

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the year ended December 31, 2007

COMMISSION FILE NO. 001-32177

NOVADEL PHARMA INC.

(Exact Name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-32177
(Commission File No.)

22-2407152
(I.R.S. Employer
Identification No.)

25 MINNEAKONING ROAD, FLEMINGTON, NEW JERSEY 08822
(Address of principal executive offices) (Zip Code)

(908) 782-3431
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.001 per share	American Stock Exchange

**Securities registered pursuant to Section 12(g) of
the Exchange Act:**

None

Indicate by check mark if the registrant is a well-know seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of
the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant
was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes
No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 29, 2007, the aggregate market value of the voting and non-voting common equity of the issuer held by non-affiliates of the registrant was approximately \$65.4 million based upon the closing sale price of \$1.15 for the Registrant's common stock, \$.001 par value, as reported by the American Stock Exchange on that date. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 19, 2008, the issuer had 60,692,260 shares of common stock, \$.001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed pursuant to Regulation 14A within 120 days of the end of the fiscal year (December 31, 2007) are incorporated by reference into Part III of this Annual Report on Form 10-K.

NOVADEL PHARMA INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS

		PAGE
PART I		
Item 1.	Business.	5
Item 1A.	Risk Factors.	27
Item 1B.	Unresolved Staff Comments.	47
Item 2.	Properties.	48
Item 3.	Legal Proceedings.	48
Item 4.	Submission of Matters to a Vote of Security Holders.	48
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	49
Item 6.	Selected Consolidated Financial Data.	52
Item 7.	Management’s Discussion and Analysis of Financial Conditions and Results of Operations.	53
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.	68
Item 8.	Financial Statements and Supplementary Data.	68
Item 9.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.	68
Item 9AT.	Controls and Procedures.	68
Item 9B.	Other Information.	69
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance.	70
Item 11.	Executive Compensation.	70
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	70
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	70
Item 14.	Principal Accountant Fees and Services.	71
PART IV		
Item 15.	Exhibits, Financial Statement Schedules.	71
	Signatures	77

Unless the context otherwise requires, all references to “we,” “us,” “our,” and the “Company” include NovaDel Pharma Inc. (NovaDel).

SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K includes “forward-looking statements”, including statements regarding NovaDel Pharma Inc.’s (the “Company,” “we,” “us” or “NovaDel”) expectations, beliefs, intentions or strategies for the future and the Company’s internal controls and procedures and outstanding financial reporting obligations and other accounting issues. The Company intends that all forward-looking statements be subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are only predictions and reflect the Company’s views as of the date they are made with respect to future events and financial performance. In particular, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in Part II, Item 7 of this Annual Report includes forward-looking statements that reflect the Company’s current views with respect to future events and financial performance. The Company uses words such as “expect,” “anticipate,” “believe,” “intend” and similar expressions to identify forward-looking statements. You can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. A number of important risks and uncertainties could, individually or in the aggregate, cause actual results to differ materially from those expressed or implied in any forward-looking statements.

Examples of the risks and uncertainties include, but are not limited to: the inherent risks and uncertainties in developing products of the type the Company is developing (independently and through collaborative arrangements); the inherent risks and uncertainties in completing the pilot pharmacokinetic feasibility studies being conducted by the Company; possible changes in the Company’s financial condition; the progress of the Company’s research and development; clinical trials require adequate supplies of drug substance and drug product, which may be difficult or uneconomical to procure or manufacture; timely obtaining sufficient patient enrollment in the Company’s clinical trials; the impact of development of competing therapies and/or technologies by other companies; the Company’s ability to obtain additional required financing to fund its research programs; the Company’s ability to enter into agreements with collaborators and the failure of collaborators to perform under their agreements with the Company; the progress of the U.S. Food and Drug Administration, or FDA, approvals in connection with the conduct of the Company’s clinical trials and the marketing of the Company’s products; the additional costs and delays which may result from requirements imposed by the FDA in connection with obtaining the required approvals; acceptance for filing by the FDA does not mean that the New Drug Application, or NDA, has been or will be approved, nor does it represent an evaluation of the adequacy of the data submitted; the risks related to the Company’s internal controls and procedures; and the risks identified under the section entitled “Risk Factors” included as Item 1A in Part I of this Annual Report on Form 10-K and other reports, including this report and other filings filed with the Securities and Exchange Commission from time to time.

