control over the shares held directly or indirectly by Dr. Rosenwald. On December 14, 2005 based upon the recommendation of the Corporate Governance and Nominating Committee, the Board elected Mr. Lobell as a member of the Board. 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 of Directors appointed Steven B. Ratoff as Chairman of the Board. Mr. Ratoff has served as an independent member of the Company's 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 has agreed to enter into a consulting arrangement to compensate Mr. Ratoff for his efforts in such position. Such arrangement will be on a month-to-month basis and shall compensate Mr. Ratoff at a rate of \$17,500 per month and reimbursement of reasonable expenses. As a result of such relationship, the Board has determined that Mr. Ratoff is no longer an independent member of the Board, as defined in the rules of AMEX. As such, Mr. Ratoff will no longer serve as a member of the Company's Audit Committee of the Board and Compensation Committee of the Board. The Board of Directors 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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NAME	AGE	POSITION WITH THE COMPANY
Thomas E. Bonney	41	Director
Jan H. Egberts, M.D.	48	President, Chief Executive Officer and Director
William F. Hamilton, Ph.D.	67	Director
J. Jay Lobell	43	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 October 2, 2006.

Thomas E. Bonney, Director, CPA, 41. Mr. Bonney was elected to the Board of Directors in March 2005. From 2002 to the present, Mr. Bonney has been President of CMF Associates, LLC, a financial and management consulting firm. 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 and President and Chief Executive Officer, 48. Dr. Egberts was elected to the Board of Directors in January 2006. Dr. Egberts joined NovaDel in September 2005 as our Chief Operating Officer. Dr. Egberts assumed the position of President and Chief Executive Officer of NovaDel, effective as of December 23, 2005. On January 17, 2006, Dr. Egberts was elected to the Board of Directors of NovaDel. From January 2006 to September 2006, Dr. Egberts was Chairman of the Board of NovaDel. 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 of Directors 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 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 the Audit Committee and Compensation Committee and a member and chair of our Corporate Governance and Nominating Committee.

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J. Jay Lobell, Director, 43. Mr. Lobell was elected to the Board of Directors 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. 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 the Audit Committee.

Charles Nemeroff, M.D., Ph.D., Director, 57. Dr. Nemeroff was elected to the Board of Directors 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 Cypress Bioscience Inc., Astra-Zeneca Pharmaceuticals, Forest Laboratories, Janssen, Organon, GlaxoSmithKline Beecham and Wyeth-Ayerst, and is a clinical advisor to Acadia Pharmaceutical. In 2002, he was elected to the Institute of Medicine. 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 from the University of North Carolina and his M.D. from the University of North Carolina. He is 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 of Directors 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, since September 2005, of Axonyx Inc., a NASDAQ development stage pharmaceutical company. Mr. Ratoff served as a director of Inkind 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 public 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.

Corporate Governance

Code of Ethics

Our Board of Directors 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 the American Stock Exchange. The Board of Directors adopted the Business Conduct Policy in calendar year 2003 and a subsequent revised Business Conduct Policy was adopted by the Board of Directors 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. Our website and the information contained therein or connected thereto are not incorporated into this Proxy Statement.

Independence of Directors

In 2006, the Board, through our Corporate Governance and Nominating Committee, evaluated the independence of each director in accordance with the American Stock Exchange listing standards and determined that all directors are independent, with the exception of Dr. Jan H. Egberts, our President and Chief Executive Officer and Mr. Steven B. Ratoff, our Chairman of the Board. At a meeting on September 15, 2006, the Board of Directors appointed Steven B. Ratoff as Chairman of the Board. In connection with Mr. Ratoff's appointment as Chairman of the Board, the Board has agreed to enter into a consulting arrangement to compensate Mr. Ratoff for his efforts in such position. Such arrangement will be on a month-to-month basis and shall compensate Mr. Ratoff at a rate of \$17,500 per month and reimbursement of reasonable expenses. As a result of such relationship, the Board has determined that Mr. Ratoff is no longer an independent member of the Board, as defined in the rules of the American Stock Exchange. As such, Mr. Ratoff will no longer serve as a member of our Audit Committee of the Board and Compensation Committee of the Board.

Meetings

Our Board met eight times in person or by teleconference during the year ended July 31, 2006. No director attended less than 75% of the total of the board meetings and the meetings of the committees upon which he served, except that, due to unavoidable circumstances, Dr. Charles Nemeroff was only able to attend approximately 73% of such meetings.

