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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 17, 2007

Transdel Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	333-135970	45-0567010
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4225 Executive Square, Suite 460 La Jolla, CA	92037
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (858) 457-5300

300 Park Avenue, Suite 1700
New York, NY 10022
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

CURRENT REPORT ON FORM 8-K

TRANSDEL PHARMACEUTICALS, INC.

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Item 1.01 Entry into a Material Definitive Agreement

The Merger

On September 17, 2007, Transdel Pharmaceuticals, Inc., a Delaware corporation ("Transdel"), entered into an Agreement of Merger and Plan of Reorganization (the "Merger Agreement") by and among Transdel, Trans-Pharma Corporation, a privately held Nevada corporation ("Trans-Pharma"), and Trans-Pharma Acquisition Corp., a newly formed, wholly-owned Delaware subsidiary of Transdel ("Acquisition Sub"). Upon closing of the merger transaction contemplated under the Merger Agreement (the "Merger"), Acquisition Sub merged with and into Trans-Pharma, and Trans-Pharma, as the surviving corporation, became a wholly-owned subsidiary of Transdel.

For a description of the terms of the Merger Agreement and the Merger, see the descriptions thereof in Item 2.01 below, which disclosure is incorporated herein by reference.

Prior to the announcement by Transdel relating to the possibility of entering into the Merger, there were no material relationships between Transdel or Trans-Pharma, or any of their respective affiliates, directors or officers, or any associates of their respective officers or directors.

Item 2.01 Completion of Acquisition or Disposition of Assets

Merger

The Merger. On September 17, 2007, Transdel entered into the Merger Agreement with Trans-Pharma and Acquisition Sub. Upon closing of the Merger on September 17, 2007, Acquisition Sub was merged with and into Trans-Pharma, and Trans-Pharma became a wholly-owned subsidiary of Transdel.

Pursuant to the terms and conditions of the Merger Agreement:

- At the closing of the Merger, each share of Trans-Pharma's common stock issued and outstanding immediately prior to the closing of the Merger was exchanged for the right to receive 0.15625 of one share of Transdel's common stock. An aggregate of 8,000,000 shares of Transdel's common stock, which includes 195,313 shares of restricted stock which are subject to forfeiture, were issued to the holders of Trans-Pharma's common stock.

- Immediately following the closing of the Merger, $1.5 million of convertible notes of Trans-Pharma (the "Notes"), plus all unpaid accrued interest, were assumed by Transdel and subsequently converted into 1,530,177 shares of Transdel's common stock.

- Immediately following the closing of the Merger, under the terms of an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, Transdel transferred all of its pre-Merger assets and liabilities to its wholly-owned subsidiary, Bywater Resources Holdings, Inc. ("SplitCo"). Thereafter pursuant to a Split-Off Agreement, Transdel transferred all of its outstanding capital stock of SplitCo to a major stockholder of Transdel in exchange for cancellation of 5,550,007 shares of Transdel's common stock held by such stockholder (the "Split-Off"), which left 1,849,993 shares of Transdel's common stock held by existing stockholders of Transdel. These shares constituted the part of Transdel's "public float" prior to the Merger that will continue to represent the shares of Transdel's common stock eligible for resale without further registration by the holders thereof.

- In connection with the closing of the Merger, Transdel issued approximately 40.9 units in a private placement (the "Private Placement"), consisting of an aggregate of 2,046,834 shares of Transdel's common stock and five-year warrants to purchase an aggregate of an additional 511,708 shares of common stock at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share, at $100,000 per unit.

- Upon the closing of the Merger, Rolf Harms resigned as the sole officer and director of Transdel and simultaneously therewith a new board of directors was appointed. The new board of directors consists of the two current members of the board of directors of Trans-Pharma, Juliet Singh, Ph.D. and Jeffrey J. Abrams, M.D.

- Each of Transdel, Trans-Pharma and Acquisition Sub provided customary representations and warranties, pre-closing covenants and closing conditions in the Merger Agreement.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement, which is filed as Exhibit 2.1 hereto and incorporated herein by reference.

Following (i) the closing of the Merger, (ii) the closing of the Private Placement, (iii) the conversion of the Notes and (iv) Transdel's cancellation of 5,550,007 shares in the Split-off, there were 13,427,004 shares of Transdel's common stock issued and outstanding. Approximately 59.6% of such issued and outstanding shares are held by the former stockholders of Trans-Pharma, approximately 15.2% is held by the investors in the Private Placement, approximately 13.8% is held by the pre-Merger stockholders of Transdel and approximately 11.4% is held by the former holders of the Notes.

Neither Transdel nor Trans-Pharma had any options or warrants to purchase shares of capital stock outstanding immediately prior to the closing of the Merger. However, immediately prior the Merger, Transdel adopted an equity incentive plan and reserved 1,500,000 shares for issuance as incentive awards to officers, directors, employees and other qualified persons and following the Merger Transdel issued options to purchase an aggregate of 600,000 shares of Transdel's common stock under such plan to Juliet Singh, Ph.D., Balbir Brar, D.V.M., Ph.D., John T. Lomoro, Jeffrey J. Abrams, M.D. and Ysabella Fernando.

The shares of Transdel's common stock issued to former holders of Trans-Pharma's capital stock in connection with the Merger, and the shares of Transdel's common stock and warrants issued in the Private Placement, were not registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act and Regulation D promulgated under that section, which exempt transactions by an issuer not involving a public offering. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. Certificates representing these shares contain a legend stating the same.

As of the date of the Merger Agreement there were no material relationships between Transdel or any of its affiliates and Trans-Pharma, other than in respect of the Merger Agreement.

Changes Resulting from the Merger. Transdel intends to carry on Trans-Pharma's business as its sole line of business. Transdel has relocated its executive offices to 4225 Executive Square, Suite 460, La Jolla, California 92037 and its telephone number is (858) 457-5300.

The Merger and its related transactions were approved by the holders of a requisite number of shares of Trans-Pharma's capital stock pursuant to a written consent dated as of September 17, 2007. Under Nevada corporate law, Trans-Pharma's stockholders who did not vote in favor of the Merger may demand in writing, pursuant to the exercise of their appraisal rights, that Trans-Pharma pay them the fair value of their shares. Determination of fair value is based on many relevant factors, except that a court may disregard any appreciation or depreciation resulting from the anticipation or accomplishment of the Merger. As of September 19, 2007, no holders of shares of Trans-Pharma's common stock had indicated their intention to seek appraisal of their shares.

Changes to the Board of Directors and Executive Officers. Upon the closing of the Merger, the then-current sole officer and director of Transdel resigned and was replaced by new officers and directors. Immediately following the closing of the Merger, Transdel's board of directors was reconstituted to consist of Juliet Singh, Ph.D. and Jeffrey J. Abrams, M.D. Following the Merger, Transdel's officers consisted of the officers of Trans-Pharma immediately prior to the Merger.

All directors hold office for one-year terms until the election and qualification of their successors. Officers are elected by the board of directors and serve at the discretion of the board.

Accounting Treatment. The Merger is being accounted for as a reverse-merger and recapitalization of Trans-Pharma for financial reporting purposes. Consequently, the assets and liabilities and the operations that will be reflected in the historical financial statements prior to the Merger will be those of Trans-Pharma and will be recorded at the historical cost basis of Trans-Pharma, and the consolidated financial statements after completion of the Merger will include the assets and liabilities of Transdel and Trans-Pharma, historical operations of Trans-Pharma and operations of Transdel from the closing date of the Merger.

Tax Treatment; Small Business Issuer. The Split-Off will result in taxable income to Transdel in an amount equal to the difference between the fair market value of the assets transferred and Transdel's tax basis in the assets. Any gain recognized, to the extent not offset by Transdel's net operating losses carry-forwards, if any, will be subject to federal income tax at regular corporate income tax rates.

Transdel will continue to be a "small business issuer," as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), following the Merger.

Description of Our Company

Transdel was incorporated in Delaware in January 2006 in order to conduct mineral exploration activities. Immediately following the Merger, the existing assets and liabilities of Transdel were disposed of pursuant to the Split-Off.

Trans-Pharma was formed in Nevada on July 24, 1998 as a specialty pharmaceutical company focused on the development and commercialization of topically administered medications.

After the Merger, Transdel succeeded to the business of Trans-Pharma as its sole line of business.

Description of Our Business

As used in this Current Report on Form 8-K, all references to "we," "our" and "us" for periods prior to the closing of the Merger refer to Trans-Pharma and for periods subsequent to the closing of the Merger refer to Transdel and its subsidiaries.

Company Overview

We are a specialty pharmaceutical company focused on the development and commercialization of topically administered medications. Our lead topical drug candidate, Ketotransdel™, utilizes our proprietary Transdel™ cream formulation to facilitate the passage of ketoprofen, a non-steroidal anti-inflammatory drug ("NSAID"), through the epidermis and into underlying tissues. Ketotransdel™ provides an alternative to the oral administration of cyclooxygenase-2 selective NSAIDs ("COX-2 inhibitors") and non-selective NSAIDs, which when administered orally are associated with increased risk of adverse cardiovascular events, gastrointestinal and other adverse complications. We successfully completed a Phase 1/2 trial for treating soft tissue pain and soreness in a delayed onset muscle soreness model with Ketotransdel™.

We believe that there is a multi-billion dollar void in the pain management market since the withdrawal of two popular COX-2 inhibitors, Bextra and Vioxx, in 2005 due to the increased risk of adverse cardiovascular events associated with these drugs. In addition, according to IMS Health, sales of Celebrex, the only specific COX-2 inhibitor available in the United States today, have fallen by 50% since 2005. Over-the-counter oral NSAIDs such as ibuprofen, the active ingredient in Advil, Motrin and other pain medications, have also come under scrutiny for increased cardiovascular and gastrointestinal risks. According to the National Center for Health Statistics, there are over 100,000 hospitalizations per year for NSAID related gastrointestinal complications and approximately 16,500 NSAID related deaths annually resulting in over $3 billion per year in additional health care costs. In 2006, the Food and Drug Administration ("FDA") approved new requirements that professional labeling for all over-the-counter and prescription NSAIDs, including COX-2 inhibitors, include information about the potential cardiovascular and gastrointestinal risks. We believe that these developments have resulted in demand for a potentially safer method of administering NSAIDs.

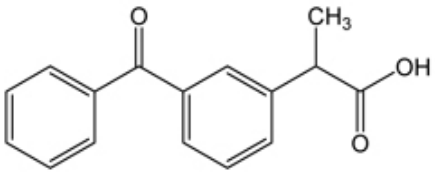
The transdermal application of NSAIDs using Ketotransdel™ may minimize the cardiovascular, gastrointestinal and other adverse risks associated with oral administration of NSAIDs and COX-2 inhibitors. Transdermal application allows for local delivery of the drug thus bypassing the gastrointestinal tract and reducing systemic exposure to the drug and thereby may result in a decreased risk of cardiovascular, gastrointestinal, liver or kidney complications. Therefore, we believe that Ketotransdel™ is positioned to satisfy a growing demand for safer alternatives to oral NSAIDs and COX-2 inhibitors.

We are also investigating other drug candidates and treatments for transdermal delivery using Transdel™ technology, our proprietary cream formulation, including anesthetics, human hormone replacement and anti-nausea medications. Our patent on the Transdel™ proprietary cream formulation covers the combination of the cream formulation with other active drug ingredients in over 26 therapeutic areas creating an opportunity to develop a number of potential drug candidates. This patent covers composition of matter, methods of manufacture and methods of use of Transdel™.

Ketotransdel™

Ketotransdel™ is a cream formulation comprised of 10% of the NSAID ketoprofen. The formulation is proprietary and efficiently allows the absorption of the drug through the epidermis. This product may be considered for patients with site specific localized pain and who also (i) have a history of gastrointestinal, cardiovascular, kidney or liver problems, (ii) are geriatric or pediatric patients and/or (iii) are patients at risk for drug interactions.

We selected ketoprofen as the active ingredient for Ketotransdel™ for its proven clinical and medical track record for safety and efficacy with low incidences of kidney, liver and skin reactions when administered topically.



Ketoprofen

Figure 1, the structure of ketoprofen

Clinical results with Ketotransdel™

Protocol

Ketotransdel™ was tested in a double blind, randomized placebo-controlled Phase 1/2 trial at the University of California Medical School, San Diego. The trial tested the efficacy and safety of topical Ketotransdel™ for the treatment of soft tissue pain and soreness in a delayed-onset muscle soreness model. The objectives of the study were to evaluate: (i) the efficacy of Ketotransdel™ on muscle strength compared with a placebo; (ii) the safety of Ketotransdel™ as a topical treatment and (iii) the level of systemic absorption of topical Ketotransdel™. The placebo consisted of the cream without an active pharmaceutical ingredient.

A total of 32 healthy males, ages 18 to 25, were exercised by rigorous knee extension and flexion exercise, isolating the quadriceps muscle, to the point of complete fatigue in both legs. After exercise, and every 8 hours thereafter, test subjects applied either Ketotransdel™ or placebo to the quadriceps area on both legs. The subjects were randomized into four groups, each containing 8 subjects: groups 1 and 2 were a between-subject design, and groups 3 and 4 were a within-subject design (see Table 1). Muscle soreness was evaluated at baseline, 24 and 48 hours by a validated visual analog scale recognized by the FDA for evaluating pain.

	Group	Right Leg Treatment	Left Leg Treatment
Between-subject	1	Ketoprofen Cream	Ketoprofen Cream
	2	Placebo Cream	Placebo Cream
Within-subject	3	Ketoprofen Cream	Placebo Cream
	4	Placebo Cream	Ketoprofen Cream

Table 1, protocol outline for Ketotransdel's™ Phase 1 / 2 trial

Serum levels of ketoprofen were quantitated at 24 and 48 hours.

Clinical Results

Muscle soreness at the three time points was analyzed separately for the Between- and Within- Subject designs. The Between-Subject groups (1 and 2) demonstrated a significant therapeutic effect from Ketotransdel™ versus placebo between 24 and 48 hours (* p = 0.0118), as shown in the graphic below.

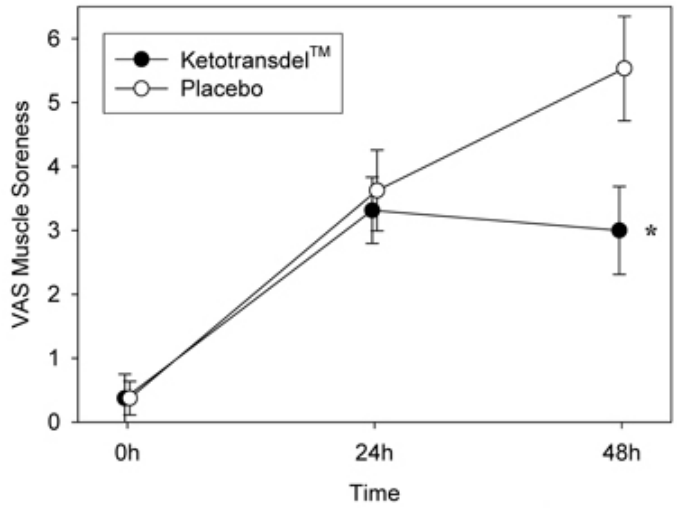


Figure 2: VAS muscle soreness and pain (Between Subject Group) mean scores ± SE at 0, 24 and 48 hours

Similarly, the Within-Subject groups (groups 3 and 4) showed significantly less muscle soreness in the Ketotransdel™ legs relative to placebo legs (p = 0.0104) between 24 and 48 hours.