PART I

ITEM 1. BUSINESS.

GENERAL

NovaDel Pharma Inc., a Delaware corporation, referred to herein as “we”, “us” and “our”, is a specialty pharmaceutical company developing oral spray formulations for a broad range of marketed pharmaceuticals. Our proprietary technology offers, in comparison to conventional oral dosage forms, the potential for faster absorption of drugs into the bloodstream leading to quicker onset of therapeutic effects and possibly lower doses. Oral sprays eliminate the requirement for water or the need to swallow, potentially improving patient convenience and compliance. Our oral spray technology is focused on addressing unmet medical needs for a broad array of existing and future pharmaceutical products. Our most advanced oral spray candidates target angina, nausea, insomnia, migraine headaches and disorders of the central nervous system. We plan to develop these and other products independently and through collaborative arrangements with pharmaceutical and biotechnology companies. Currently, we have eight patents which have been issued in the U.S. and 71 patents which have been issued outside of the U.S. Additionally, we have over 90 patents pending around the world. We look for drug compounds that are off patent or are coming off patent in the near future, and we formulate these compounds in conjunction with our proprietary drug delivery method. Once formulated, we file for new patent applications on these formulated compounds that comprise our product candidates. Our patent portfolio includes patents and patent applications with claims directed to the pharmaceutical formulations, methods of use and methods of manufacturing for our product candidates.

Our goal is to become a leading specialty pharmaceutical company that develops and commercializes improved formulations of existing drugs using our patented oral spray technology. We believe that our technology has application to a broad number of therapeutic areas and product categories. Our strategy is to concentrate our product development activities primarily on pharmaceutical products which meet the following characteristics:

- Significant prescription sales already exist;
- Our proprietary novel drug delivery technology enhances the performance of the active ingredient of the target compound, potentially addressing unmet patient needs;
- Increasing focus on products in targeted therapeutic areas, where the benefits of our technology may apply to multiple target compounds, and where distribution can be achieved with a specialized sales and marketing group; and
- Applicability of an efficient regulatory pathway to approval using the 505(b)(2) pathway.

In today’s environment of escalating drug development costs and time to market, we believe that the ability to bring products with some degree of differentiation and competitive advantage to the marketplace in a timely and cost-effective manner is a viable strategy.

Since inception, substantially all of our revenues have been derived from consulting activities, primarily in connection with product development for various pharmaceutical companies. More recently, we have begun to derive revenues from license fees and milestone payments stemming from our partnership agreements. Our future growth and profitability will be principally dependent upon our ability to successfully develop our product candidates and to market and distribute the final products either internally or with the assistance of strategic partners.

We have a history of recurring losses, giving rise to an accumulated deficit as of December 31, 2007 of \$65,243,000, as compared to \$48,280,000 as of December 31, 2006. Additionally, we have had negative cash flow from operating activities of \$15,240,000 for the year ended December 31, 2007, \$1,782,000 for the five-months ended December 31, 2006, \$8,855,000 for the fiscal year ended July 31, 2006, and \$6,258,000 for the fiscal year ended July 31, 2005. As of December 31, 2007, we had working capital of \$3,811,000, as compared to \$18,686,000 as of December 31, 2006, representing a net decrease in working capital of approximately \$14,875,000.

The most likely sources of financing include private placements of our equity or debt securities or bridge loans to us from third-party lenders, license payments from current and future partners, and royalty payments from sales of approved product candidates by partners. We can give no assurances that any additional capital that we are able to obtain will be sufficient to meet our needs, or on terms favorable to us. During the fourth quarter 2007, we significantly reduced clinical development activities on our product candidate pipeline, as we did not believe that we had sufficient cash to sustain such activities. Despite this reduction in expenditures for clinical activities, we require capital to sustain our existing organization until such time as clinical activities can be resumed. Given the current level of spending, we estimate that we will have sufficient cash on hand to fund operations through the middle of the second calendar quarter, 2008. Funding for the Company's future development activities could be secured through new strategic partnerships and/or the sale of our common stock or other securities. There can be no assurance that such capital will be available to us in a timely manner or on favorable terms, if at all. There are a number of risks and uncertainties related to a financing or strategic partnering arrangement that are outside our control. We may not be able to obtain additional financing on terms acceptable to us, or at all. If we are unsuccessful at obtaining additional financing as needed, we may be required to significantly curtail or cease operations. We will need additional financing thereafter until we achieve profitability, if ever.