Attendance at Annual Meeting

Although we have no formal policy regarding director attendance at annual meetings, we strongly encourage all directors to attend. Four of NovaDel's six Directors attended the 2006 Annual Meeting of Stockholders.

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.

Committees of the Board

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

	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Corporate Governance and Nominating Committee</u>
Thomas E. Bonney	C		M
William F. Hamilton, Ph.D.	M	M	C
J. Jay Lobell	M	C	
Charles Nemeroff, M.D., Ph.D.		M	M
Total meetings in fiscal year 2006	11	11	6

M = Committee Member

C = Committee Chair

Audit Committee

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

Number of meetings in 2006: 11

Functions:

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

Selects the Company's independent registered public accounting firm and provides oversight of the firm's independence, qualifications and performance;

Reviews the adequacy of the Company's internal control and financial reporting process and the reliability of the Company's financial statements; and

Reviews the Company's compliance with legal and regulatory requirements.

In the opinion of the Board of Directors, and as the term "independent" is defined in Section 121(A) of the listing standards of the American Stock Exchange (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 of Directors 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 (SEC) and the listing standards of AMEX.

The Audit Committee meets with management periodically to consider the adequacy of the Company's internal controls and the objectivity of its financial reporting. The Audit Committee discusses these matters with our independent registered public accounting firm and with appropriate Company financial personnel. 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 the 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 of Directors for approval and to authorize action. A copy of the Audit Committee's written charter is available on our website at www.novadel.com. In 2006, the members of the Audit Committee were Thomas E. Bonney, William F. Hamilton and Steven B. Ratoff, with Steven B. Ratoff stepping down and 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: 11

Functions:

The Compensation Committee shall review and approve, or recommend for approval by a majority of the independent directors of the Board of Directors, the compensation of our Chief Executive Officer and our other executive officers; and

Reviews and makes recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans.

In the opinion of the Board of Directors, 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. In 2006, the members of the Compensation Committee were William F. Hamilton, Charles Nemeroff and Steven B. Ratoff, with Steven B. Ratoff stepping down and J. Jay Lobell joining the Compensation Committee on September 15, 2006.

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 of Directors the persons to be nominated for election as Directors at any meeting of stockholders;

Develops and recommends to the Board of Directors a set of corporate governance principles applicable to NovaDel; and

Oversees the evaluation of the Board of Directors.

In the opinion of the Board of Directors, 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. The Corporate Governance and Nominating Committee is responsible for developing and recommending a set of corporate governance guidelines to the Board of Directors. Upon the recommendation of the Corporate Governance and Nominating Committee, the Board of Directors adopted such Corporate Governance Guidelines on September 2, 2005 which were amended in June 2006. The guidelines are available on our website at 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 attached as Exhibit A and is also available on our website at www.novadel.com.

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 of Directors 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 of Directors and its Committees; (v) ability to understand the sometimes conflicting interests of the various constituencies of our company, 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. 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. 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 of Directors

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

Compensation of Directors

Fiscal 2006 Policy

For the fiscal year ended July 31, 2006, directors who were not employees and were independent received fees of \$2,000 for each meeting of the Board of Directors 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 of Directors. Each non-employee independent Director was also awarded options to purchase 100,000 shares of Common Stock upon their election to the Board of Directors, to vest in three equal annual installments beginning on the first anniversary of their appointment. In addition, non-employee independent Directors were awarded annually options to purchase 50,000 shares of Common Stock at the time of their re-election to the Board of Directors. 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 of Directors or committees thereof.

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

Name	Total	Cash Fees	Stock Awards	Option Awards(a)	Non-Stock Incentive Plan Compensation	All Other Compensation
Thomas E. Bonney	\$ 60,000	\$ 24,000	\$	\$ 36,000	\$	\$
William F. Hamilton	68,000	32,000		36,000		
J. Jay Lobell	67,000	1,000		66,000		
Charles Nemeroff	54,000	18,000		36,000		
Steven B. Ratoff	87,000	16,000		71,000		

(a) 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.

Current Policy

As previously disclosed, on August 16, 2006, at a meeting of the Board of Directors, the Board, based upon the recommendation of the Compensation Committee of the Board, unanimously approved certain changes to the compensation arrangements for non-employee directors. All amounts were prorated for September 1, 2006 through October 25, 2006.

Upon further reflection and consideration, on October 25, 2006, at a meeting of the Board of Directors, based upon the recommendation of the Compensation Committee of the Board, unanimously approved certain changes 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 will be 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 the Company's Common Stock pursuant to the Company's 2006 Equity Incentive Plan (the "Plan"), and thereafter, each non-employee director will receive an annual grant of options to purchase 50,000 shares of the Company's Common Stock upon reelection to the Board, commencing with the upcoming annual meeting.