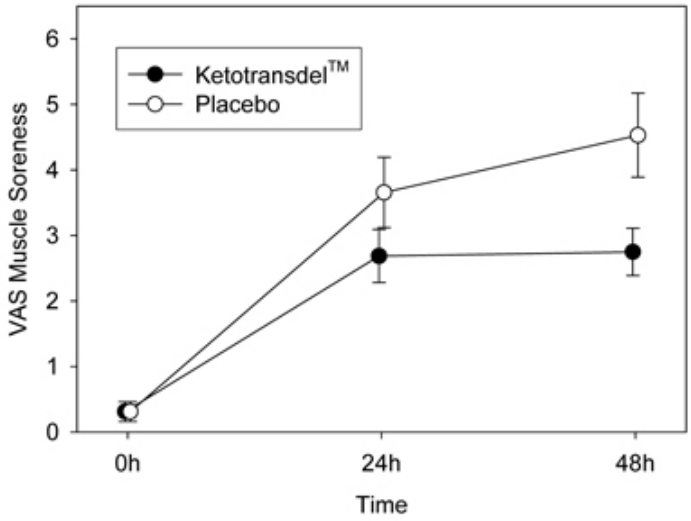


Figure 3: VAS muscle soreness and pain (Within Subject Group), mean scores ± SE at 0, 24 and 48 hours

Systemic Absorption

The concentration of ketoprofen in the sera of the test subjects at 24 and 48 hours reached a maximum of 53 ng/mL in subjects administering the drug on both legs and a maximum of 31 ng/mL in those administering Ketotransdel™ on just one leg. For comparison, a 200 mg oral dose of ketoprofen (Oruvail) resulted in a peak serum concentration of 3,400 ng/mL, or roughly 100-fold higher than seen with the Ketotransdel™ transdermal application. We concluded that topical Ketotransdel™ has 1 to 5% of the bioavailability compared to that of oral ketoprofen.

This study demonstrated that Ketotransdel™ provided effective local delivery of ketoprofen to provide statistically significant relief of pain and soreness with minimal systemic exposure to the drug. No adverse reactions to Ketotransdel™ were reported.

Meeting with the FDA

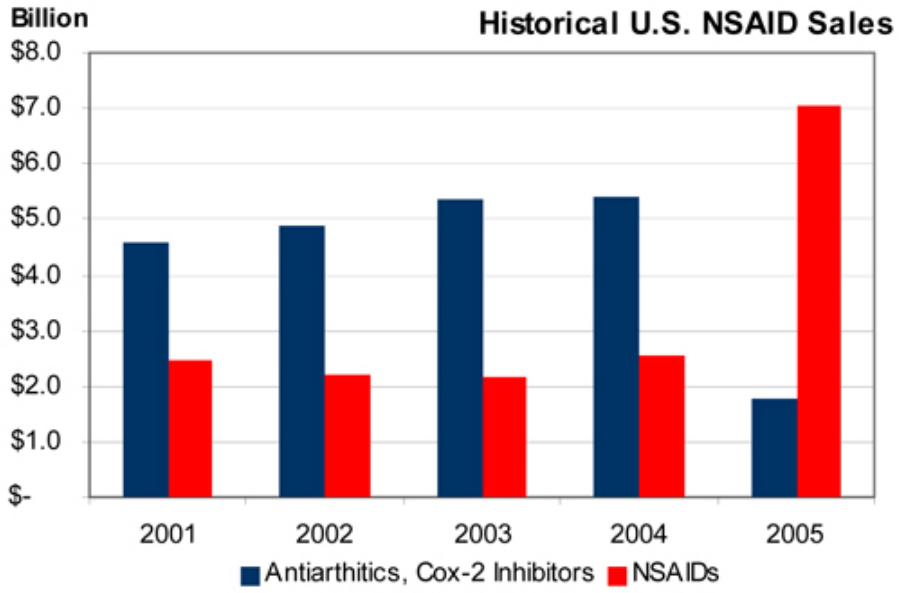
We had a pre-Investigational New Drug (“IND”) application meeting with the FDA in August 2004 to review the results of our Phase 1/2 study and to discuss further requirements for approval of Ketotransdel™. As a result of that meeting, the FDA requested that a limited number of additional non-clinical studies be conducted. At present, the FDA has not raised any significant issues with respect to the specifications or proposed manufacturing process for Ketotransdel™. We expect to file the IND application for Ketotransdel™, containing our proposed Phase 3 clinical studies, prior to initiating our trials. At the 2004 Pre-IND meeting with the FDA, the FDA indicated it is possible that a single Phase 3 clinical trial could be designed to address all or most of the issues raised by the FDA relating to the approval of Ketotransdel™. The expected filing of the Phase 3 submission to the FDA will depend on a variety of factors including but not limited to the completion of the manufacturing process for non clinical/clinical supplies, and potentially the completion of the non clinical studies and the generation of data. Issues or problems encountered in any of these areas may result in delays in the filing of the IND for the Phase 3 trials. Our goal is to file with the FDA by the end of 2007 or beginning of 2008. If no major issues are encountered, we anticipate starting our Phase 3 clinical trials as early as the first or second quarter of 2008. The trials could be completed approximately 6-9 months after the start date.

No assurance can be given that the FDA will agree with our proposed clinical trials or non-clinical studies. The FDA may require that we conduct additional clinical trials and non-clinical studies that we do not presently anticipate conducting or to repeat studies that we have already conducted.

Upon FDA approval of Ketotransdel™ for treatment of soft tissue pain and soreness, we intend to pursue FDA approval of Ketotransdel™ for other indications including osteoarthritis. We believe that the clinical success of Ketotransdel™ will facilitate the use of the Transdel™ delivery technology in other products. During 2008, we will be exploring business opportunities for our other programs using the Transdel™ delivery technology.

Market and Opportunity

We believe that the market for acute pain management to be $2.8 billion a year and the market for chronic pain management to be $3.0 billion per year. Due to the withdrawal of major COX-2 inhibitors and to the recognition of cardiovascular risks associated with systemic NSAIDs, there is currently a multibillion dollar void in these markets. Oral NSAIDs remain one of the most prescribed classes of drugs in the pain management market. Over 30 million people worldwide use prescription and over-the-counter NSAIDs daily. These data are illustrated in Figure 4 below.



Source: IMS Health; IMS National Sales Perspectives, February 2006
Figure 4

However, due to increased understanding of the cardiovascular and gastrointestinal risks associated with NSAIDs, the FDA approved new rules requiring that professional labeling for all prescription and over-the-counter NSAIDs include information on such risks.

We believe that the recognition of the risks associated with oral NSAIDs and COX-2 inhibitors is creating a strong demand for safer methods of administering NSAIDs creating an opportunity for topical pain management products with low risk of cardiovascular and gastrointestinal complications, such as Ketotransdel™, to capture a share of the pain management market. We believe that patients and physicians are seeking safer pain medication alternatives and Ketotransdel™ will be accepted by them.

Potential Future Products

Presently, Ketotransdel™ is our lead clinical product that utilizes our proprietary Transdel™ technology. However, we believe that the clinical success of Ketotransdel™ will facilitate the use of the Transdel™ technology in other products. In addition, applying our Transdel™ technology to approved and established drugs may allow for shorter topical drug candidate development cycles. Table 2 below summarizes other drug candidates for transdermal delivery using Transdel™ technology.

Market	***Drug Type***	***Primary Treatment***
Pain Market		
Cyclobenzaprine	Anticholergenic	Muscle Spasms
Lidocaine	Anesthetic	Post-Herpetic Neuralgia
Hormone Replacement Market		
Testosterone	Male Hormone	Androgen Deficiency (Natural Testosterone, Delayed Puberty, Impotence)
Progesterone	Female Hormone	Regulation of Ovulation and Menstruation
Estradiol	Female Hormone	Menopause; Deficiency in Ovary Function
Anti-Nausea Market		
Scopolamine	Alkaloid	Anti-nausea; Sedative

Table 2: Potential future products utilizing Transdel™ technology

The Transdel™ Technology

Transdel™ is our proprietary transdermal cream drug delivery system. Transdel™ is a collection of pluronic lecithin organogels, which form creams that enable transdermal delivery of drugs avoiding first pass metabolism by the liver and systemic exposure. Our U.S. issued patent on the Transdel™ proprietary cream formulation covers the combination of the cream formulation with a number of other active drug ingredients including ketoprofen, steroid hormones, lidocane and others. Transdel™ contains at least two distinct penetration enhancers, which function synergistically to provide for rapid but controllable transport of the medication from the cream into the skin.

Transdel™ has the following properties that make it an ideal vehicle for topical drug administration:

- biocompatible – it hydrates the skin;
- enhanced skin penetration – it has a balance of hydrophilic and hydrophobic properties that allow efficient partitioning of drugs into the skin;
- low toxicity and biodegradable – its components are non-immunogenic and are generally regarded as safe; and
- thermodynamically stable, insensitive to moisture and resistant to microbial contamination.

Other key features of Transdel™ technology include:

- rapid and efficient transdermal drug delivery;
- enables painless administration of medications and avoids stomach irritation;
- minimizes dermal irritation;
- considered to be superior to other transdermal delivery preparations due to the synergetic effect of its skin penetration enhancers and carriers;
- highly flexible – allows the delivery of a wide range of different medications;
- ease of application, aesthetically acceptable and odorless; and
- produces patentable new products when combined with established drugs or new drugs.

The Transdel™ drug delivery system has three major components, which, when combined in the proper manner, create a three-dimensional matrix that facilitates dissolution and delivery of a drug through the skin. The Transdel™ drug delivery system has desired skin adherence, spreadability, and cohesiveness for use as a topical agent. The biocompatibility of Transdel™ with human skin, its stability with time, its skin penetrating qualities and its ability to carry large doses of drugs makes it an ideal drug delivery system without subjecting the patient to potential gastrointestinal, kidney, cardiovascular or hepatic toxicities associated with systemic exposure.

Competition

The pharmaceutical industry is highly competitive. Our competitors include manufacturers of prescription and over-the-counter pain relievers including oral NSAIDs and narcotic pain relievers doing business in the United States, including Wyeth Pharmaceuticals, McNeil Consumer Healthcare and Pfizer. Pharmaceutical companies are also developing their own transdermal delivery systems for NSAIDs and other drugs.

In addition to product safety, development and efficacy, other competitive factors in the pharmaceutical market include product quality and price, reputation, service and access to scientific and technical information. It is possible that developments by our competitors will make our products or technologies uncompetitive or obsolete. Because we are smaller than many of our national competitors, we may lack the financial and other resources needed to compete for market share in the pain management sector.

The intensely competitive environment of the pain management products requires an ongoing, extensive search for medical and technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of branded products for their intended uses to healthcare professionals in private practice, group practices and managed care organizations.

Third Party Service Agreements

We contract with various third parties to provide certain critical services including conducting clinical and non-clinical studies, manufacturing, certain research and development activities, medical affairs and certain regulatory activities and financial functions. If for any reason we are unable to maintain our relationships with these third party contractors, this may have a material adverse effect on our business, financial condition and results of operations.

Governmental Regulation

Our ongoing product development activities are subject to extensive and rigorous regulation at both the federal and state levels. Post development, the manufacture, development, testing, packaging, labeling, distribution, sales and marketing of our products will also be subject to extensive regulation. The Federal Food, Drug and Cosmetic Act of 1983, as amended, and other federal and state statutes and regulations govern or influence the testing, manufacture, safety, packaging, labeling, storage, record keeping, approval, advertising, promotion, sale and distribution of pharmaceutical products. Noncompliance with applicable requirements can result in fines, recall or seizure of products, total or partial suspension of production and/or distribution, refusal of the government to enter into supply contracts or to approve New Drug Applications ("NDAs"), civil sanctions and criminal prosecution.

FDA approval is typically required before each dosage form or strength of any new drug can be marketed. Applications for FDA approval must contain information relating to efficacy, safety, toxicity, pharmacokinetics, product formulation, raw material suppliers, stability, manufacturing processes, packaging, labeling, and quality control. The FDA also has the authority to revoke previously granted drug approvals. Product development and approval within this regulatory framework requires a number of years and involves the expenditure of substantial resources.

The current FDA standards of approving new pharmaceutical products are more stringent than those that were applied in the past. Labeling revisions, formulation or manufacturing changes and/or product modifications may be necessary as a result of the FDA's more stringent requirements. We cannot determine what effect changes in regulations or legal interpretations, when and if promulgated, may have on our business in the future. Changes could, among other things, require expanded or different labeling, the recall or discontinuance of certain products, additional record keeping and expanded documentation of the properties of certain products and scientific substantiation. Such changes, or new legislation, could have a material adverse effect on our business, financial condition and results of operations.

The evolving and complex nature of regulatory requirements, the broad authority and discretion of the FDA and the generally high level of regulatory oversight results in a continuing possibility that from time to time, we will be adversely affected by regulatory actions despite ongoing efforts and commitment to achieve and maintain full compliance with all regulatory requirements.

FDA Approval Process

FDA approval is typically required before any new drug can be marketed. An NDA is a filing submitted to the FDA to obtain approval of new chemical entities and other innovations for which thorough applied research is required to demonstrate safety and effectiveness in use. The NDA must contain complete preclinical and clinical safety and efficacy data or a reference to such data. Since the active pharmaceutical ingredients in our topical drug candidates, such as ketoprofen, have already been approved by the FDA, we are able to file NDAs under section 505(b)(2) of the Hatch-Waxman Act of 1984. Under Section 505(b)(2) we may rely on data from pre-clinical and clinical studies that were not conducted by or for us and for which we have not obtained a right of reference or use from the person by or for whom the investigation was conducted. The FDA has determined that 505(b)(2) NDA may be submitted for products that represent changes from approved drugs in conditions of use, active ingredient(s), route of administration, dosage form, strength, or bioavailability.

A 505(b)(2) applicant must provide the FDA with any additional clinical data necessary to demonstrate the safety and effectiveness of the product with the proposed change(s). Consequently, although duplication of preclinical and certain clinical studies is avoided through the use a 505(b)(2) application, specific studies may be required. Such studies are typically conducted in three sequential phases, although the phases may overlap.

- Phase 1, which frequently begins with the initial introduction of the compound into healthy human subjects prior to introduction into patients, involves testing the product for safety, adverse effects, dosage, tolerance, absorption, metabolism, excretion and other elements of clinical pharmacology.

- Phase 2 typically involves studies in a small sample of the intended patient population to assess the efficacy of the compound for a specific indication, to determine dose tolerance and the optimal dose range as well as to gather additional information relating to safety and potential adverse effects.

- Phase 3 trials are undertaken to further evaluate clinical safety and efficacy in an expanded patient population at typically dispersed study sites, in order to determine the overall risk-benefit ratio of the compound and to provide an adequate basis for product labeling.

Each trial is conducted in accordance with certain standards under protocols that detail the objectives of the study, the parameters to be used to monitor safety, and efficacy criteria to be evaluated. Each protocol must be submitted to the FDA. In some cases, the FDA allows a company to rely on data developed in foreign countries or previously published data, which eliminates the need to independently repeat some or all of the studies.

To the extent that the Section 505(b)(2) NDA is relying on the findings for an already-approved drug, the applicant is required to certify that there are no patents for that drug or that:

- the patent has expired;

- the patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or

- the patent is invalid or will not be infringed by the manufacture, use or sale of the new product.

A certification that the new product will not infringe the already approved product's patents or that such patents are invalid is called a paragraph IV certification. If the applicant does not challenge the listed patents, the Section 505(b)(2) NDA will not be approved until all the listed patents claiming the referenced product have expired, as well as any additional period of exclusivity.

If the applicant has provided a paragraph IV certification to the FDA, the applicant must also send notice of the paragraph IV certification to the relevant patent holders once the 505(b)(2) NDA has been accepted for filing by the FDA. The patent holders may then initiate a legal challenge to the paragraph IV certification. The filing of a patent infringement lawsuit within 45 days of receipt of a paragraph IV certification automatically prevents the FDA from approving the Section 505(b)(2) NDA until the earliest of 30 months, expiration of the patent, settlement of the lawsuit or a decision in the infringement case that is favorable to the Section 505(b)(2) applicant. Thus, a Section 505(b)(2) applicant may invest a significant amount of time and expense in the development of its products only to be subject to significant delay and patent litigation before its products may be commercialized.

Notwithstanding the approval of many products by the FDA pursuant to Section 505(b)(2), over the last few years, certain brand-name pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA changes its interpretation of Section 505(b)(2), this could delay or even prevent the FDA from approving any Section 505(b)(2) NDA that we submit.