Our audited financial statements for the year ended December 31, 2007, were prepared under the assumption that we will continue our operations as a going concern. We were incorporated in 1982, and have a history of losses. As a result, our independent registered public accounting firm in their audit report has expressed substantial doubt about our ability to continue as a going concern. Continued operations are dependent on our ability to complete equity or debt formation activities or to generate profitable operations. Such capital formation activities may not be available or may not be available on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot continue as a viable entity, our shareholders may lose some or all of their investment in the Company.

At our inception in 1982, then known as Pharmaconsult, we consulted to the pharmaceutical industry, focusing on product development activities of various European pharmaceutical companies. Since 1992, we have used our consulting revenues to fund our own product development activities, supplemented by equity financing. Our focus on developing our own product candidates evolved naturally out of our consulting experience for other pharmaceutical companies. Substantially all of our revenues previously were derived from our consulting activities. Consulting activities are no longer a material part of our business. In 1991, we changed our name to Flemington Pharmaceutical Corporation. Effective October 1, 2002, we again changed our name to NovaDel Pharma Inc.

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 began on January 1 and ended on December 31. We filed a Transition Report on Form 10-K for the five months ended December 31, 2006. As such, the end of the quarters in the new fiscal year does not coincide with the end of the quarters in the previous fiscal years. Due to significant costs, the Company is not recasting the quarterly data from the previous fiscal years as such costs would exceed any potential benefits. Instead, the Company is presenting financial statements and other financial information, including Management's Discussion and Analysis of Financial Condition and Results of Operations, for the year ended December 31, 2007, the five months ended December 31, 2006, and the fiscal years ended July 31, 2006 and July 31, 2005. In Management's Discussion and Analysis of Financial Condition and Results of Operations, the year ended December 31, 2007 is compared to the unaudited year ended December 31, 2006, and the five months ended December 31, 2006 are compared to the unaudited five months ended December 31, 2005. There are no seasonal or other significant factors which affect comparability.

Highlights for the year ended December 31, 2007, and additionally through the date of filing of this Form 10-K, include the following product development and business achievements:

Product Pipeline

- Announced that the Company's New Drug Application for ZolpiMist™ to treat insomnia was accepted for filing by the FDA.
- Announced that Par Pharmaceuticals has been granted a sublicense for the development and commercialization of Zensana™.
- Announced that Par Pharmaceuticals has returned the rights to NitroMist™ to us.
- Announced that two clinical studies comparing our zolpidem oral spray with zolpidem tablets met their primary pharmacokinetic and pharmacodynamic and safety objectives.

- Announced that Hana Biosciences has notified us that ongoing scale-up and stability experiments indicate that there is a need to make adjustments to the formulation and/or manufacturing process, and that there will be a delay in the FDA approval and commercial launch of Zensana™.

Intellectual Property

- Received notification of the issuance of additional patents in Canada and Europe which further strengthens our intellectual property position in the oral delivery of pharmaceuticals. The issued patents cover the use of multiple classes of drugs in oral sprays, including those for the treatment of pain, and for central nervous system disorders under our oral spray delivery system in Canada, and analgesics, alkaloids, and nicotine in Europe.

Executive Team and Board of Directors

- Appointed Mr. Steven B. Ratoff, our current Chairman of the Board, to serve as interim President and Chief Executive Officer.
- Announced that Jan H. Egberts, M.D. resigned as President, Chief Executive Officer and Director.
- Appointed Mr. Mark J. Baric as a member of the Board of Directors.
- Appointed Deni M. Zodda, Ph.D. as Senior Vice President and Chief Business Officer.
- Announced that Mr. Barry C. Cohen will no longer serve as Vice President, Business and New Product Development, and the execution of a related settlement/release agreement.
- Renewed the employment agreement of Mr. Michael E. Spicer as Chief Financial Officer.