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, 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 any cash compensation 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 has agreed to enter into a consulting arrangement to compensate Mr. Ratoff for his efforts in such position. Such arrangement will be on a month-to-month basis and shall compensate Mr. Ratoff at a rate of \$17,500 per month and reimbursement of reasonable expenses. Mr. Ratoff will also receive compensation as a member of the Board of Directors.

Compensation Committee Interlocks and Insider Participation

From August 1, 2005 through January 17, 2006, the members of the Compensation Committee of the Board of Directors were Dr. William F. Hamilton, Dr. Lawrence J. Kessel and Dr. Charles Nemeroff. From January 17, 2006 through July 31, 2006 the members of the Compensation Committee were Dr. William F. Hamilton, Dr. Charles Nemeroff and Mr. Steven B. Ratoff. None of these individuals was at any time during or at any other time an officer or employee of ours. Jan H. Egberts, our President and Chief Executive Officer, and Gary A. Shangold, our former President and Chief Executive Officer, participated in discussions and decisions regarding salaries and incentive compensation for all of our executive officers, except they were excluded from discussions regarding their own salary and incentive stock compensation.

Proposal 1**Election of Directors**

The Board has nominated six candidates for election as Directors for a term expiring at the next Annual Meeting to be held in May 2007. Directors are elected to serve for their respective terms and until their successors have been duly elected and qualified. 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 Annual Report on Form 10-K for the period ending July 31, 2006 and we intend to file a transition report on Form 10-K for the period ending December 31, 2006. As a result of the change in fiscal year, we will hold an additional Annual Meeting of Stockholders in May 2007.

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 the Board of Directors; provided, that the By-Laws provide that the number must be not less than three (3) nor more than nine (9). Currently, the Board of Directors has fixed the number of Directors at seven members. Following the Annual Meeting, there will be one vacancy on the Board of Directors. 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 of Directors, or the Board, and has exercised such ability by designating Mr. J. Jay Lobell to serve on the Board. Although Mr. Lobell is a designee of Dr. Rosenwald, he does not have any voting or dispositive control over the shares held directly or indirectly by Dr. Rosenwald. On December 14, 2005 based upon the recommendation of the Corporate Governance and Nominating Committee, the Board elected Mr. Lobell as a member of the Board. 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 a meeting on September 15, 2006, the Board of Directors appointed Steven B. Ratoff as Chairman of the Board. Mr. Ratoff has served as an independent member of the Company's 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 has agreed to enter into a consulting arrangement to compensate Mr. Ratoff for his efforts in such position. Such arrangement will be on a month-to-month basis and shall compensate Mr. Ratoff at a rate of \$17,500 per month and reimbursement of reasonable expenses. As a result of such relationship, the Board has determined that Mr. Ratoff is no longer an independent member of the Board, as defined in the rules of AMEX. As such, Mr. Ratoff will no longer serve as a member of our Audit Committee of the Board and Compensation Committee of the Board. The Board of Directors has no reason to believe that any of the named nominees will be unavailable, or if elected, will decline to serve. For more information regarding the nominees for Director, see Information Regarding Board of Directors and Committees beginning on page 4.

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

Proposal 2

Amendment to our Certificate of Incorporation to Increase the Number of Authorized Shares of our Common Stock from 100,000,000 Shares to 200,000,000 Shares

At the Annual Meeting, our stockholders will be asked to approve an amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock. Our current Certificate of Incorporation authorizes the issuance of a total of 101,000,000 shares, of which 100,000,000 shares are Common Stock and 1,000,000 shares are preferred stock. The Board has proposed an amendment (Appendix A) to our Certificate of Incorporation to increase the total number of authorized shares from 101,000,000 to 201,000,000; the Common Stock will increase from 100,000,000 to 200,000,000; and the amount of preferred stock will remain at 1,000,000. The stockholders are being asked to approve the proposed amendment in accordance with Delaware law.

In addition to the 49,236,369 shares of Common Stock outstanding at October 2, 2006, there were approximately 30,600,000 shares of Common Stock issuable upon exercise of outstanding stock options and warrants and approximately 6,000,000 shares of Common Stock are available for future option grants under our equity plans.

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The following is the text of Article IV, Section 4.1 of the Certificate of Incorporation, as proposed to be amended:

4.1 Authorized Stock. The total number of shares of all classes of stock which the Corporation shall have authority to issue is two hundred and one million (201,000,000) shares, which are to be divided into two classes as follows:

200,000,000 shares of Common Stock, par value \$.001 per share, and

1,000,000 shares of Preferred Stock, par value \$.001 per share.