As a condition of approval, the FDA or other regulatory authorities may require further studies, including Phase IV post-marketing studies to provide additional data. Other post-marketing studies could be used to gain approval for the use of a product as a treatment for clinical indications other than those for which the product was initially tested. Also, the FDA or other regulatory authorities require post-marketing reporting to monitor the adverse effects of the drug. Results of post-marketing programs may limit or expand the further marketing of the products.

The FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the Internet. A company can make only those claims relating to safety and efficacy that are approved by the FDA. Failure to comply with these requirements can result in adverse publicity, warning letters, connective advertising and potential civil and criminal penalties. Physicians may prescribe legally available drugs for uses that are not described in the drug's labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, impose stringent restrictions on manufacturers' communications regarding off-label use.

In 2005, the FDA asked the manufacturer of Celebrex, as well as all manufacturers of prescription and over-the-counter NSAIDs, to revise the labeling for their products. Manufacturers of NSAIDs are being asked to revise their labeling to provide specific information about the potential risk of cardiovascular events and gastrointestinal risks of their individual products. We are presently analyzing how this pronouncement will effect the labeling of Ketotransdel™.

Quality Assurance Requirements

The FDA enforces regulations to ensure that the methods used in, and facilities and controls used for, the manufacture, processing, packing and holding of drugs conform with current good manufacturing practices ("cGMP"). The cGMP regulations the FDA enforces are comprehensive and cover all aspects of operations, from receipt of raw materials to finished product distribution, insofar as they bear upon whether drugs meet all the identity, strength, quality, purity and safety characteristics required of them. To assure compliance requires a continuous commitment of time, money and effort in all operational areas.

The FDA conducts pre-approval inspections of facilities engaged in the development, manufacture, processing, packing, testing and holding of the drugs subject to NDAs. If the FDA concludes that the facilities to be used do not meet cGMP, good laboratory practices or good clinical practices requirements, it will not approve the NDA. Corrective actions to remedy the deficiencies must be performed and verified in a subsequent inspection. In addition, manufacturers of both pharmaceutical products and active pharmaceutical ingredients used to formulate the drug also ordinarily undergo a pre-approval inspection, although the inspection can be waived when the manufacturer has had a passing cGMP inspection in the immediate past. Failure of any facility to pass a pre-approval inspection will result in delayed approval and would have a material adverse effect on our business, results of operations and financial condition.

The FDA also conducts periodic inspections of facilities to assess their cGMP status. If the FDA were to find serious cGMP non-compliance during such an inspection, it could take regulatory actions that could adversely affect our business, results of operations and financial condition. Imported API and other components needed to manufacture our products could be rejected by United States Customs. In respect to domestic establishments, the FDA could initiate product seizures or request product recalls and seek to enjoin a product's manufacture and distribution. In certain circumstances, violations could lead to civil penalties and criminal prosecutions. In addition, if the FDA concludes that a company is not in compliance with cGMP requirements, sanctions may be imposed that include preventing the company from receiving the necessary licenses to export its products and classifying the company as an "unacceptable supplier," thereby disqualifying the company from selling products to federal agencies.

We believe that we and our suppliers and outside manufacturers are currently in compliance with all FDA requirements.

Other FDA Matters

If there are any modifications to an approved drug, including changes in indication, manufacturing process or labeling or a change in a manufacturing facility, an applicant must notify the FDA, and in many cases, approval for such changes must be submitted to the FDA or other regulatory authority. Additionally, the FDA regulates post-approval promotional labeling and advertising activities to assure that such activities are being conducted in conformity with statutory and regulatory requirements. Failure to adhere to such requirements can result in regulatory actions that could have a material adverse effect on our business, results of operations and financial condition.

Intellectual Property

We obtained a patent from the United States Patent and Trademark Office on our Transdel™ technology in 1998, which affords protection of Transdel™ through 2016. This patent covers composition of matter, methods of use and methods of manufacture. This patent also covers the combination of the Transdel™ proprietary cream formulation with a number of other active drug ingredients. A Canadian patent is pending. At present, our patent strategies and evaluations are ongoing and we plan to file multiple foreign patent applications in the future.

Employees

We currently have 4 employees, including 1 in management, 1 in research and development, 1 in financial accounting and 1 in administration. We currently believe that our employee relations are good.

Facilities

We lease approximately 1,403 square feet of office space in La Jolla, California for $5,121 per month. The current lease term expires on October 15, 2007. We intend to renew the lease prior to the expiration date. This facility serves as our corporate headquarters.

We believe our current facility is adequate for our immediate and near-term needs. Additional space may be required as we expand our activities. We do not currently foresee any significant difficulties in obtaining any required additional facilities. In the opinion of the management, our property is adequately covered by insurance.

Legal Proceedings

To our knowledge, no legal proceedings, government or administrative actions, investigations or claims are currently pending against us or involve us that, in the opinion of our management, could reasonably be expected to have a material adverse effect on our business and financial condition.

Forward-Looking Statements

This Current Report on Form 8-K and other written reports and oral statements made from time to time by us may contain so-called “forward-looking statements,” all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “forecasts,” “projects,” “intends,” “estimates,” and other words of similar meaning. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address our growth strategy, financial results and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this Report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this Report. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

Management's Discussion and Analysis or Plan of Operation

This discussion should be read in conjunction with the other sections of this Report, including "Risk Factors," "Description of Business" and the Financial Statements attached hereto as Item 9.01 and the related exhibits. The various sections of this discussion contain a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this Report as well as other matters over which we have no control. See "Forward-Looking Statements." Our actual results may differ materially.

Overview

We are a specialty pharmaceutical company focused on the development and commercialization of topically administered medications. Our lead topical drug candidate, Ketotransdel™, utilizes our proprietary Transdel™ cream formulation to facilitate the passage of ketoprofen, a NSAID, through the epidermis and into underlying tissues. We successfully completed a Phase 1/2 trial for treating soft tissue pain and soreness in a delayed onset muscle soreness model with Ketotransdel™.

Liquidity and Capital Resources

Since inception through June 30, 2007, we have incurred aggregate losses of $3.2 million. These losses are primarily due to general and administrative expenses (which include research and development expenses). Our operations have been financed through capital contributions and the issuance of notes and common stock.

As of June 30, 2007, we had $1.4 million in cash. On September 17, 2007, pursuant to the Private Placement completed immediately following with the Merger, we raised approximately $3.7 million of net proceeds through the issuance of the units and September 18, 2007, we accepted subscriptions for an additional $100,000 of units. We expect that our capital resources will permit us to meet our operational requirements through the first quarter of 2008. This expectation is based on our current operating plan, which may change as a result of many factors. Therefore, to execute our operating plan through fiscal year 2008, additional financing will be required and there can be no assurance that it will be available on terms favorable to us or at all. If adequate financing is not available we may have to delay, postpone or terminate clinical trials and curtail general and administrative operations. The inability to raise additional financing would have a material adverse effect on us.

Research and Development Activities

Our current operating plan is focused on the research and development of our lead drug candidate, Ketotransdel™.

We expect to file the IND application for Ketotransdel™, containing our proposed Phase 3 clinical studies, prior to initiating our trials. At the 2004 Pre-IND meeting with the FDA, the FDA indicated it is possible that a single Phase 3 clinical trial could be designed to address all or most of the issues raised by the FDA relating to the approval of Ketotransdel™. The expected filing of the Phase 3 submission to the FDA will depend on a variety of factors including but not limited to the completion of the manufacturing process for non clinical/clinical supplies, and potentially the completion of the non clinical studies and the generation of data. Issues or problems encountered in any of these areas may result in delays in the filing of the IND for the Phase 3 trials. Our goal is to file with the FDA by the end of 2007 or beginning of 2008. If no major issues are encountered, we anticipate starting our Phase 3 clinical trials as early as the first or second quarter of 2008. The trials could be completed approximately 6-9 months after the start date.

No assurance can be given that the FDA will agree with our proposed clinical trials or non-clinical studies. The FDA may require that we conduct additional clinical trials and non-clinical studies that we do not presently anticipate conducting or to repeat studies that we have already conducted.

Upon FDA approval of Ketotransdel™ for treatment of soft tissue pain and soreness, we intend to pursue FDA approval of Ketotransdel™ for other indications including osteoarthritis. We believe that the clinical success of Ketotransdel™ will facilitate the use of the Transdel™ delivery technology in other products. During 2008, we will be exploring business opportunities for our other programs using the Transdel™ delivery technology.

We believe that our current staff is sufficient to carry out our business plan and we do not expect that the number of our employees will change in the near future.

Off-Balance Sheet Arrangements

Since our inception, except for standard operating leases, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

Risks Relating to Our Business

Timing and results of clinical trials to demonstrate the safety and efficacy of products as well as FDA approval of products are uncertain.

We are subject to extensive government regulations. The process of obtaining FDA approval is costly, time consuming, uncertain and subject to unanticipated delays. Before obtaining regulatory approvals for the sale of any of our products, we must demonstrate through preclinical studies and clinical trials that the product is safe and effective for each intended use. Preclinical and clinical studies may fail to demonstrate the safety and effectiveness of a product. Even promising results from preclinical and early clinical studies do not always accurately predict results in later, large scale trials. A failure to demonstrate safety and efficacy would result in our failure to obtain regulatory approvals. Moreover, if the FDA grants regulatory approval of a product, the approval may be limited to specific indications or limited with respect to its distribution, which could limit revenues.

We cannot assure you that the FDA or other regulatory agencies will approve any products developed by us, on a timely basis, if at all, or, if granted, that such approval will not subject the marketing of our products to certain limits on indicated use. Any limitation on use imposed by the FDA or delay in or failure to obtain FDA approvals of products developed by us would adversely affect the marketing of these products and our ability to generate product revenue, as well as adversely affect the price of our common stock.

If we fail to comply with continuing federal, state and foreign regulations, we could lose our approvals to market drugs and our business would be seriously harmed.

Following initial regulatory approval of any drugs we may develop, we will be subject to continuing regulatory review, including review of adverse drug experiences and clinical results that are reported after our drug products become commercially available. This would include results from any post-marketing tests or continued actions required as a condition of approval. The manufacturer and manufacturing facilities we use to make any of our drug candidates will be subject to periodic review and inspection by the FDA. If a previously unknown problem or problems with a product or a manufacturing and laboratory facility used by us is discovered, the FDA or foreign regulatory agency may impose restrictions on that product or on the manufacturing facility, including requiring us to withdraw the product from the market. Any changes to an approved product, including the way it is manufactured or promoted, often require FDA approval before the product, as modified, can be marketed. We and our contract manufacturers will be subject to ongoing FDA requirements for submission of safety and other post-market information. If we and our contract manufacturers fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters;

- impose civil or criminal penalties;
- suspend or withdraw our regulatory approval;
- suspend or terminate any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications filed by us;
- impose restrictions on our operations;
- close the facilities of our contract manufacturers; or
- seize or detain products or require a product recall.

Additionally, such regulatory review covers a company's activities in the promotion of its drugs, with significant potential penalties and restrictions for promotion of drugs for an unapproved use. Sales and marketing programs are under scrutiny for compliance with various mandated requirements, such as illegal promotions to health care professionals. We are also required to submit information on our open and completed clinical trials to public registries and databases. Failure to comply with these requirements could expose us to negative publicity, fines and penalties that could harm our business.

If we violate regulatory requirements at any stage, whether before or after marketing approval is obtained, we may be fined, forced to remove a product from the market or experience other adverse consequences, including delay, which would materially harm our financial results. Additionally, we may not be able to obtain the labeling claims necessary or desirable for product promotion.

Delays in the conduct or completion of our clinical and non-clinical trials or the analysis of the data from our clinical or non-clinical trials may result in delays in our planned filings for regulatory approvals, and may adversely affect our business.

We cannot predict whether we will encounter problems with any of our completed or planned clinical or non-clinical studies that will cause us or regulatory authorities to delay or suspend planned clinical and non-clinical studies. Any of the following could delay the completion of our planned clinical studies:

- failure of the FDA to approve the scope or design of our clinical or non-clinical trials or manufacturing plans;
- delays in enrolling volunteers in clinical trials;
- insufficient supply or deficient quality of specific materials or other materials necessary for the performance of clinical or non-clinical trials;
- negative results of clinical or non-clinical studies; and
- serious side effects experienced by study participants in clinical trials relating to a specific product.

There may be other circumstances other than the ones described above, over which we may have no control, that could materially delay the successful completion of our clinical and non-clinical studies.

None of our other product candidates have commenced any clinical trials.

None of our product candidates, other than Ketotransdel™, have commenced any clinical trials and there are a number of FDA requirements that we must satisfy in order to commence clinical trials. These requirements will require substantial time, effort and financial resources. We cannot assure you that we will ever satisfy these requirements. In addition, prior to commencing any trials of a drug candidate, we must evaluate whether a market exists for the drug candidate. This is costly and time consuming and no assurance can be given that our market studies will be accurate. We may expend significant capital and other resources on a drug candidate and find that no commercial market exists for the drug.

Even if we do commence clinical trials of our other drug candidates, there are risks and uncertainties associated with such clinical trails.

We have incurred losses in the research of and development of Ketotransdel™ and our Transdel™ technology since inception. No assurance can be given that we will ever generate revenue or become profitable.

Since inception we have recorded operating losses. In addition, we expect to incur increasing operating losses over the next several years as we continue to incur costs for research and development and clinical trials, and in other development activities. Our ability to generate revenue and achieve profitability depends upon our ability, alone or with others, to complete the development of our proposed products, obtain the required regulatory approvals and manufacture, market and sell our proposed products. Development is costly and requires significant investment. In addition, we may choose to license rights to particular drugs. The license fees for such drugs may increase our costs.

We will continue to incur losses as we continue to engage in the development of Ketotransdel™ and develop other products. There can be no assurance that we will ever be able to achieve or sustain market acceptance, profitability or positive cash flow. Our ultimate success will depend on many factors, including whether Ketotransdel™ receives the approval of the FDA. We cannot be certain that we will be able to receive FDA approval for Ketotransdel™, or that we will reach the level of sales and revenues necessary to achieve and sustain profitability. Even with the proceeds from the Private Placement or with additional capital following the Private Placement, we may not be able to execute our current business plan and fund business operations long enough to achieve positive cash flow. Furthermore, we may be forced to reduce our expenses and cash expenditures to a material extent, which would impair our ability to execute our business plan.

As of our last audit at the end of 2006, our independent registered public accounting firm expressed doubt about our ability to continue as a going concern.

There can be no assurance that we will ever be able to achieve or sustain profitability or positive cash flow. Based on our history of losses, our independent registered public accounting firm has stated in their report accompanying their audit of our 2006 year-end financial statements that there was substantial doubt about our ability to continue as a going concern. If we are not able to generate revenue or raise additional capital, we may not be able to continue operating our business.

Once approved, there is no guarantee that the market will accept our products, and regulatory requirements could limit the commercial usage of our products.

Even if we obtain regulatory approvals, uncertainty exists as to whether the market will accept our products or if the market for our products is as large as we anticipate. A number of factors may limit the market acceptance of our products, including the timing of regulatory approvals and market entry relative to competitive products, the availability of alternative products, the price of our products relative to alternative products, the availability of third party reimbursement and the extent of marketing efforts by third party distributors or agents that we retain. We cannot assure you that our products will receive market acceptance in a commercially viable period of time, if at all. We cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization. To the extent that we expend significant resources on research and development efforts and are not able, ultimately, to introduce successful new products as a result of those efforts, our business, financial position and results of operations may be materially adversely affected, and the market value of our common stock could decline.

We may be the subject of product liability claims or product recalls, and we may be unable to obtain or maintain insurance adequate to cover potential liabilities.

Our business exposes us to potential liability risks that arise from the testing, manufacturing, marketing and sale of our products. In addition to direct expenditures for damages, settlement and defense costs, there is a possibility of adverse publicity as a result of product liability claims. Product liability is a significant commercial risk for us. Some plaintiffs have received substantial damage awards against pharmaceutical companies based upon claims for injuries allegedly caused by the use of their products. In addition, it may be necessary for us to recall products that do not meet approved specifications, which would also result in adverse publicity, as well as resulting in costs connected to the recall and loss of revenue.

