

## CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Company’s Board of Directors, acting on the recommendation of its Corporate Governance and Nominating Committee, to assist the Board and its committees in the exercise of their responsibilities. These principles and policies are in addition to and are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or By-laws of the Company. The Board of Directors will review these Guidelines at least annually and, if appropriate, revise these Guidelines from time to time.

### I. OPERATION OF THE BOARD

1. Director Responsibilities. The fundamental responsibility of members of the Company’s Board of Directors is to promote the best interests of the Company and its stockholders by overseeing the management of the Company’s business and affairs. In doing so, Board members have two basic legal obligations to the Company and its stockholders: (a) the duty of care, which generally requires that Board members exercise appropriate diligence in making decisions and in overseeing management of the Company, and (b) the duty of loyalty, which generally requires that Board members make decisions based on the best interests of the Company and its stockholders without regard to any personal interest.

In furtherance of its responsibilities, the Board of Directors will:

- Review, evaluate and approve, on a regular basis, long-range plans for the Company.
- Review, evaluate and approve the Company’s budget and forecasts.
- Review, evaluate and approve major resource allocations and capital investments.
- Review the financial and operating results of the Company.
- Review, evaluate and approve the overall corporate organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession.
- Review, evaluate and approve compensation strategy as it relates to senior management of the Company.
- Adopt, implement and monitor compliance with the Company’s Business Conduct Policy.

Directors are expected to review and devote appropriate time to studying Board materials. Materials for meetings are generally delivered five to seven days in advance of each Board and Committee meeting. In certain cases, due to the sensitive nature of a matter or time constraints, presentations are provided only at the Board or Committee meeting.

## 2. Board and Committee Meetings; Attendance at Annual Stockholder Meetings

Regular Board meetings will be held approximately four times per year, with telephonic updates to be held four times a year, approximately 6 weeks after each in-person meeting. Special meetings of the Board will be called as necessary. A schedule with dates and locations of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend Board meetings and meetings of the committees on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

Executive Sessions will generally be held in conjunction with each Board meeting and the Directors will be provided the time and place in advance. Executive Sessions are designed to provide the Directors an opportunity to discuss matters that do not require formal Board action.

The non-management Directors may meet in executive session following or in conjunction with each regular Board meeting, without the executive Chairman of the Board and the President and Chief Executive Officer being present. If the non-management Directors include any Directors who are not “independent” pursuant to the Board’s determination of independence, at least one executive session per year will include only independent Directors. The Lead Independent Director will preside at such meetings and his role as Lead Independent Director will be disclosed in the Company’s annual proxy statement. In the event the Lead Independent Director is unable to participate in an executive session, the non-management Directors present at such executive session shall choose a non-management Director to preside at such executive session.

Only the Chairman of the Board, President and Chief Executive Officer, Lead Independent Director or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate.

Directors are expected to attend all annual meetings of stockholders.

## 3. Agenda Items for Board and Committee Meetings

The Chairman of the Board, President and Chief Executive Officer and the Lead Independent Director will establish the agenda for each Board meeting. At the beginning of the year the Chairman of the Board, President and Chief Executive Officer and the Lead Independent Director will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors approximately five to seven days prior to each Board meeting. Directors should review

these materials in advance of the meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Chairman of the Board, President and Chief Executive Officer or the Lead Independent Director well in advance of such meetings.

The Chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter and any requirements of law and the listing standards of the American Stock Exchange. The Chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of each year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the committee members approximately five to seven days prior to each committee meeting. Committee members should review these materials in advance of the meeting.

#### 4. Director Compensation

Non-employee independent Directors will receive reasonable compensation for their services as such. Directors who are employees of the Company, or who are deemed to be not independent of the Company, will receive no additional compensation for serving as Directors.

The form and amount of Director compensation will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter and recommended to the full Board of Directors for approval. The Compensation Committee will conduct an annual review of Director compensation. The Compensation Committee will consider that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a Director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

#### 5. Director Orientation and Education

Management will provide new Directors with an initial orientation in order to familiarize them with their responsibilities as Directors under law and the American Stock Exchange Listing Standards, and with the Company and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Business Conduct Policy, its senior management and its independent registered public accounting firm. The Board of Directors is committed to providing continuing education for Directors, including facilitating Directors' efforts to familiarize themselves with the Company's industry and corporate governance best practices.

In order to facilitate the Directors' fulfillment of their responsibilities regarding continuing education and to enhance each Director's knowledge of the Company, the Company's business operations and the latest developments in corporate governance, it is appropriate for management to provide Directors with a legal review for the Board, at least annually, of (i) the status of major litigation, (ii) compliance with significant regulatory requirements affecting the Company and (iii) corporate governance matters.

6. CEO Evaluation

The Compensation Committee will conduct an annual review of the President and Chief Executive Officer's performance, as set forth in its charter. The Board of Directors will review the Compensation Committee's report in order to ensure that the President and Chief Executive Officer is providing the best leadership for the Company in the long- and short-term.

7. Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or the Secretary or directly by the Director. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a Director and an officer or employee of the Company.

8. Independent Advisors

The Board and each committee have the power to engage experts or advisors, including independent legal counsel, deemed appropriate by the Board or the committee, without consulting or obtaining the approval of any officer of the Company. The Company will provide for appropriate funding, as determined by the Board or committee, for payment of compensation to any such counsel, experts or advisors retained by the Board or a committee.

## II. BOARD STRUCTURE

1. Size of the Board

The Company's By-laws prescribe that the number of Directors of the Company which will constitute the whole Board will not be less than three nor more than nine. The exact number of Directors within such range will be fixed from time to time by resolution of the Board.