The purpose of the proposed amendment is to allow us to have a sufficient number of shares of authorized and unissued Common Stock which can be issued in connection with such corporate purposes as may be considered advisable by the Board. Having such shares available for issuance in the future will give us greater flexibility and will allow such shares to be issued as determined by the Board without the expense and delay of a special stockholders meeting. Such stock could be used, for example, for acquisitions, for stock splits or stock dividends, for our employee benefit plans, or in connection with equity or convertible debt financings. We do not have any currently existing plan, commitment, arrangement, understanding or agreement, either oral or written, regarding the issuance of Common Stock subsequent to the increase in the number of authorized shares.

The increase in authorized Common Stock will not have any immediate effect on the rights of existing stockholders. However, the Board will have the authority to issue authorized Common Stock without requiring future stockholder approval of such issuances, except as may be required by the Certificate of Incorporation and applicable law and regulations. To the extent that the additional authorized shares are issued in the future, they will decrease the existing stockholders percentage equity ownership and, depending upon the price at which they are issued as compared to the price paid by existing stockholders for their shares, could be dilutive to our existing stockholders. The holders of Common Stock have no preemptive rights to subscribe for or purchase any additional shares of Common Stock that may be issued in the future.

The increase in the authorized number of shares of Common Stock and the subsequent issuance of such shares could have the effect of delaying or preventing a change in control of NovaDel without further action by the stockholders. Shares of authorized and unissued Common Stock could (within the limits imposed by applicable law) be issued in one or more transactions which would make a change in control of NovaDel more difficult, and therefore less likely. Any such issuance of additional stock could have the effect of diluting the earnings per share and book value per share of outstanding shares of our Common Stock, and such additional shares could be used to dilute the stock ownership or voting rights of a person seeking to obtain control of NovaDel. The Board is not aware of any attempt to take control of NovaDel and has not presented this proposal with the intention that the increase in the authorized shares of our Common Stock be used as a type of antitakeover device.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE AMENDMENT TO OUR CERTIFICATE OF INCORPORATION

Proposal 3

Ratification of the Selection of the Independent Registered Public Accounting Firm

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 transition period ending December 31, 2006. 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 of Directors 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.

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 TRANSITION PERIOD ENDING DECEMBER 31, 2006

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.

Information about Fees Billed by J.H. Cohn LLP

The following table sets forth fees billed to us by our independent registered public accounting firm during 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.

	J.H. Cohn LLP	
	FY 2006	FY 2005
Audit Fees	\$ 99,000	\$ 95,000
Audit Related Fees	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 Auditors

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.

The Audit Committee has approved for fiscal year 2006 the following services with the following fee limits:

Audit Services

Service	Range of Fees
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 \$5,000
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

Service	Range of Fees
1. Due diligence services pertaining to potential business acquisitions/dispositions	Not to exceed \$5,000
2. Agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond or comply with financial, accounting or regulatory reporting matters	Not to exceed \$10,000
3. Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events and/or the 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 services rather than audit-related services)	Not to exceed \$10,000
4. Attest services not required by statute or regulation	Not to exceed \$5,000

Tax Services

Service

1. U.S. federal, state and local tax planning and advice
2. U.S. federal, state and local tax compliance
3. International tax planning and advice
4. International tax compliance

Range of Fees

- Not to exceed \$5,000
 Not to exceed \$5,000
 Not to exceed \$5,000
 Not to exceed \$5,000

All Other Services

Service

No such services are pre-approved

Range of Fees

Report of the Audit Committee

The Audit Committee of the Board of Directors is currently composed of three members and acts under a written charter adopted in September 2003. The current members of the Audit Committee possess the financial sophistication required by its charter and applicable rules. The Audit Committee's written charter is available on our website at www.novadel.com.

Management is responsible for our financial statements and the overall financial reporting process, including our system of internal control and for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The independent registered public accounting firm audits the annual financial statements prepared by management, expresses an opinion as to whether those financial statements present fairly the financial position, results of operations and cash flows of NovaDel in conformity with accounting principles generally accepted in the United States of America and discusses with the Audit Committee any issues they believe should be raised with the Audit Committee.