We cannot assure you that a product liability claim or series of claims brought against us would not have an adverse effect on our business, financial condition, and results of operations. If any claim is brought against us, regardless of the success or failure of the claim, we cannot assure you that we will be able to obtain or maintain product liability insurance in the future on acceptable terms or with adequate coverage against potential liabilities or the cost of a recall.

We are in the process of obtaining product liability insurance. However, we cannot assure you that our insurance will provide adequate coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, we may not be able to maintain current amounts of insurance coverage, obtain additional insurance or obtain insurance at a reasonable cost or in sufficient amounts to protect against losses that could have a material adverse effect on us.

If our patents are determined to be unenforceable, or if we are unable to obtain new patents based on current patent applications or for future inventions, we may not be able to prevent others from using our intellectual property.

Our success will depend in part on our ability to obtain and expand patent protection for our specific products and technologies both in the United States and other countries. We cannot guarantee that any patents will be issued from any pending or future patent applications owned by or licensed to us. Alternatively, a third party may successfully circumvent our patents. Our rights under any issued patents may not provide us with sufficient protection against competitive products or otherwise cover commercially valuable products or processes. In addition, because patent applications in the United States are maintained in secrecy for eighteen months after the filing of the applications, and publication of discoveries in the scientific or patent literature often lag behind actual discoveries, we cannot be sure that the inventors of subject matter covered by our patents and patent applications were the first to invent or the first to file patent applications for these inventions. In the event that a third party has also filed a patent on a similar invention, we may have to participate in interference proceedings declared by the United States Patent and Trademark Office to determine priority of invention, which could result in a loss of our patent position. Furthermore, we may not have identified all United States and foreign patents that pose a risk of infringement.

The use of our technologies could potentially conflict with the rights of others.

The manufacture, use or sale of our proprietary products may infringe on the patent rights of others. If we are unable to avoid infringement of the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court. Patent litigation is costly and time consuming. We may not have sufficient resources to bring these actions to a successful conclusion. In such case, we may be required to alter our products, pay licensing fees or cease activities. If our products conflict with patent rights of others, third parties could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of affected products. If these legal actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. We may not prevail in any legal action and a required license under the patent may not available on acceptable terms, if at all.

We will be dependent on outside manufacturers for the manufacture of our products; therefore, we will have limited control of the manufacturing process, access to raw materials, timing for delivery of finished products and costs. One manufacturer may constitute the sole source of one or more of our products.

Third party manufacturers will manufacture all of our products pursuant to contractual arrangements. Certain of our manufacturers currently constitute the sole source of one or more of our products. If any of our existing or future manufacturers cease to manufacture or are otherwise unable to deliver any of our products or any of the components of our products, we may need to engage additional manufacturing partners. Because of contractual restraints and the lead-time necessary to obtain FDA approval of a new manufacturer, replacement of any of these manufacturers may be expensive and time consuming and may cause interruptions in our supply of products to customers. As a result, using a new manufacturer could disrupt or delay our ability to supply our products and reduce our revenues.

Because all of our products are manufactured by third parties, we have a limited ability to control the manufacturing process, access to raw materials, the timing for delivery of finished products or costs related to this process. We cannot assure that our contract manufacturers will be able to produce finished products in quantities that are sufficient to meet demand or at all, in a timely manner, which could result in decreased revenues and loss of market share. There may be delays in the manufacturing process over which we will have no control, including shortages of raw materials, labor disputes, backlog and failure to meet FDA standards. Increases in the prices we pay our manufacturers, interruptions in our supply of products or lapses in quality could adversely impact our margins, profitability and cash flows. We are reliant on our third party manufacturers to maintain the facilities at which they manufacture our products in compliance with FDA and other federal, state and/or local regulations. If they fail to maintain compliance with FDA or other critical regulations, they could be ordered to cease manufacturing, which would have a material adverse impact on our business, results of operations and financial condition. In addition to FDA regulation, violation of standards enforced by the Environmental Protection Agency and the Occupational Safety and Health Administration and their counterpart agencies at the state level, could slow down or curtail operations of third party manufacturers.

We also rely on our outside manufacturers to assist us in the acquisition of key documents such as Drug Master Files and other relevant documents that are required by the FDA as part of the drug approval process and post-approval oversight. Failure by our outside manufacturers to properly prepare and retain these documents could cause delays in obtaining FDA approval of our drug candidates.

We are dependent on third parties to conduct clinical trials and non-clinical studies of our drug candidates and to provide services for certain core aspects of our business. Any interruption or failure by these third parties to meet their obligations pursuant to various agreements with us could have a material adverse effect on our business, results of operations and financial condition.

We rely on third parties to conduct clinical and non-clinical studies of our drug candidates and provide us with other services. All third party contractors are subject to FDA requirements. Our business and financial viability are dependent on the regulatory compliance of these third parties, and on the strength, validity and terms of our various contracts with these third parties. Any interruption or failure by these third party contractors to meet their obligations pursuant to various agreements with us could have a material adverse effect on our business, financial condition and results of operations. Any delays that our third-party contractors may experience may be outside our control.

If we are unable to retain our key personnel and continue to attract additional professional staff, we may be unable to maintain or expand our business.

Because of the specialized scientific nature of our business, our ability to develop products and to compete will remain highly dependent, in large part, upon our ability to attract and retain qualified scientific, technical and commercial personnel. The loss of key scientific, technical and commercial personnel, especially our Chief Executive Officer, Juliet Singh, Ph.D. or the failure to recruit additional key scientific, technical and commercial personnel could have a material adverse effect on our business. While we have consulting agreements with certain key individuals and institutions and have employment agreements with our key executives, we cannot assure you that we will succeed in retaining personnel or their services under existing agreements. There is intense competition for qualified personnel in the areas of our activities, and we cannot assure you that we will be able to continue to attract and retain the qualified personnel necessary for the development of our business.

We will need additional financing to execute our business plan and fund operations, which additional financing may not be available.

We have very limited funds. Even with the proceeds of the Private Placement, we will not be able to execute our current business plan and fund business operations long enough to achieve profitability. Our ultimate success will depend upon our ability to raise additional capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We will be required to pursue sources of additional capital through various means, including joint venture projects and debt or equity financings. Future financings through equity investments are likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition.

Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in the pharmaceutical industry, and the fact that we are not profitable, which could impact the availability or cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

Risks Relating to Our Industry

We face intense competition, in particular from companies that develop rival products to our products and from companies with which we compete to acquire rights to intellectual property assets.

The pharmaceutical industry is intensely competitive, and we face competition across the full range of our activities. If we fail to compete successfully in any of these areas, our business, results of operations and financial condition could be adversely affected. Our competitors include brand name and generic manufacturers of pharmaceuticals specializing in transdermal drug delivery, especially those doing business in the United States. In the market for pain management products, our competitors include manufacturers of over-the-counter and prescription pain relievers. Our other potential drug candidates will also face intense competition from larger and more well established pharmaceutical and biotechnology companies. Many of these competitors have significantly greater financial, technical and scientific resources than we do. In addition to product safety, development and efficacy, other competitive factors in the pharmaceutical market include product quality and price, reputation, service and access to scientific and technical information. It is possible that developments by our competitors will make our products or technologies uncompetitive or obsolete. Because we are smaller than many of our national competitors, we may lack the financial and other resources needed to compete for market share in the pain management sector.

The intensely competitive environment of the pain management products requires an ongoing, extensive search for medical and technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of branded products for their intended uses to healthcare professionals in private practice, group practices and managed care organizations.

We may not be able to keep up with the rapid technological change in the biotechnology and pharmaceutical industries, which could make our products obsolete and reduce our potential revenues.

Biotechnology and related pharmaceutical technologies have undergone and continue to be subject to rapid and significant change. Our future will depend in large part on our ability to maintain a competitive position with respect to these technologies. Any products that we develop may become obsolete before we recover expenses incurred in developing those products, which may require that we raise additional funds to continue our operations.

We currently have no internal sales and marketing resources and may have to rely on third parties in the event that we successfully develop our product candidates into commercial drug products.

To market any of our products in the United States or elsewhere, we must develop internally or obtain access to sales and marketing forces with technical expertise and with supporting distribution capability in the relevant geographic territory.

We may not be able to enter into marketing and distribution arrangements or find a corporate partner for our specific drug candidate or our other specific drug candidates, and we are not likely to be able to market and distribute our products ourselves. If we are not able to enter into a marketing or distribution arrangement or find a corporate partner who can provide support for commercialization of our products as we deem necessary, we may not be able to commercialize our products successfully. Moreover, any new marketer or distributor or corporate partner for our specific combinations, with whom we choose to contract may not establish adequate sales and distribution capabilities or gain market acceptance for our products, if any.

Our ability to generate revenues will be diminished if we fail to obtain acceptable prices or an adequate level or reimbursement from third-party payors.

If we succeed in bringing a specific product to market, we cannot be certain that the products will be considered cost effective and that reimbursement from insurance companies and other third-party payors will be available or, if available, will be sufficient to allow us to sell the products on a competitive basis.

Significant uncertainty exists as to the reimbursement status of newly approved health care products. Third-party payors, including Medicare, are challenging the prices charged for medical products and services. Government and other third-party payors increasingly are attempting to contain health care costs by limiting both coverage and the level of reimbursement for new drugs and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted labeling approval. Third-party insurance coverage may not be available to patients for any products we discover and develop, alone or with collaborators. If government and other third-party payors do not provide adequate coverage and reimbursement levels for our products, the market acceptance of these products may be reduced.

Changes in the healthcare industry that are beyond our control may be detrimental to our business.

The healthcare industry is changing rapidly as the public, governments, medical professionals and the pharmaceutical industry examine ways to broaden medical coverage while controlling the increase in healthcare costs. Potential changes could put pressure on the prices of prescription pharmaceutical products and reduce our business or prospects. We cannot predict when, if any, proposed healthcare reforms will be implemented, and these changes are beyond our control.

Risks Relating to the Common Stock

We may be unable to register all of the common stock included within the units sold in the Private Placement, in which case stockholders will need to rely on an exemption from the registration requirements in order to sell such shares.

We are obligated to file a "resale" registration statement with the SEC that covers all of the common stock included within the units sold in the Private Placement (including the shares of common stock underlying the warrants) within 90 days after the closing of the Private Placement and to use our commercially reasonable efforts to have such "resale" registration statement declared effective by the SEC within 180 days after the closing of the Private Placement. Nevertheless, it is possible that the SEC may not permit us to register all of such shares of common stock for resale. In certain circumstances, the SEC may take the view that the Private Placement requires us to register the issuance of the securities as a primary offering. Without sufficient disclosure of this risk, rescission of the Private Placement could be sought by investors or an offer of rescission may be mandated by the SEC, which would result in a material adverse affect to us. To date, the SEC has not made any formal statements or proposed or adopted any new rules or regulations regarding Rule 415 promulgated under the Securities Act as such rule applies to resale registration statements. However, investors should be aware of the risks that interpretive positions taken with respect to Rule 415 or similar rules or regulations adopted subsequent to the date of this Report could have on the manner in which the common stock may be registered or our ability to register the common stock for resale at all. If we are unable to register some or all of the common stock, such shares would only be able to be sold pursuant to an exemption from registration under the Securities Act, such as Rule 144, that permits the resale of securities following twelve months after the issuance of such securities, subject to certain volume limitations.

We are subject to the reporting requirements of federal securities laws, which can be expensive to comply with.

We are a public reporting company and, accordingly, subject to the information and reporting requirements of the Exchange Act and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act").

It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent registered public accounting firm certifications required by such act.

If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. As a result, our small size and any current internal control deficiencies may adversely affect our financial condition, results of operation and access to capital. We have not performed an in-depth analysis to determine if in the past un-discovered failures of internal controls exist, and may in the future discover areas of our internal control that need improvement.

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. We expect these new rules and regulations to increase our compliance costs in 2007 and beyond and to make certain activities more time consuming and costly. We also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with becoming public through a “reverse merger.” Securities analysts of major brokerage firms may not provide coverage of us since there is no incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will, in the future, want to conduct any secondary offerings on our behalf.

Mergers of the type we just completed are usually heavily scrutinized by the SEC and we may encounter difficulties or delays in obtaining future regulatory approvals.

Historically, the SEC and Nasdaq have not generally favored transactions in which a privately-held company merges into a largely inactive company with publicly traded stock, and there is a significant risk that we may encounter difficulties in obtaining the regulatory approvals necessary to conduct future financing or acquisition transactions, or to eventually achieve a listing of shares on one of the Nasdaq Stock Markets or on a national securities exchange. The SEC has adopted rules dealing with private company mergers into dormant or inactive public companies. As a result, it is likely that we will be scrutinized carefully by the SEC and possibly by the National Association of Securities Dealers or Nasdaq, which could result in difficulties or delays in achieving SEC clearance of any future registration statements, including the registration statement we must file as a result of the Private Placement, or other SEC filings that we may pursue, in attracting NASD-member broker-dealers to serve as market-makers in our stock, or in achieving admission to one of the Nasdaq Stock Markets or any other national securities market. As a consequence, our financial condition and the value and liquidity of our shares may be negatively impacted.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in the pharmaceutical industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited "public float" following the Merger, in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock (particularly following effectiveness of the resale registration statement required to be filed in connection with the Private Placement);
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship with our contract manufacturers and clinical and non-clinical research organizations;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Our common stock may be deemed a "penny stock", which would make it more difficult for our investors to sell their shares.

Our common stock may be subject to the "penny stock" rules adopted under Section 15(g) of the Exchange Act. The penny stock rules apply to companies whose common stock is not listed on The Nasdaq Stock Market or other national securities exchange and trades at less than $4.00 per share or that have tangible net worth of less than $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Furthermore, for companies whose securities are traded in the OTC Bulletin Board, it is more difficult (1) to obtain accurate quotations, (2) to obtain coverage for significant news events because major wire services generally do not publish press releases about such companies and (3) to obtain needed capital.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, including shares issued in the Private Placement upon the effectiveness of the registration statement required to be filed, or upon the expiration of any statutory holding period, under Rule 144, or upon expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

We may apply the proceeds of the Private Placement to uses that ultimately do not improve our operating results or increase the value of our common stock.

We intend to use the net proceeds from the Private Placement, including proceeds received upon the exercise of any warrants, for professional fees, including costs and expenses incurred in connection with the Private Placement and to complete FDA requirements for approval of Ketotransdel™ including clinical and non-clinical studies, patents, business development, manufacturing of Ketotransdel™ and for general working capital purposes. However, we do not have more specific plans for the net proceeds from the Private Placement and our management will have broad discretion in how we use these proceeds. These proceeds could be applied in ways that do not improve our operating results or otherwise increase the value of our common stock.

As a result of management members being our largest stockholders, they can exert significant control over our business and affairs and have actual or potential interests that may depart from those of our stockholders.

Our executive management team owns a significant percentage of our common stock. The interests of such persons may differ from the interests of other stockholders. As a result, in addition to their positions in management, such persons will have significant influence over and control all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the following actions:

- elect or defeat the election of our directors;
- amend or prevent amendment of our Certificate of Incorporation or By-laws;
- effect or prevent a merger, sale of assets or other corporate transaction; and
- control the outcome of any other matter submitted to the stockholders for vote.

Such person's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Security Ownership of Certain Beneficial Owners and Management

The following tables set forth certain information as of September 19, 2007 regarding the beneficial ownership of our common stock taking into account the consummation of the Merger, the conversion of the Notes, the closing of the Private Placement and the consummation of the Split-Off by (i) each person or entity who, to our knowledge, owns more than 5% of our common stock; (ii) our sole Named Executive Officer; (iii) each director; and (iv) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o 4225 Executive Square, Suite 460, La Jolla, California 92037. Shares of common stock subject to options, warrants, or other rights currently exercisable or exercisable within 60 days of September 19, 2007, are deemed to be beneficially owned and outstanding for computing the share ownership and percentage of the stockholder holding such options, warrants or other rights, but are not deemed outstanding for computing the percentage of any other stockholder.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned[1]
Juliet Singh, Ph.D.	1,953,125	14.5%
Jeffrey J. Abrams, M.D.	1,562,500[2]	11.6%
Joseph Grasela [3]	1,171,875	8.7%
John C. Grasela [3]	1,171,875	8.7%
All executive officers and directors as a group (4 persons)	3,914,063	29.2%

(1) Based on 13,427,004 shares of our common stock issued and outstanding.