## 2. Selection of Directors

Except where the Company is legally required by contract, by-law or otherwise to provide third parties with the right to nominate directors, the Corporate Governance and Nominating Committee will be 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 the 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 other candidates. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Corporate Governance and Nominating Committee and the Chairman of the Board, President and Chief Executive Officer.

The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders, in each case based upon the recommendation of the Corporate Governance and Nominating Committee.

## 3. Selection of Chairman of the Board; Lead Independent Director

The Board selects the Company's Chairman of the Board in the manner that it determines to be in the best interests of the Company's stockholders. The Board does not have a policy as to whether the Chairman should be a non-management director or a member of management. When the Chairman is a member of Company management, the Board of Directors shall nominate a non-management independent director, who shall also act as the Lead Independent Director of the Board, with responsibility for coordinating the activities of the other non-management directors and for performing the duties specified in these guidelines and such other duties as are assigned from time to time by the Board. The Lead Independent Director's additional responsibilities include: (1) presiding at all meetings of the Board at which the Chairman of the Board is not present, (2) serving as a liaison between the Chairman of the Board and the independent Directors, (3) being available to consult with the Chairman of the Board and the President and Chief Executive Officer about the concerns of the Board; and (4) being available to consult with any of the senior executives of the Company as to any concerns that executive might have.

## 4. Director Qualifications

The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

The Company will comply at all times with the requirements for independent directors as established by the American Stock Exchange (or such other exchange or automated quotation system on which the Company's common stock may, at any time, be listed or traded), federal law and the rules and regulations of the Securities and Exchange Commission.

The Corporate Governance and Nominating Committee will develop and periodically review criteria for selecting candidates for election as directors generally and as members of specific Board committees and for identifying, evaluating (including inquiring into candidates' backgrounds), recruiting, and nominating candidates. In identifying candidates for membership on the Board and on Board committees, the Corporate Governance and Nominating Committee will take into account such factors as it considers appropriate, which may include strength of character, maturity of judgment, career specialization, relevant skills and experience and the extent to which a particular candidate would fill a present need on the Board of Directors. The Corporate Governance and Nominating Committee also will evaluate existing members of the Board and determine whether such members should stand for reelection, taking into consideration any changes in the needs of the Board along with such other factors as the Corporate Governance and Nominating Committee considers appropriate. In all events, nominees for Director and Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Company's stockholders. While the Board does not believe that it is appropriate to place an absolute limit on the number of Board of Directors of other public companies on which nominees for the Company's Board may serve, the number of such other board seats, and the time commitment required by them, together with the possible benefits from service on such other Boards, are factors that the Corporate Governance and Nominating Committee will take into consideration in evaluating potential candidates.

#### 5. Resignation from the Board

Any Director may resign at any time by giving notice in writing or by electronic transmission to the Lead Independent Director, Chairman of the Board, President and Chief Executive Officer or the Secretary of the Company. Such resignation will take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

### III. COMMITTEES OF THE BOARD

There will be three standing committees of the Board: Audit, Compensation, and Corporate Governance and Nominating, each of which will be comprised entirely of independent directors. The Corporate Governance and Nominating Committee will recommend to the Board of Directors the members of each of such committees. Each standing committee will have the authority and responsibilities provided for in the Company's By-Laws, the resolutions creating such committees and the applicable

charter. From time to time, the Board may designate ad hoc committees in conformity with the Company's By-Laws. The Board will have the authority to disband any ad hoc or standing committee when it deems it appropriate to do so, provided that the Company will at all times have such committees as may be required by applicable law or the listing standards of the American Stock Exchange.

Each of the standing committees will have a written charter, which will be approved by the full Board and state the purpose and responsibilities of such committee. Committee charters will be reviewed not less frequently than annually to reflect the activities of each of the respective committees, changes in applicable law or regulation and other relevant considerations, and proposed revisions to such charters will be subject to approval by the full Board.

The committees will conduct regular and special meetings in accordance with their respective charters and applicable law and the listing standards of the American Stock Exchange. To the extent practicable, information regarding matters to be considered at committee meetings will be distributed to committee members a reasonable period of time before such meetings.

#### IV. OTHER BOARD PRACTICES

##### 1. Review of Roles and Responsibilities of Directors

The Lead Independent Director will review with each Director on a periodic basis the performance of each Director's duties as well as the role and responsibilities of each Director.

##### 2. Board Interaction with Institutional Investors, Analysts, Media, Customers and Members of the Public

Except where directed by the Chairman of the Board, President and Chief Executive Officer or the Chief Financial Officer of the Company, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must be made only by specifically designated representatives of the Company. If a Director receives any inquiry relating to the Company from the media, securities analysts, brokers or investors, including informal social contacts, he or she should decline to comment and ask them to call the Company's President and Chief Executive Officer or its Chief Financial Officer.

##### 3. Performance Evaluation of the Board

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance and Nominating Committee will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will be discussed with the full Board following the end of each fiscal year. The assessment will

focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

#### 4. Prior Notice of Outside Directorships

Directors should carefully consider the number of other boards on which they can serve consistent with the time and energy necessary to satisfy the requirements of Board and Committee memberships. Directors should also carefully consider any actual or apparent conflicts of interest and impairments to independence that service on other boards may create. In furtherance of these considerations, outside directors should notify the Chairman of the Board or the Lead Independent Director in a timely fashion before accepting an invitation to serve on the board of another public company or to serve in a management position with an entity which might potentially be in competition with the Company. This prior notice is to allow discussion with the Chairman of the Board and/or the Lead Independent Director to review whether such other service will interfere with the outside Director's service on the Company's Board, impact the Director's status as an independent Director, or create an actual or apparent conflict of interest for the Director.