The Audit Committee reviewed and discussed with our management NovaDel's audited financial statements for the year ended July 31, 2006. The Audit Committee also reviewed and discussed the audited financial statements and the matters required to be communicated by Statement on Auditing Standards Nos. 61, 89 and 90 (Communication with Audit Committees) with our independent registered public accounting firm. These standards require our independent registered public accounting firm to communicate to our Audit Committee, among other things, the following:

methods used to account for significant unusual transactions;

the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

the process used by management in formulating particularly sensitive accounting estimates, and the basis for the independent registered public accounting firm's conclusions regarding the reasonableness of those estimates; and

disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the financial statements.

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Our independent registered public accounting firm also provided the Audit Committee with the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). Independence Standards Board Standard No. 1 requires independent registered public accounting firms annually to disclose in writing all relationships that, in the independent registered public accounting firm's professional opinion, may reasonably be thought to bear on independence, confirm their perceived independence, and engage in a discussion of independence. In addition, the Audit Committee discussed with the independent registered public accounting firm its independence with respect to NovaDel. The Audit Committee also considered whether the independent registered public accounting firm's provision of certain other non-audit related services to NovaDel is compatible with maintaining such independent registered public accounting firm's independence.

Based on its discussions with management and the independent registered public accounting firm, and its review of the representations and information provided by management and the independent registered public accounting firm, the Audit Committee recommended to our Board of Directors that the audited financial statements referred to above be included in our Annual Report on Form 10-K.

Audit Committee
Thomas E. Bonney, Chair
William F. Hamilton, Ph.D.
J. Jay Lobell (appointed in September 2006)

In accordance with the rules of the SEC, the information contained in the Report of the Audit Committee set forth above shall not be deemed to be soliciting material, or to be filed with the SEC or subject to the SEC's Regulation 14A, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that we specifically request that the information be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

EXECUTIVE OFFICERS

The names and ages of our current Executive Officers are set out below. Executive Officers are elected annually by the Board of Directors and serve at the Board of Directors' pleasure. The Board of Directors has determined that, the following individuals are our Executive Officers: Dr. Egberts, Mr. Cohen and Mr. Spicer.

<u>NAME</u>	<u>AGE</u>	<u>POSITION WITH THE COMPANY</u>
Jan H. Egberts, M.D.	48	President and Chief Executive Officer
Barry C. Cohen	44	Vice President, Business and New Product Development
Michael E. Spicer	53	Chief Financial Officer and Corporate Secretary

Jan H. Egberts, M.D., Director and President and Chief Executive Officer, 48. Dr. Egberts was elected a director in January 2006. Dr. Egberts joined NovaDel in September 2005 as our Chief Operating Officer. Dr. Egberts assumed the position of President and Chief Executive Officer of NovaDel, effective as of December 23, 2005. On January 17, 2006, Dr. Egberts was elected a director of NovaDel. From January 2006 to September 2006, Dr. Egberts was Chairman of the Board of NovaDel. 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

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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.

Barry Cohen, M.B.A., Vice President of Business and New Product Development, 44. Mr. Cohen joined NovaDel in May 2003. From September 2001 to May 2003, he was Vice President-Business Development at Keryx Biopharmaceuticals Inc. From April 2000 to September 2001, Mr. Cohen served as Vice President-Marketing at Novartis Consumer Healthcare. From 1994 to April 2000, Mr. Cohen held several executive marketing and business development positions at Novartis Consumer Healthcare.

Michael E. B. Spicer, CPA, Chief Financial Officer and Corporate Secretary, 53. Mr. Spicer joined NovaDel as Chief Financial Officer in December 2004 and was named Corporate Secretary in April 2006. From December 2001 to December 2004, Mr. Spicer was Chief Financial Officer of Orchid Biosciences, Inc. (now known as Orchid Cellmark Inc.). From September 1998 to December 2001, Mr. Spicer served as Vice President, Chief Financial Officer of Lifecodes Corporation until it was acquired by Orchid.

Stock Ownership of Directors, Management and Certain Beneficial Owners

Stock Ownership of Certain Beneficial Owners

The following table sets forth information, as of October 2, 2006, regarding beneficial ownership of the Common Stock to the extent known to us by each person known to be the beneficial owner of 5% or more of the Common Stock. Except as otherwise noted, each person has sole voting and investment power as to his or her shares.

Title of Class	Name and Address or Number in Group	Amount and Nature of Beneficial Ownership	Percentage of Class
Common Stock	Lindsay A. Rosenwald, M.D. (1)	9,491,924 (2)	16.8%
Common Stock	ProQuest Investment II Advisors Fund, L.P. (3)	7,128,152 (4)	14.0%
Common Stock	ProQuest Investments, II, L.P. (3)	7,128,152 (5)	14.0%