(2) Includes 1,562,500 shares of common stock held by the Abrams Family Trust with respect to which Jeffrey J. Abrams, M.D. is a trustee.

(3) Joseph Grasela and John C. Grasela are adult siblings living in separate households.

Executive Officers and Directors

The following persons became our executive officers and directors upon effectiveness of the Merger and hold the positions set forth opposite their respective names.

Name	Age	Position
Juliet Singh, Ph.D.	47	Chief Executive Officer, Director
Balbir Brar, D.V.M. Ph.D.	70	Vice President, Research and Development
John T. Lomoro	38	Chief Financial Officer
Jeffrey J. Abrams, M.D.	60	Director

Our directors hold office for one-year terms until the earlier of their death, resignation or removal or until their successors have been elected and qualified. Our officers are elected annually by the board of directors and serve at the discretion of the board.

Biographies

Juliet Singh, Ph.D., has been a director and our chief executive officer since the Merger. Dr. Singh has served as the Chief Executive Officer of Trans-Pharma since 2004. From 2000 to 2003, Dr. Singh was a corporate officer-vice president of regulatory affairs and quality assurance of Collateral Therapeutics, Inc., a developer of non-surgical gene therapy products for the treatment of cardiovascular disease, which was acquired by Schering AG in 2002. From 1996 to 2000, Dr. Singh was the director of worldwide regulatory affairs for Allergan Corporation, where she oversaw the registration of BOTOX™ in the United States, Canada, Europe Asia, and South America. Prior to joining Allergan, Dr. Singh was the assistant director of regulatory affairs for Baxter Healthcare Corp., where she provided leadership in obtaining worldwide regulatory approval for recombinant factor VIII. Dr. Singh holds a Ph.D. in endocrinology from the University of California, Davis.

Balbir Brar, D.V.M., Ph.D., has been our vice president of research and development since the Merger. Dr. Brar has been a consultant to Trans-Pharma since 2004. From 1989 to 2002, Dr. Brar was the Vice President of drug safety and research and development at Allergan Corporation, where he oversaw the construction of a $75 million research and development facility and developed drug safety evaluation programs. He made major contributions to the development and world wide registration of six new drugs including BOTOX™ at Allergan Corporation. From 1986 to 1989, Dr. Brar was a Senior Director of Safety evaluations for Smith Kline Beecham, where he participated in obtaining regulatory approval for Smith Kline Beecham's first major topical drug Tazarotene. From 1981 to 1986, Dr. Brar was the section head of toxicology at Revlon Pharmaceuticals, where he provided pre-clinical safety data for a number of investigational new drugs. Dr. Brar holds a Doctor of Veterinary Medicine from the Punjab University, India, and a M.S. and Ph.D. from Rutgers, The State University of New Jersey.

John T. Lomoro, **CPA**, has been our chief financial officer since the Merger and the chief financial officer of Trans-Pharma since September 2007. From 2004 to 2007, Mr. Lomoro was the director of North American accounting for Carl Zeiss Vision Inc., a privately held international optical lens manufacturing and distribution company. From 2003 to 2004, Mr. Lomoro was the manager of financial reporting and planning for dj Orthopedics, Inc., a publicly traded medical device manufacturing company. From 2002 to 2003, Mr. Lomoro was a corporate accounting manager at Wireless Knowledge, Inc. Mr. Lomoro's experience also includes approximately five years in public accounting as an audit manager at Ernst & Young LLP. Mr. Lomoro received a B.S. degree in accounting from St. Cloud State University of Minnesota.

Jeffrey J. Abrams, M.D., has been a director since the Merger. Dr. Abrams has been a director of Trans-Pharma since 1998. Prior to joining Trans-Pharma, Dr. Abrams was a practicing primary care clinician for over twenty years. Dr. Abrams received a B.A. from the State University of New York at Buffalo, an M.D. from the Albert Einstein College of Medicine and an M.P.H. from San Diego State University.

There are no family relationships among our directors and executive officers.

Executive Compensation

None of our executive officers received compensation in any form over the last two fiscal years.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2006, there were no outstanding equity awards held by our Named Executive Officer.

Employment Agreements

We have entered into an employment agreement with Juliet Singh, Ph.D. to serve as our chief executive officer until her employment is either terminated by us or Dr. Singh. Pursuant to this employment agreement, Dr. Singh is entitled to receive an annual base salary of $195,000, subject to annual reviews by our board of directors. Dr. Singh is also entitled to a performance-based bonus to be comprised of cash and/or equity compensation. If we terminate Dr. Singh's employment without cause, we will pay Dr. Singh her then current annual base salary for one year, payable in accordance with standard payroll procedures, any earned but unpaid base salary, any unpaid pro rata annual bonus and any amounts necessary to reimburse Dr. Singh for employment related expenses and for unused, but accrued, vacation days.

Director Compensation

Following the Merger, we will grant each of our directors options to purchase 10,000 shares of our common stock upon their initial election or appointment to the board of directors, and options to purchase an additional 10,000 shares of common stock annually upon their reelection to the board of directors. The exercise price of each option shall be equal to the fair market value of our common stock, but not less than $2.00 per share. The options will vest in full on the first anniversary of the date of grant.

Board of Directors and Corporate Governance

Upon the closing of the Merger, Rolf Harms resigned as the sole officer and director of Transdel and simultaneously therewith a new board of directors was appointed consisting of Juliet Singh, Ph.D. and Jeffrey J. Abrams, M.D.

Code of Ethics

We have adopted a written code of ethics that applies to our principal executive officer, principal financial officer or controller, or persons performing similar functions. The code of ethics is filed as exhibit 14.1 to our Annual Report on Form 10-KSB for the fiscal year ended May 31, 2007.

Board Committees

We intend to appoint such persons to the Board of Directors and committees of the Board of Directors as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek listing on a securities exchange. We intend that a majority of our directors will be independent directors, of which at least one director will qualify as an "audit committee financial expert," within the meaning of Item 407(d)(5) of Regulation S-B, as promulgated by the SEC. Additionally, the Board of Directors is expected to appoint an audit committee, nominating committee and compensation committee, and to adopt charters relative to each such committee, in the near future. We do not currently have an "audit committee financial expert" since we currently do not have an audit committee in place.

Stock Incentive Plan

On September 17, 2007, our board of directors and stockholders adopted the 2007 Incentive Stock and Awards Plan (the "Plan"). The purpose of the Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons into our development and financial success. Under the Plan, we are authorized to issue incentive stock options intended to qualify under Section 422 of the Code, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long term incentive awards. The Plan will be administered by our board of directors until such time as such authority has been delegated to a committee of the board of directors. On the closing date of the Merger, certain of our executive officers and directors were granted options to purchase common stock exercisable at $2.00 per share as follows:

Name	Shares	Vesting Schedule	Expiration
Juliet Singh, Ph.D.	200,000	33-1/3% on the one, two and three year anniversaries of the grant date	10 years from date of grant
Balbir Brar, D.V.M., Ph.D.	200,000	33-1/3% on the one, two and three year anniversaries of the grant date	10 years from date of grant
John T. Lomoro	150,000	33-1/3% on the one, two and three year anniversaries of the grant date	10 years from date of grant
Ysabella Fernando	30,000	33-1/3% on the one, two and three year anniversaries of the grant date	10 years from date of grant
Jeffrey J. Abrams, M.D.	10,000	first anniversary of the grant date	10 years from date of grant
Juliet Singh, Ph.D.	10,000	first anniversary of the grant date	10 years from date of grant

Pursuant to the terms of the Private Placement, for one year following the initial closing of the Private Placement we may not issue options to purchase shares of our common stock at an exercise price below $2.00 per share. In addition, for a period of 18 months following the initial closing of the Private Placement, we may not file a registration statement, including, without limitation, a registration statement on Form S-8, covering the resale of any shares of common stock issued pursuant to an employee benefit plan.

Furthermore, we issued a restricted stock grant issued to Balbir Brar, D.V.M., Ph.D. for 195,313 shares of our common stock, which shares are subject to forfeiture for a period of 18 months following the Merger in the event that we terminate Dr. Brar for cause or he resigns for any reason other than good reason.

Certain Relationships and Related Transactions

On August 25, 2005, Trans-Pharma borrowed $36,500 from Dr. Abrams and issued Dr. Abrams a convertible promissory note in the original principal amount of $36,500 and warrants to purchase 36,500 shares of Trans-Pharma's common stock at an exercise price of $0.001 per share, which following the Merger would be equivalent to warrants to purchase 5,703 shares of our common stock at an exercise price of $0.007. On May 7, 2007, Dr. Abrams forgave the principle amount of the convertible promissory note and all accrued interest thereon and agreed to the cancellation of the warrant. Dr. Abrams did not receive any shares of common stock or other consideration in exchange for the forgiving the promissory note or the cancellation of the warrant. The principal amount of the note and accrued interest forgiven was recorded as additional paid in capital.

On August 25, 2005, Trans-Pharma borrowed $5,000 from Dr. Singh and issued Dr. Singh a convertible promissory note in the original principal amount of $5,000 and warrants to purchase 5,000 shares of Trans-Pharma's common stock at an exercise price of $0.001 per share, which following the Merger would be equivalent to warrants to purchase 781 shares of our common stock at an exercise price of $0.007. On May 7, 2007, Dr. Singh forgave the principle amount of the convertible promissory note and all accrued interest thereon and agreed to the cancellation of the warrant. Dr. Singh did not receive any shares of common stock or other consideration in exchange for the forgiving the promissory note or the cancellation of the warrant. The principal amount of the note and accrued interest forgiven was recorded as additional paid in capital.

On January 10, 2007, Balbir Brar, D.V.M., Ph.D. purchased 900,000 shares of Trans-Pharma's common stock pursuant to a Restricted Stock Purchase Agreement for an aggregate purchase price of $9,000. In connection with the Merger, these 900,000 shares of Trans-Pharma's common stock converted into 140,625 shares of Transdel's common stock.

On February 27, 2007, the Abrams Family Trust, with respect to which Jeffrey J. Abrams, M.D. is a trustee, purchased 6,000,000 shares of Trans-Pharma's common stock pursuant to a Restricted Stock Purchase Agreement for an aggregate purchase price of $6,000. In connection with the Merger, these 6,000,000 shares of Trans-Pharma's common stock converted into 937,500 shares of Transdel's common stock.

On March 20, 2007, Juliet Singh, Ph.D. purchased 8,000,000 shares of Trans-Pharma's common stock pursuant to a Restricted Stock Purchase Agreement for an aggregate purchase price of $8,000, which was paid by the cancellation of indebtedness in the amount of $8,000 owed to Dr. Singh. In connection with the Merger, these 8,000,000 shares of Trans-Pharma's common stock converted into 1,250,000 shares of Transdel's common stock.

Board Independence

We do not believe that either of our directors is an "independent director," as that term is defined by applicable listing standards of The NASDAQ Stock Market and SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act.

Item 3.02 Unregistered Sales of Equity Securities

Sales by Trans-Pharma

Trans-Pharma completed the offering of $1.5 million of the Notes to 14 accredited investors on June 19, 2007. Trans-Pharma completed this offering pursuant to the Section 4(2) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. Immediately following the closing of the Merger, the Notes, plus all unpaid accrued interest, were assumed by Transdel and subsequently converted into 1,530,177 shares of Transdel's common stock.

Trans-Pharma sold 25,500,000 shares of its common stock to a total of 7 purchasers consisting of existing shareholders and management during the first quarter of 2007. The total amount that Trans-Pharma received from this offering was $25,500. Trans-Pharma completed this offering pursuant to the Section 4(2) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. In connection with the Merger, the 25,500,000 shares of Trans-Pharma's common stock converted into 3,984,375.

Sales by Transdel

On September 17, 2007, we accepted subscriptions for a total of 39.9 units in the Private Placement, consisting of an aggregate of 1,996,834 shares of the our common stock and warrants to purchase an aggregate of 499,208 shares of common stock at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share, for a per unit purchase price of $100,000. We received gross proceeds from such closing of the Private Placement of $3,951,667. In addition, on September 18, 2007, we accepted subscriptions for an additional 1 unit in the Private Placement for gross proceeds of $100,000.

The Private Placement was made solely to "accredited investors," as that term is defined in Regulation D under the Securities Act. The securities sold in the Private Placement were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering.

In connection with the Private Placement, we paid WFG Investments, Inc., Granite Financial Group, Inc. and Palladium Capital Advisors, LLC (together, the "Placement Agents") placement agent fees of $115,500, $28,000 and $14,000, respectively, (equal to 7% of the aggregate purchase price of units sold to investors in the Private Placement through the Placement Agents) and issued the Placement Agents three-year warrants to purchase an aggregate of 33,750 shares of our common stock (equal to 3% of the common stock on which the cash fee is payable), at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share. Granite Financial Group, Inc. and Palladium Capital Advisors, LLC used the cash fees to purchase an aggregate of 0.42 of one unit in the Private Placement. Granite Financial Group, Inc. and Palladium Capital Advisors, LLC did not receive any cash fee or warrants in connection with their own investment in us.

On September 12, 2004, we issued a total of 5,550,007 shares of our common stock to Rolf Harms as founders' shares pursuant to an exemption from registration under Section 4(2) of the Securities Act.

We completed an offering of 1,849,993 shares of our common stock at a price of $0.0432 per share to a total of 41 purchasers in March 2006. The total amount we received from this offering was $80,000. We completed this offering pursuant Rule 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. None of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

Description of Capital Stock

Authorized Capital Stock

We have authorized 55,000,000 shares of capital stock, par value $0.001 per share, of which 50,000,000 are shares of common stock and 5,000,000 are shares of "blank-check" preferred stock.

Capital Stock Issued and Outstanding

After giving effect to the issuance of 40.9 units in the Private Placement, the conversion of the Notes, the Split-Off, the grant of new options under the Plan and the warrants issued in connection with the Private Placement, there are issued and outstanding securities of the Company on a fully diluted basis:

- 13,427,004 shares of common stock;
- no shares of preferred stock;
- options to purchase an aggregate of 600,000 shares of common stock issued under the Plan immediately following the Merger with an exercise price of $2.00 per share; and
- Warrants to purchase 545,458 shares of common stock, of which includes (i) warrants to purchase 511,708 shares of common stock were issued to investors in the Private Placement at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share and (ii) warrants to purchase 33,750 shares of common stock were issued to placement agents in connection with the Private Placement.

Common Stock

We are authorized to issue 50,000,000 shares of common stock. The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by all shares of common stock that are present in person or represented by proxy, subject to any voting rights granted to holders of any preferred stock. Except as otherwise provided by law, and subject to any voting rights granted to holders of any preferred stock, amendments to our Amended and Restated Certificate of Incorporation generally must be approved by a majority of the votes entitled to be cast by all outstanding shares of common stock. Our Amended and Restated Certificate of Incorporation does not provide for cumulative voting in the election of directors. Subject to any preferential rights of any outstanding series of preferred stock created by the board of directors from time to time, the holders of common stock will be entitled to such cash dividends as may be declared, if any, by the board of directors from funds available. Subject to any preferential rights of any outstanding series of preferred stock, upon our liquidation, dissolution or winding up, the holders of common stock will be entitled to receive pro rata all assets available for distribution to such holders.

Preferred Stock

We are authorized to issue 5,000,000 shares of “blank check” preferred stock, none of which as of the date hereof is designated or outstanding. The board of directors is vested with authority to divide the shares of preferred stock into series and to fix and determine the relative designation, powers, preferences and rights of the shares of any such series and the qualifications, limitations, or restrictions or any unissued series of preferred stock.

Description of Options

We granted options to purchase 600,000 shares of our common stock to certain of our executive officers, directors and employees, effective upon the closing of the Merger. All such options were issued pursuant to the Plan and are exercisable when vested at a price of $2.00 per share.