PRODUCT DEVELOPMENT

Drug development in the U.S. and most countries throughout the world is a process that includes several steps defined by the FDA or comparable regulatory authorities in foreign countries. The FDA approval processes relating to new drugs differ, depending on the nature of the particular drug for which approval is sought. With respect to any drug product with active ingredients not previously approved by the FDA, a prospective drug manufacturer is required to submit a New Drug Application, or NDA, which includes complete reports of pre-clinical, clinical and laboratory studies to prove such product's safety and efficacy. Prior to submission of the NDA, it is necessary to submit an Investigational New Drug, or IND, to obtain permission to begin clinical testing of the new drug. Given that our current product candidates are based on a new technology for formulation and delivery of active pharmaceutical ingredients that have been previously approved and that have been shown to be safe and effective in previous clinical trials, we believe that we will be eligible to submit what is known as a 505(b)(2) NDA. We estimate that the development of new formulations of our pharmaceutical product candidates, including formulation, testing and NDA submission, will require significantly lower investments in direct research and development expenditures and will require significantly less development time than is the case for the discovery and development of new chemical entities. However, our estimates may prove to be inaccurate; or pre-marketing approval relating to our proposed products may not be obtained on a timely basis, if at all, and research and development expenditures may significantly exceed management's expectations.

It is not anticipated that we will generate any revenues from royalties or sales of our product candidates until regulatory approvals are obtained and marketing activities begin. Any one or more of our product candidates may not prove to be commercially viable, or if viable, may not reach the marketplace on a basis consistent with our desired timetables, if at all. The failure or the delay of any one or more of our proposed products to achieve commercial viability would have a material adverse effect on us.

The successful development of our product candidates is highly uncertain. Estimates of the nature, timing and estimated expenses of the efforts necessary to complete the development of, and the period in which material net cash inflows are expected to commence from, any of our product candidates are subject to numerous risks and uncertainties, including:

- the scope, rate of progress and expense of our clinical trials and other research and development activities;
- results of future clinical trials;

- the expense of clinical trials for additional indications;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish;
- the expense and timing of regulatory approvals or changes in the regulatory approval process;
- the expense of establishing clinical and commercial supplies of our product candidates and any products that we may develop;
- the effect of competing technologies and market developments; and
- the expense of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

We currently have six product candidates in our pipeline. One of these product candidates, Zensana™, is currently licensed to a marketing partner who will commercialize this product candidate, with us receiving milestone and royalty income from revenue upon product approval. For our approved product NitroMist™, and for ZolpiMist™ (zolpidem oral spray) and sumatriptan oral spray, currently in development, we will most likely seek marketing partners to commercialize these three product candidates, as their broad distribution will require significant resources. We are actively seeking partners for these products and would anticipate that such marketing partners would provide us with milestone payments and royalties based on revenues.

Our two remaining earlier-stage product candidates, tizanidine and ropinirole, are targeted for a specific therapeutic area: neurology. Similar to other products, we will seek to secure marketing partners, once we have generated sufficient clinical data to demonstrate their performance.

As discussed above, certain of our product candidates are in early stages of clinical development and some are in preclinical testing. These product candidates are continuously evaluated and assessed and are often subject to changes in formulation.

We expect to continue to spend significant amounts on the development of our product candidates and we expect our costs to increase as we continue to develop and ultimately commercialize our product candidates. The following table summarizes our product candidates:

	Active Ingredient or Class of Molecule	Indications	Stage of Development	Partner
<i>Approved Product</i>				
NitroMist™	Nitroglycerin	Acute angina	FDA Approved	-
<i>Product Candidates</i>				
ZolpiMist™	Zolpidem tartrate	Sleeplessness	NDA submitted; FDA acceptance January 23, 2008	-
Sumatriptan	Sumatriptan succinate	Migraines	Pilot Efficacy study complete	-
Ropinirole	Ropinirole	Idiopathic Parkinson's Disease	Clinical development	-
Tizanidine	Tizanidine hydrochloride	Spasticity	Clinical development	-
Zensana™	Ondansetron	Anti-emetic	Clinical development	Hana Biosciences/Par Pharmaceuticals

NitroMist™ (nitroglycerin lingual aerosol). This product is indicated for acute relief of an attack or acute prophylaxis of angina pectoris due to coronary artery disease, and was approved by the FDA in November 2006. Previously, this product was partnered with Par Pharmaceuticals, or Par; however, on August 1, 2007, we announced that Par returned the rights to NitroMist™ to us as part of Par's strategy to concentrate its resources on supportive care in AIDS and oncology markets. We are currently investigating strategic partners for this product.