Description of Warrants

We issued five-year warrants to purchase 511,708 shares of our common stock, at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share, to investors purchasing units in the Private Placement. In addition, we also issued a three year warrant to the Placement Agents to purchase an aggregate of 33,750 shares of our common stock, at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share, in connection with its efforts as a placement agent in connection with the Private Placement.

The exercise price and number of shares of our common stock issuable on exercise of the warrants may be adjusted in certain circumstances, including in the event of a stock dividend, or our recapitalization, reorganization, merger or consolidation. In addition, in the event that we issue shares of our common stock at a price per share below $2.00 or securities exercisable for or convertible into shares of common stock at an effective exercise or conversion price below $2.00 per share during the period commencing on the initial closing date of the Private Placement until the date a registration statement covering the resale of the shares underlying the warrants is declared effective by the SEC, then the cash exercise price of the warrants shall be automatically reduced to 200% of the sub-$2.00 price and the cashless exercise price of the warrants shall be automatically reduced to become 250% of the sub-$2.00 price.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we may, in our discretion, upon exercise, round up to the nearest whole number the number of shares of our common stock to be issued to the warrant holder or otherwise equitably adjust the exercise and exercise price per share.

We may redeem all, but not less than all, of the unexercised warrants included within the units sold in the Private Placement, for $0.001 per share of common stock underlying the warrants, upon 10 days prior written notice to the holders (the "Redemption Period"); provided that (i) the closing sale price of our common stock on the principal trading market where the common stock is approved for quotation or principal national securities exchange where the common stock is listed exceeds $6.00 per share for 10 consecutive trading days and (ii) there is an effective registration statement covering the resale of the shares of common stock underlying the warrants for the entire Redemption Period. The holders may exercise the warrants during the Redemption Period. Upon redemption of the warrants, the holders will have no further rights with respect to the unexercised warrants, except the right to receive the redemption price.

Registration Rights

Private Placement

We have agreed to file, within 90 days of the final closing date of the Private Placement, a registration statement (the "Registration Statement") registering for resale (i) the shares of common stock included in the units sold in the Private Placement, (ii) the shares of common stock underlying the warrants included in the units sold and (iii) the shares of common stock underlying the warrants issued to the Placement Agents in connection with the Private Placement, consistent with the terms and provisions of the Registration Rights Agreement from the Private Placement, attached hereto as Exhibit 10.3. We will use reasonable efforts to cause the Registration Statement to be declared effective by the SEC no later than 180 days after the final closing date filed. We have agreed to maintain the effectiveness of the Registration Statement until the earlier of (i) the date on which all of the registrable shares may be resold by the selling stockholders thereunder without registration and without regard to any volume limitations by reason of Rule 144(e) under the Securities Act or any other rule of similar effect or (ii) 18 months following the final closing date of the Private Placement. We have agreed to pay monetary penalties equal to one percent (1.00%) of the gross proceeds of the Private Placement for each full month that, among other things, (i) we are late in filing the Registration Statement or (ii) the Registration Statement is late in being declared effective; provided, that the aggregate of any such penalties shall not exceed six percent (6%) of the gross proceeds of the Private Placement. However, we shall not be obligated to pay any such liquidated damages if we are unable to fulfill our registration obligations as a result of rules, regulations, positions or releases issued or actions taken by the SEC pursuant to its authority with respect to "Rule 415," provided we register at such time the maximum number of shares of common stock permissible upon consultation with the staff of the SEC.

Notes

Pursuant to the terms of the Notes, we agreed that should we propose to file a resale registration statement under the Securities Act at any time on or before May 25, 2012 to register any of our securities under the Securities Act for sale to the public, whether for our own account or for the account of other security holders or both (except with respect to registration statements on Forms S-4 or S-8 or another similar form), then we would agree to register for resale in such registration statement the common stock issued upon conversion of the Notes, subject to customary issuer, placement agent and underwriter cutbacks.

Lock-up Agreements

We have obtain signed lock-up agreements from each of Trans-Pharma's former stockholders, together with each of our officers, directors and holders of 10% or more of our common stock, pursuant to which they may not, subject to certain exemptions, sell or otherwise transfer any shares of our common stock, whether now owned or subsequently acquired, for a period of 18 months following the final closing date of the Private Placement.

Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law ("DGCL") provides, in general, that a corporation incorporated under the laws of the State of Delaware, such as us, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the DGCL, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract.

We also have director and officer indemnification agreements with each of our executive officers and directors that provide, among other things, for the indemnification to the fullest extent permitted or required by Delaware law, provided that such indemnitee shall not be entitled to indemnification in connection with any "claim" (as such term is defined in the agreement) initiated by the indemnitee against us or our directors or officers unless we join or consent to the initiation of such claim, or the purchase and sale of securities by the indemnitee in violation of Section 16(b) of the Exchange Act.

Any repeal or modification of these provisions approved by our stockholders shall be prospective only, and shall not adversely affect any limitation on the liability of a director or officer existing as of the time of such repeal or modification.

We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the DGCL would permit indemnification.

Anti-Takeover Effect of Delaware Law, Certain By-Law Provisions

We are subject to the provisions of Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a ''business combination'' with an ''interested stockholder'' for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a ''business combination'' includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an ''interested stockholder'' is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of the voting stock.

Future Stock Issuances

Pursuant to the Subscription Agreement from the Private Placement, from the initial closing date of the Private Placement until the earlier of (i) September 17, 2008 and (ii) the date that the SEC declared a registration statement effective that registers the resale of the common stock issued in the Private Placement and the common stock underlying the warrants issued in the Private Placement, should we issue or sell any shares of any class of common stock or any warrants or other convertible security pursuant to which shares of any class of our common stock may be acquired at a price less than $2.00 per share, subject to certain exemptions, we shall promptly issue additional shares to each investor in the Private Placement in an amount sufficient that the subscription price paid in the Private Placement, when divided by the total number of shares issued will result in an actual price paid by each investor per share equal to such lower price.

Trading Information

Our common stock is currently approved for quotation on the OTC Bulletin Board maintained by the NASD under the symbol TDLP.OB, but is not trading. As soon as practicable, and assuming we satisfy all necessary initial listing requirements, we intend to apply to have our common stock listed for trading on the American Stock Exchange or The Nasdaq Stock Market, although we cannot be certain that any of these applications will be approved.

The transfer agent for our common stock is American Registrar & Transfer Co. We will serve as warrant agent for the outstanding warrants.

Item 4.01 Changes in Registrant's Certifying Accountant

Effective as of September 17, 2007, we dismissed Webb & Company, P.A. ("Webb") as our independent accountants. Webb had previously been engaged as the principal accountant to audit our financial statements. The reason for the dismissal of Webb is that, following the consummation of the Merger on September 17, 2007 (i) the former stockholders of Trans-Pharma owned a majority of the outstanding shares of our common stock and (ii) our primary business unit became the business previously conducted by Trans-Pharma. The independent registered public accountant of Trans-Pharma was the firm of KMJ | Corbin & Company LLP ("KMJ"). We believe that it is in our best interest to have KMJ continue to work with our business, and we therefore retained KMJ as our new independent registered accounting firm, effective as of September 17, 2007. KMJ has offices in Carlsbad and Irvine, California.

The report of Webb on our May 31, 2007 financial statements did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles, except that the report was qualified as to our ability to continue as a going concern. The decision to change accountants was approved by our board of directors on September 17, 2007.

During our two most recent fiscal years and through the date of dismissal on September 17, 2007, there were no disagreements with Webb on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Webb, would have caused it to make reference to the matter in connection with its reports.

We had made the contents of this Current Report available to Webb and requested it to furnish a letter addressed to the SEC as to whether Webb agrees or disagrees with, or wishes to clarify our expression of, our views, or containing any additional information. A copy of Webb's letter to the SEC is included as Exhibit 16.1 to this Current Report.

As of September 17, 2007, KMJ was engaged as our new independent registered public accounting firm. The appointment of KMJ was approved by our board of directors. During our two most recent fiscal years and the subsequent interim periods through September 17, 2007 (the date of engagement of KMJ), we did not consult KMJ regarding either: (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements; or (ii) any matter that was the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-B.

Item 5.01 Changes in Control of Registrant

Reference is made to the disclosure set forth under Item 2.01 of this Current Report on Form 8-K, which disclosure is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Transdel's sole officer and director resigned as of September 17, 2007, effective upon the closing of the Merger. Pursuant to the terms of the Merger Agreement, our new directors and officers are as set forth therein. Reference is made to the disclosure set forth under Item 2.01 of this Current Report on Form 8-K, which disclosure is incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On September 17, 2007, our board of directors approved a change in our fiscal year from a fiscal year ending May 31 to a fiscal year ending on December 31. The change in our fiscal year will take effect on September 17, 2007 and, therefore, there will be no transition period in connection with this change of fiscal year-end. Our 2007 fiscal year will end on December 31, 2007.

Item 5.06 Change in Shell Company Status

As a result of the consummation of the Merger described in Item 2.01 of this Current Report on Form 8-K, we believe that we are no longer a shell corporation as that term is defined in Rule 405 of the Securities Act and Rule 12b-2 of the Exchange Act.

Item 9.01 Financial Statements and Exhibits

(a) *Financial Statements of Businesses Acquired*. In accordance with Item 9.01(a), (i) Trans-Pharma's audited financial statements for the fiscal years ended December 31, 2005 and 2006, and (ii) Trans-Pharma's unaudited financial statements for the six-month interim periods ended June 30, 2007 and 2006 are filed in this Current Report on Form 8-K as Exhibit 99.1 and Exhibit 99.2, respectively.

(b) *Pro Forma Financial Information*. In accordance with Item 9.01(b), our pro forma financial statements are filed in this Current Report on Form 8-K as Exhibit 99.3.

(d) Exhibits.

The exhibits listed in the following Exhibit Index are filed as part of this Current Report on Form 8-K.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of September 17, 2007, by and among Transdel Pharmaceuticals, Inc., Trans-Pharma Corporation and Trans-Pharma Acquisition Corp.
2.2	Certificate of Merger, dated September 17, 2007, merging Trans-Pharma Acquisition Corp. with and into Trans-Pharma Corporation
2.3	Articles of Merger, dated September 17, 2007, merging Trans-Pharma Acquisition Corp. with and into Trans-Pharma Corporation
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 13, 2007)
3.2	Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed September 13, 2007)
10.1	Form of Subscription Agreement
10.2	Form of Warrant
10.3	Form of Registration Rights Agreement
10.4	Form of Lockup Agreement
10.5	Placement Agent Agreement, dated September 17, 2007, between Trans-Pharma Corporation and Granite Financial Group, LLC

10.6	Placement Agent Agreement, dated September 17, 2007, between Trans-Pharma, Inc. and WFG Investments, Inc.
10.7	Placement Agent Agreement, dated September 17, 2007, by and between Trans-Pharma Corporation and Palladium Capital Advisors, LLC
10.8	Form of Directors and Officers Indemnification Agreement
10.9	Assignment of Employment Agreement, dated September 17, by and among Trans-Pharma Corporation, Transdel Pharmaceuticals, Inc. and Juliet Singh, Ph.D.
10.10	Employment Agreement, dated June 27, 2007, by and between Trans-Pharma Corporation and Juliet Singh, Ph.D.
10.11	Transdel Pharmaceuticals, Inc. 2007 Incentive Stock and Awards Plan
10.12	Form of 2007 Incentive Stock Option Agreement
10.13	Form of 2007 Non-Qualified Stock Option Agreement
16	Letter of Webb & Company, P.A.
21	List of Subsidiaries
99.1	Trans-Pharma Corporation financial statements for the fiscal years ended December 31, 2006 and 2005
99.2	Trans-Pharma Corporation unaudited financial statements for the six months ended June 30, 2007 and 2006
99.3	Pro forma unaudited combined financial statements for the period ended June 30, 2007 and for the period ended December 31, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: September 21, 2007

Transdel Pharmaceuticals, Inc.

By: /s/ Juliet Singh, Ph.D.

Juliet Singh, Ph.D.
Chief Executive Officer

INDEX TO EXHIBITS

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Exhibit 2.1

AGREEMENT OF MERGER AND PLAN OF REORGANIZATION

BY AND AMONG

TRANSDEL PHARMACEUTICALS, INC.

TRANS-PHARMA ACQUISITION CORP.

and

TRANS-PHARMA CORPORATION

Dated as of September 17, 2007

AGREEMENT OF MERGER AND PLAN OF REORGANIZATION

THIS AGREEMENT OF MERGER AND PLAN OF REORGANIZATION (this "Agreement") is made and entered into on September 17, 2007, by and among TRANSDEL PHARMACEUTICALS, INC., a Delaware corporation ("Parent"), TRANS-PHARMA ACQUISITION CORP., a Delaware corporation ("Acquisition Corp."), which is a wholly-owned subsidiary of Parent, and TRANS-PHARMA CORPORATION, a Nevada corporation (the "Company").

W I T N E S S E T H :

WHEREAS, the Board of Directors of each of Acquisition Corp., Parent and the Company have determined that it is fair to and in the best interests of their respective corporations and stockholders for Acquisition Corp. to be merged with and into the Company (the "Merger") upon the terms and subject to the conditions set forth herein;

WHEREAS, the Board of Directors of each of Parent, Acquisition Corp. and the Company have approved the Merger in accordance with the General Corporation Law of the State of Delaware (the "DGCL") and the Nevada Revised Statutes (the "NRS"), and upon the terms and subject to the conditions set forth herein, in the Certificate of Merger attached as Exhibit A hereto (the "Certificate of Merger") and the Articles of Merger attached as Exhibit B hereto (the "Articles of Merger");

WHEREAS, the requisite stockholders of the Company (the "Stockholders") have approved by written consent pursuant to Section 78.320 of the NRS this Agreement, the Certificate of Merger, the Articles of Merger and the transactions contemplated and described hereby and thereby, including, without limitation, the Merger, and Parent, as the sole stockholder of Acquisition Corp., has approved by written consent pursuant to Section 228 of the DGCL this Agreement, the Certificate of Merger, the Articles of Merger and the transactions contemplated and described hereby and thereby, including, without limitation, the Merger;

WHEREAS, immediately following the Closing (as defined below), Parent (as it will exist as of the closing of the Merger) will sell up to a maximum of $5,000,000 of its Units, with each "Unit" consisting of (i) 50,000 shares of its common stock and (ii) a detachable redeemable five-year warrant to purchase 12,500 shares of its common stock at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share, for a purchase price of $100,000 per Unit, in a private placement offering to accredited investors (the "Private Placement") for the purpose of financing the ongoing business and operations of the Surviving Corporation (as defined below) following the Merger; and

WHEREAS, the parties hereto intend that the Merger contemplated herein shall qualify as a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), by reason of Section 368(a)(2)(E) of the Code.

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I.
THE MERGER

Section 1.01 Merger. Subject to the terms and conditions of this Agreement, the Certificate of Merger and the Articles of Merger, Acquisition Corp. shall be merged with and into the Company in accordance with Section 252 of the DGCL and Section 92A.190 of the NRS. At the Effective Time (as defined below), the separate legal existence of Acquisition Corp. shall cease, and the Company shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation") and shall continue its corporate existence under the laws of the State of Nevada under the name "Trans-Pharma Corporation".

Section 1.02 Effective Time. The Merger shall become effective upon the filing of (a) the Certificate of Merger with the Secretary of State of the State of Delaware in accordance with Section 252 of the DGCL and (b) the Articles of Merger with the Secretary of State of the State of Nevada in accordance with Section 92A.190 of the NRS. The time at which the Merger shall become effective as aforesaid is referred to hereinafter as the "Effective Time."

Section 1.03 Closing. The closing of the Merger (the "Closing") shall occur concurrently with the Effective Time (the "Closing Date"). The Closing shall occur at the offices of Haynes and Boone, LLP referred to in Section 10.01 hereof. At the Closing, all of the documents, certificates, agreements, opinions and instruments referenced in Article VII will be executed and delivered as described therein. At the Effective Time, all actions to be taken at the Closing shall be deemed to be taken simultaneously.

Section 1.04 Certificate of Incorporation, By-laws, Directors and Officers.

(a) The Articles of Incorporation of the Company, as in effect immediately prior to the Effective Time, attached as Exhibit C hereto, as amended by the Articles of Merger, shall be the Articles of Incorporation of the Surviving Corporation from and after the Effective Time until amended in accordance with applicable law and such Articles of Incorporation.

(b) The By-laws of the Company, as in effect immediately prior to the Effective Time, attached as Exhibit D hereto, shall be the By-laws of the Surviving Corporation from and after the Effective Time until amended in accordance with applicable law, the Articles of Incorporation of the Surviving Corporation and such By-laws.

(c) The directors and officers listed in Exhibit E hereto shall be the directors and officers of the Surviving Corporation and Parent, and each shall hold his or her respective office or offices from and after the Effective Time until his or her successor shall have been elected and shall have qualified in accordance with applicable law, or as otherwise provided in the Articles of Incorporation or By-laws of the Surviving Corporation or the Certificate of Incorporation or By-laws of Parent, as the case may be.

Section 1.05 Assets and Liabilities. At the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of each of Acquisition Corp. and the Company (collectively, the "Constituent Corporations"); and all the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed, and all debts due to any of the Constituent Corporations on whatever account, as well as all other things in action or belonging to each of the Constituent Corporations, shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectively the property of the Surviving Corporation as they were of the several and respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of such Constituent Corporations shall not revert or be in any way impaired by the Merger; but all rights of creditors and all liens upon any property of any of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities and duties of the Constituent Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

Section 1.06 Manner and Basis of Converting Shares.

(a) At the Effective Time:

(i) each share of common stock, par value $0.001 per share, of Acquisition Corp. that shall be outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive one (1) share of common stock, par value $0.001 per share, of the Surviving Corporation, so that at the Effective Time, Parent shall be the holder of all of the issued and outstanding shares of the Surviving Corporation;

(ii) the shares of common stock, par value $0.001 per share, of the Company (the "Company Common Stock") beneficially owned by the Stockholders listed on Schedule 1.06 (other than shares of Company Common Stock as to which appraisal rights are perfected pursuant to the applicable provisions of the NRS and not withdrawn or otherwise forfeited and shares of Company Common Stock set forth in Section 1.06(a)(iii) hereof), shall, by virtue of the Merger and without any action on the part of the holders thereof, be converted into the right to receive the number of shares of common stock, par value $0.001 per share of Parent (the "Parent Common Stock") specified in Schedule 1.06 for each of the Stockholders, which shall be equal to 0.15625 of one share of Parent Common Stock for each share of Company Common Stock with fractional shares of Parent Common Stock rounded up or down to the nearest whole share; and

(iii) each share of Company Common Stock held in the treasury of the Company immediately prior to the Effective Time shall be cancelled in the Merger and cease to exist.

(b) After the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time.

Section 1.07 Surrender and Exchange of Certificates. Promptly after the Effective Time and upon (a) surrender of a certificate or certificates representing shares of Company Common Stock that were outstanding immediately prior to the Effective Time or an affidavit and indemnification in form reasonably acceptable to counsel for Parent stating that such Stockholder has lost its certificate or certificates or that such have been destroyed and (b) delivery of a Letter of Transmittal (as described in Article IV hereof), Parent shall issue to each record holder of Company Common Stock surrendering such certificate, certificates or affidavit and Letter of Transmittal, a certificate or certificates registered in the name of such Stockholder representing the number of shares of Parent Common Stock that such Stockholder shall be entitled to receive as set forth in Section 1.06(a)(ii) hereof. Until the certificate, certificates or affidavit is or are surrendered together with the Letter of Transmittal as contemplated by this Section 1.07 and Article IV hereof, each certificate or affidavit that immediately prior to the Effective Time represented any outstanding shares of Company Common Stock shall be deemed at and after the Effective Time to represent only the right to receive upon surrender as aforesaid the Parent Common Stock specified in Schedule 1.06 hereof for the holder thereof or to perfect any rights of appraisal that such holder may have pursuant to the applicable provisions of the NRS.

Section 1.08 Parent Common Stock. Parent agrees that it will cause the Parent Common Stock into which the Company Common Stock is converted at the Effective Time pursuant to Section 1.06(a)(ii) to be available for such purposes. Parent further covenants that immediately following the Effective Time, Parent will effect cancellations of its outstanding shares of Parent Common Stock and that there will be no more than 1,850,000 shares of Parent Common Stock issued and outstanding, and that no other common or preferred stock or equity securities or any options, warrants, rights or other agreements or instruments convertible, exchangeable or exercisable into common or preferred stock or other equity securities shall be issued or outstanding, except as described herein.

Section 1.09 Operation of Surviving Corporation. The Company acknowledges that upon the effectiveness of the Merger, and the material compliance by Parent and Acquisition Corp. with their respective duties and obligations hereunder, Parent shall have the absolute and unqualified right to deal with the assets and business of the Surviving Corporation as its own property without limitation on the disposition or use of such assets or the conduct of such business.

Section 1.10 Further Assurances. From time to time, from and after the Effective Time, as and when reasonably requested by Parent, the proper officers and directors of the Company as of the Effective Time shall, for and on behalf and in the name of the Company or otherwise, execute and deliver all such deeds, bills of sale, assignments and other instruments and shall take or cause to be taken such further actions as Parent, Acquisition Corp. or their respective successors or assigns reasonably may deem necessary or desirable in order to confirm or record or otherwise transfer to the Surviving Corporation title to and possession of all of the properties, rights, privileges, powers, franchises and immunities of the Company or otherwise to carry out fully the provisions and purposes of this Agreement, the Certificate of Merger and the Articles of Merger.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Acquisition Corp. as follows. Notwithstanding anything to the contrary contained herein, disclosure of items in the draft Current Report on Form 8-K of Parent with respect to the Merger and the Private Placement, and all exhibits thereto, a copy of which is attached hereto as Exhibit F (collectively, the "Disclosures") shall be deemed to be disclosure of such items for all purposes under this Agreement, including, without limitation, for all applicable representations and warranties of the Company:

Section 2.01 Organization, Standing, Subsidiaries, Etc.

(a) The Company is a corporation duly organized and existing in good standing under the laws of the State of Nevada and has all requisite power and authority (corporate and other) to carry on its business, to own or lease its properties and assets, to enter into this Agreement, the Certificate of Merger and the Articles of Merger and to carry out the terms hereof and thereof. Copies of the Articles of Incorporation and By-laws of the Company that have been delivered to Parent and Acquisition Corp. prior to the execution of this Agreement are true and complete and have not since been amended or repealed.

(b) The Company has no subsidiaries or direct or indirect interest (by way of stock ownership or otherwise) in any firm, corporation, limited liability company, partnership, association or business.

Section 2.02 Qualification. The Company is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction wherein the nature of its activities or its properties owned or leased makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business operations, results of operations or prospects of the Company taken as a whole (the "Condition of the Company").

Section 2.03 Capitalization of the Company. The authorized capital stock of the Company consists of 100,000,000 shares of Company Common Stock, of which there are 51,200,000 shares of Company Common Stock issued and outstanding, and such shares are duly authorized, validly issued, fully paid and non-assessable, and none of such shares have been issued in violation of the preemptive rights of any natural person, corporation, business trust, association, limited liability company, partnership, joint venture, other entity, government, agency or political subdivision (each, a "Person"). The offer, issuance and sale of such shares of Company Common Stock were (a) exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "Securities Act"), (b) registered or qualified (or were exempt from registration or qualification) under the registration or qualification requirements of all applicable state securities laws and (c) accomplished in conformity with all other applicable securities laws. None of such shares of Company Common Stock are subject to a right of withdrawal or a right of rescission under any federal or state securities or "Blue Sky" law. Except as otherwise set forth in this Agreement or any Schedule hereto, the Company has no outstanding options, rights or commitments to issue Company Common Stock or other Equity Securities (as defined below) of the Company, and there are no outstanding securities convertible or exercisable into or exchangeable for Company Common Stock or other Equity Securities of the Company. For purposes of this Agreement, "Equity Security" shall mean any stock or similar security of an issuer or any security (whether stock or Indebtedness for Borrowed Money (as defined below)) convertible, with or without consideration, into any stock or other equity security, or any security (whether stock or Indebtedness for Borrowed Money) carrying any warrant or right to subscribe to or purchase any stock or similar security, or any such warrant or right.

Section 2.04 Indebtedness. The Company has no Indebtedness for Borrowed Money, except as otherwise set forth in this Agreement or disclosed on the Balance Sheet (as defined below). For purposes of this Agreement, "Indebtedness for Borrowed Money" shall mean (a) all Indebtedness in respect of money borrowed including, without limitation, Indebtedness that represents the unpaid amount of the purchase price of any property and is incurred in lieu of borrowing money or using available funds to pay such amounts and not constituting an account payable or expense accrual incurred or assumed in the ordinary course of business of the Company, (b) all Indebtedness evidenced by a promissory note, bond or similar written obligation to pay money or (c) all such Indebtedness guaranteed by the Company or for which the Company is otherwise contingently liable. Furthermore, for purposes of this Agreement, "Indebtedness" shall mean any obligation of the Company which, under generally accepted accounting principles in the United Stated ("GAAP"), is required to be shown on the balance sheet of the Company as a liability. Any obligation secured by a mortgage, pledge, security interest, encumbrance, lien or charge of any kind (a "Lien"), shall be deemed to be Indebtedness, even though such obligation is not assumed by the Company.

Section 2.05 Company Stockholders. Schedule 1.06 hereto contains a true and complete list of the names of the record owners of all of the outstanding shares of Company Common Stock and other Equity Securities of the Company, together with the number of securities held or to which such Person has rights to acquire. To the knowledge of the Company, there is no voting trust, agreement or arrangement among any of the beneficial holders of Company Common Stock affecting the nomination or election of directors or the exercise of the voting rights of Company Common Stock.

Section 2.06 Corporate Acts and Proceedings. The execution, delivery and performance of this Agreement, the Certificate of Merger and the Articles of Merger (together, the "Merger Documents") have been duly authorized by the Board of Directors of the Company and have been approved by the requisite vote of the Stockholders, and all of the corporate acts and other proceedings required for the due and valid authorization, execution, delivery and performance of the Merger Documents and the consummation of the Merger have been validly and appropriately taken, except for the filings referred to in Section 1.02.

Section 2.07 Governmental Consents. All material consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with any federal or state governmental authority on the part of the Company required in connection with the consummation of the Merger shall have been obtained prior to, and be effective as of, the Closing.

Section 2.08 Compliance with Laws and Instruments. The business, products and operations of the Company have been and are being conducted in compliance in all material respects with all applicable laws, rules and regulations, except for such violations thereof for which the penalties, in the aggregate, would not have a material adverse effect on the Condition of the Company. The execution, delivery and performance by the Company of the Merger Documents and the consummation by the Company of the transactions contemplated by this Agreement: (a) will not cause the Company to violate or contravene (i) any provision of law, (ii) any rule or regulation of any agency or government, (iii) any order, judgment or decree of any court, or (iv) any provision of the Articles of Incorporation or By-laws of the Company, (b) will not violate or be in conflict with, result in a breach of or constitute (with or without notice or lapse of time, or both) a default under, any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or other contract, agreement or instrument to which the Company is a party or by which the Company or any of its properties is bound or affected, except as would not have a material adverse effect on the Condition of the Company and (c) will not result in the creation or imposition of any Lien upon any property or asset of the Company. The Company is not in violation of, or (with or without notice or lapse of time, or both) in default under, any term or provision of its Articles of Incorporation or By-laws or of any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or, except as would not materially and adversely affect the Condition of the Company, any other material agreement or instrument to which the Company is a party or by which the Company or any of its properties is bound or affected.

Section 2.09 Binding Obligations. The Merger Documents constitute the legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their respective terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 2.10 Broker's and Finder's Fees. Except for fees paid to the placement agents as set forth in the Disclosures, no Person has, or as a result of the transactions contemplated or described herein will have, any right or valid claim against the Company, Parent, Acquisition Corp. or any Stockholder for any commission, fee or other compensation as a finder or broker, or in any similar capacity.

Section 2.11 Financial Statements. Parent has previously been provided with the Company's audited balance sheet (the "Balance Sheet") as of December 31, 2006 (the "Company Balance Sheet Date") and the audited statements of operations and accumulated deficits and cash flows for the year ended December 31, 2006. Such financial statements are collectively referred to as the "Financial Statements". Such financial statements (a) are in accordance with the books and records of the Company, (b) present fairly in all material respects the financial condition of the Company at the dates therein specified and the results of its operations and changes in financial position for the periods therein specified and (c) have been prepared in accordance with GAAP applied on a basis consistent with prior accounting periods.

Section 2.12 Absence of Undisclosed Liabilities. The Company has no material obligation or liability (whether accrued, absolute, contingent, liquidated or otherwise, whether due or to become due), arising out of any transaction entered into at or prior to the Closing, except (a) as disclosed in the Balance Sheet, (b) to the extent set forth on or reserved against in the Balance Sheet or the notes to the Financial Statements, (c) current liabilities incurred and obligations under agreements entered into in the usual and ordinary course of business since the Company Balance Sheet Date, none of which (individually or in the aggregate) has had or will have a material adverse effect on the Condition of the Company and (d) by the specific terms of any written agreement, document or arrangement identified in the Disclosures.

Section 2.13 Changes. Since the Company Balance Sheet Date, the Company has not (a) incurred any debts, obligations or liabilities, absolute, accrued, contingent or otherwise, whether due or to become due, except for fees, expenses and liabilities incurred in connection with the Merger and related transactions and current liabilities incurred in the usual and ordinary course of business, (b) discharged or satisfied any Liens other than those securing, or paid any obligation or liability other than, current liabilities shown on the Balance Sheet and current liabilities incurred since the Company Balance Sheet Date, in each case in the usual and ordinary course of business, (c) mortgaged, pledged or subjected to Lien any of its assets, tangible or intangible other than in the usual and ordinary course of business, (d) sold, transferred or leased any of its assets, except in the usual and ordinary course of business, (e) cancelled or compromised any debt or claim, or waived or released any right, of material value, (f) suffered any physical damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the Condition of the Company, (g) entered into any transaction other than in the usual and ordinary course of business, (h) encountered any labor union difficulties, (i) made or granted any wage or salary increase or made any increase in the amounts payable under any profit sharing, bonus, deferred compensation, severance pay, insurance, pension, retirement or other employee benefit plan, agreement or arrangement, other than in the ordinary course of business consistent with past practice, or entered into any employment agreement, (j) issued or sold any shares of capital stock, bonds, notes, debentures or other securities or granted any options (including employee stock options), warrants or other rights with respect thereto, (k) declared or paid any dividends on or made any other distributions with respect to, or purchased or redeemed, any of its outstanding capital stock, (l) suffered or experienced any change in, or condition affecting, the Condition of the Company other than changes, events or conditions in the usual and ordinary course of its business, none of which (either by itself or in conjunction with all such other changes, events and conditions) has been materially adverse, (m) made any change in the accounting principles, methods or practices followed by it or depreciation or amortization policies or rates theretofore adopted, (n) made or permitted any amendment or termination of any material contract, agreement or license to which it is a party, (o) suffered any material loss not reflected in the Balance Sheet or its statement of income for the period ended on the Company Balance Sheet Date, (p) paid, or made any accrual or arrangement for payment of, bonuses or special compensation of any kind or any severance or termination pay to any present or former officer, director, employee, stockholder or consultant, (q) made or agreed to make any charitable contributions or incurred any non-business expenses in excess of $50,000 in the aggregate, or (r) entered into any agreement, or otherwise obligated itself, to do any of the foregoing.

Section 2.14 Assets and Contracts.

(a) Schedule 2.14(a) contains a true and complete list of all real property leased by the Company and of all tangible personal property owned or leased by the Company having a cost or fair market value of greater than $250,000. All the real property listed in Schedule 2.14(a) is leased by the Company under valid leases enforceable in accordance with their terms, and there is not, under any such lease, any existing default or event of default or event which with notice or lapse of time, or both, would constitute a default by the Company, and the Company has not received any notice or claim of any such default by the Company. The Company does not own any real property.

(b) Except as expressly set forth in this Agreement, the Financial Statements or the notes thereto, or as disclosed in Schedule 2.14(b) hereto, the Company is not a party to any written or oral agreement not made in the ordinary course of business that is material to the Company. Except as disclosed in Schedule 2.14(b) hereto, the Company is not a party to any written or oral (i) agreement for the purchase of fixed assets or for the purchase of materials, supplies or equipment in excess of normal operating requirements, (ii) agreement for the employment of any officer, individual employee or other Person on a full-time basis or any agreement with any Person for consulting services, (iii) indenture, loan or credit agreement, note agreement, deed of trust, mortgage, security agreement, promissory note or other agreement or instrument relating to or evidencing Indebtedness for Borrowed Money or subjecting any asset or property of the Company to any Lien or evidencing any Indebtedness, (iv) guaranty of any Indebtedness, (v) other than as set forth in Schedule 2.14(a) hereto, lease or agreement under which the Company is lessee of or holds or operates any property, real or personal, owned by any other Person under which payments to such Person exceed $250,000 per year, (vi) agreement granting any preemptive right, right of first refusal or similar right to any Person, (vii) agreement or arrangement with any Affiliate or any "associate" (as such term is defined in Rule 405 under the Securities Act) of the Company or any present or former officer, director or stockholder of the Company, (viii) agreement obligating the Company to pay any royalty or similar charge for the use or exploitation of any tangible or intangible property, (ix) covenant not to compete or other material restriction on its ability to conduct a business or engage in any other activity, (x) agreement to register securities under the Securities Act or (xi) collective bargaining agreement. Except as disclosed in Schedule 2.14(b), none of the agreements, contracts, leases, instruments or other documents or arrangements listed in Schedules 2.14(a) and 2.14(b) requires the consent of any of the parties thereto other than the Company to permit the contract, agreement, lease, instrument or other document or arrangement to remain effective following consummation of the Merger and the transactions contemplated hereby. For purposes of this Agreement, an "Affiliate" shall mean any Person that directly or indirectly controls, is controlled by, or is under common control with, the indicated Person.

(c) The Company has made available to Parent and Acquisition Corp. true and complete copies of all agreements and other documents and a description of all applicable oral agreements disclosed or referred to in Schedules 2.14(a) and 2.14(b), as well as any additional agreements or documents, requested by Parent or Acquisition Corp. The Company has in all material respects performed all obligations required to be performed by it to date and is not in default in any material respect under any of the contracts, agreements, leases, documents, commitments or other arrangements to which it is a party or by which it or any of its property is otherwise bound or affected.

Section 2.15 Employees. The Company has complied in all material respects with all laws relating to the employment of labor, and the Company has encountered no material labor union difficulties. Other than pursuant to ordinary arrangements of employment compensation, the Company is not under any obligation or liability to any officer, director or employee of the Company.

Section 2.16 Tax Returns and Audits.

(a) All required federal, state and local Tax Returns (as defined below) of the Company have been accurately prepared and duly and timely filed, and all federal, state and local Taxes (as defined below) required to be paid with respect to the periods covered by such returns have been paid. The Company is not and has not been delinquent in the payment of any Tax. The Company has not had a Tax deficiency proposed or assessed against it and has not executed a waiver of any statute of limitations on the assessment or collection of any Tax. None of the Company's federal income tax returns has been audited by any governmental authority; and none of the Company's state or local income or franchise tax returns has been audited by any governmental authority. The reserves for Taxes reflected on the Balance Sheet are and will be sufficient for the payment of all unpaid Taxes payable by the Company as of the Company Balance Sheet Date. Since the Company Balance Sheet Date, the Company has made adequate provisions on its books of account for all Taxes with respect to its business, properties and operations for such period. The Company has withheld or collected from each payment made to each of its employees the amount of all taxes (including, but not limited to, federal, state and local income taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes) required to be withheld or collected therefrom, and has paid the same to the proper Tax receiving officers or authorized depositaries. There are no federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns of the Company now pending, and the Company has not received any notice of any proposed audits, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns. The Company is not obligated to make a payment, nor is it a party to any agreement that under certain circumstances could obligate it to make a payment that would not be deductible under Section 280G of the Code. The Company has not agreed, nor is it required, to make any adjustments under Section 481(a) of the Code (or any similar provision of state, local and foreign law), whether by reason of a change in accounting method or otherwise, for any Tax period for which the applicable statute of limitations has not yet expired. The Company (i) is not a party to, nor is it bound by or obligated under, any Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement, whether written or unwritten (collectively, "Tax Sharing Agreements"), and (ii) does not have any potential liability or obligation to any Person as a result of, or pursuant to, any such Tax Sharing Agreements.

(b) For purposes of this Agreement, the following terms shall have the meanings provided below:

(i) "Tax" or "Taxes" shall mean (A) any and all taxes, assessments, customs, duties, levies, fees, tariffs, imposts, deficiencies and other governmental charges of any kind whatsoever (including, but not limited to, taxes on or with respect to net or gross income, franchise, profits, gross receipts, capital, sales, use, ad valorem, value added, transfer, real property transfer, transfer gains, transfer taxes, inventory, capital stock, license, payroll, employment, social security, unemployment, severance, occupation, real or personal property, estimated taxes, rent, excise, occupancy, recordation, bulk transfer, intangibles, alternative minimum, doing business, withholding and stamp), together with any interest thereon, penalties, fines, damages costs, fees, additions to tax or additional amounts with respect thereto, imposed by the United States (federal, state or local) or other applicable jurisdiction; (B) any liability for the payment of any amounts described in clause (A) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group or as a result of transferor or successor liability, including, without limitation, by reason of Regulation section 1.1502-6; and (C) any liability for the payments of any amounts as a result of being a party to any Tax Sharing Agreement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in clause (A) or (B).

(ii) "Tax Return" shall include all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns (including Form 1099 and partnership returns filed on Form 1065) required to be supplied to a Tax authority relating to Taxes.

Section 2.17 Patents and Other Intangible Assets.

(a) The Company (i) owns or has the right to use, free and clear of all Liens, claims and restrictions, all patents, trademarks, service marks, trade names, copyrights, licenses and rights with respect to the foregoing used in or necessary for the conduct of its business as now conducted or proposed to be conducted without infringing upon or otherwise acting adversely to the right or claimed right of any Person under or with respect to any of the foregoing and (ii) is not obligated or under any liability to make any payments by way of royalties, fees or otherwise to any owner or licensor of, or other claimant to, any patent, trademark, service mark, trade name, copyright or other intangible asset, with respect to the use thereof or in connection with the conduct of its business or otherwise.

(b) To the knowledge of the Company, the Company owns and has the unrestricted right to use all trade secrets, if any, including know-how, negative know-how, formulas, patterns, programs, devices, methods, techniques, inventions, designs, processes, computer programs and technical data and all information that derives independent economic value, actual or potential, from not being generally known or known by competitors (collectively, "Intellectual Property") required for or incident to the development, operation and sale of all products and services sold by the Company, free and clear of any right, Lien or claim of others; provided, however, that the possibility exists that other Persons, completely independently of the Company or its employees or agents, could have developed Intellectual Property similar or identical to that of the Company. The Company is not aware of any such development of substantially identical trade secrets or technical information by others. All Intellectual Property can and will be transferred by the Company to the Surviving Corporation as a result of the Merger and without the consent of any Person other than the Company.

Section 2.18 Employee Benefit Plans; ERISA.

(a) Except as disclosed on Schedule 2.18 hereto, there are no "employee benefit plans" (within the meaning of Section 3(3) of ERISA) nor any other employee benefit or fringe benefit arrangements, practices, contracts, policies or programs of every type other than programs merely involving the regular payment of wages, commissions, or bonuses established, maintained or contributed to by the Company, whether written or unwritten and whether or not funded. The plans listed on Schedule 2.18 hereto are hereinafter referred to as the "Employee Benefit Plans."

(b) All current and prior material documents, including all amendments thereto, with respect to each Employee Benefit Plan have been made available to Parent and Acquisition Corp. or their advisors.

(c) To the knowledge of the Company, all Employee Benefit Plans are in material compliance with the applicable requirements of ERISA, the Code and any other applicable state, federal or foreign law.

(d) There are no pending claims or lawsuits that have been asserted or instituted against any Employee Benefit Plan, the assets of any of the trusts or funds under the Employee Benefit Plans, the plan sponsor or the plan administrator of any of the Employee Benefit Plans or against any fiduciary of an Employee Benefit Plan with respect to the operation of such plan, nor does the Company have any knowledge of any incident, transaction, occurrence or circumstance that might reasonably be expected to form the basis of any such claim or lawsuit.

(e) There is no pending or, to the knowledge of the Company, contemplated investigation, or pending or possible enforcement action by the Pension Benefit Guaranty Corporation, the Department of Labor, the Internal Revenue Service or any other government agency with respect to any Employee Benefit Plan and the Company has no knowledge of any incident, transaction, occurrence or circumstance which might reasonably be expected to trigger such an investigation or enforcement action.

(f) No actual or, to the knowledge of the Company, contingent liability exists with respect to the funding of any Employee Benefit Plan or for any other expense or obligation of any Employee Benefit Plan, except as disclosed on the financial statements of the Company, and no contingent liability exists under ERISA with respect to any "multi-employer plan," as defined in Section 3(37) or Section 4001(a)(3) of ERISA.

(g) No events have occurred or are expected to occur with respect to any Employee Benefit Plan that would cause a material change in the costs of providing benefits under such Employee Benefit Plan or would cause a material change in the cost of providing for other liabilities of such Employee Benefit Plan.

Section 2.19 Title to Property and Encumbrances. The Company has good, valid and indefeasible marketable title to all properties and assets used in the conduct of its business (except for property held under valid and subsisting leases that are in full force and effect and which are not in default) free of all Liens and other encumbrances, except Permitted Liens and such ordinary and customary imperfections of title, restrictions and encumbrances as do not, individually or in the aggregate, materially detract from the value of the property or assets or materially impair the use made thereof by the Company in its business. Without limiting the generality of the foregoing, the Company has good and indefeasible title to all of its properties and assets reflected in the Balance Sheet, except for property disposed of in the usual and ordinary course of business since the Company Balance Sheet Date and for property held under valid and subsisting leases that are in full force and effect and that are not in default. For purposes of this Agreement, "Permitted Liens" shall mean (a) Liens for taxes and assessments or governmental charges or levies not at the time due or in respect of which the validity thereof shall currently be contested in good faith by appropriate proceedings; (b) Liens in respect of pledges or deposits under workmen's compensation laws or similar legislation, carriers', warehousemen's, mechanics', laborers' and materialmens' and similar Liens, if the obligations secured by such Liens are not then delinquent or are being contested in good faith by appropriate proceedings and (c) Liens incidental to the conduct of the business of the Company that were not incurred in connection with the borrowing of money or the obtaining of advances or credits and that do not in the aggregate materially detract from the value of its property or materially impair the use made thereof by the Company in its business.

Section 2.20 Condition of Properties. All facilities, machinery, equipment, fixtures and other properties owned, leased or used by the Company are in reasonably good operating condition and repair, subject to ordinary wear and tear, and are adequate and sufficient for the Company's business.

Section 2.21 Insurance Coverage. There is in full force and effect one or more policies of insurance issued by insurers of recognized responsibility, insuring the Company and its properties, products and business against such losses and risks, and in such amounts, as are customary for corporations of established reputation engaged in the same or similar business and similarly situated. The Company has not been refused any insurance coverage sought or applied for, and the Company has no reason to believe that it will be unable to renew its existing insurance coverage as and when the same shall expire upon terms at least as favorable to those currently in effect, other than possible increases in premiums that do not result from any act or omission of the Company. No suit, proceeding or action or, to the best current actual knowledge of the Company, threat of suit, proceeding or action has been asserted or made against the Company within the last five years due to alleged bodily injury, disease, medical condition, death or property damage arising out of the function or malfunction of a product, procedure or service designed, manufactured, sold or distributed by the Company.

Section 2.22 Litigation. There is no legal action, suit, arbitration or other legal, administrative or other governmental proceeding pending or, to the knowledge of the Company, threatened against or affecting the Company or its properties, assets or business, and after reasonable investigation, the Company is not aware of any incident, transaction, occurrence or circumstance that might reasonably be expected to result in or form the basis for any such action, suit, arbitration or other proceeding. The Company is not in default with respect to any order, writ, judgment, injunction, decree, determination or award of any court or any governmental agency or instrumentality or arbitration authority.

Section 2.23 Licenses. The Company possesses from all appropriate governmental authorities all licenses, permits, authorizations, approvals, franchises and rights necessary for the Company to engage in the business currently conducted by it, all of which are in full force and effect.

Section 2.24 Interested Party Transactions. No officer, director or stockholder of the Company or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any such Person or the Company has or has had, either directly or indirectly, (a) an interest in any Person that (i) furnishes or sells services or products that are furnished or sold or are proposed to be furnished or sold by the Company or (ii) purchases from or sells or furnishes to the Company any goods or services, or (b) a beneficial interest in any contract or agreement to which the Company is a party or by which it may be bound or affected.

Section 2.25 Environmental Matters.

(a) To the knowledge of the Company, the Company has never generated, used, handled, treated, released, stored or disposed of any Hazardous Materials (as defined below) on any real property on which it now has or previously had any leasehold or ownership interest, except in compliance with all applicable Environmental Laws (as defined below).

(b) To the knowledge of the Company, the historical and present operations of the business of the Company are in compliance with all applicable Environmental Laws, except where any non-compliance has not had and would not reasonably be expected to have a material adverse effect on the Condition of the Company.

(c) There are no material pending or, to the knowledge of the Company, threatened, demands, claims, information requests or notices of noncompliance or violation against or to the Company relating to any Environmental Law; and, to the knowledge of the Company, there are no conditions or occurrences on any of the real property used by the Company in connection with its business that would reasonably be expected to lead to any such demands, claims or notices against or to the Company, except such as have not had, and would not reasonably be expected to have, a material adverse effect on the Condition of the Company.

(d) To the knowledge of the Company, (i) the Company has not sent or disposed of, otherwise had taken or transported, arranged for the taking or disposal of (on behalf of itself, a customer or any other party) or in any other manner participated or been involved in the taking of or disposal or release of a Hazardous Material to or at a site that is contaminated by any Hazardous Material or that, pursuant to any Environmental Law, (A) has been placed on the "National Priorities List", the "CERCLIS" list, or any similar state or federal list, or (B) is subject to or the source of a claim, an administrative order or other request to take "removal", "remedial", "corrective" or any other "response" action, as defined in any Environmental Law, or to pay for the costs of any such action at the site; (ii) the Company is not involved in (and has no basis to reasonably expect to be involved in) any suit or proceeding and has not received (and has no basis to reasonably expect to receive) any notice, request for information or other communication from any governmental authority or other third party with respect to a release or threatened release of any Hazardous Material or a violation or alleged violation of any Environmental Law, and has not received (and has no basis to reasonably expect to receive) notice of any claims from any Person relating to property damage, natural resource damage or to personal injuries from exposure to any Hazardous Material; and (iii) the Company has timely filed every report required to be filed, acquired all necessary certificates, approvals and permits, and generated and maintained all required data, documentation and records under all Environmental Laws, in all such instances except where the failure to do so would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Condition of the Company.

(e) For purposes of this Agreement, the following terms shall have the meanings provided below:

(i) "Environmental Laws" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601, et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136, et seq. and comparable state statutes dealing with the registration, labeling and use of pesticides and herbicides; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. §§ 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq.; as any of the above statutes have been amended as of the date hereof, all rules, regulations and policies promulgated pursuant to any of the above statutes, and any other foreign, federal, state or local law, statute, ordinance, rule, regulation or policy governing environmental matters, as the same have been amended as of the date hereof.

(ii) "Hazardous Material" shall mean any substance or material meeting any one or more of the following criteria: (a) it is or contains a substance designated as or meeting the characteristics of a hazardous waste, hazardous substance, hazardous material, pollutant, contaminant or toxic substance under any Environmental Law; (b) its presence at some quantity requires investigation, notification or remediation under any Environmental Law; or (c) it contains, without limiting the foregoing, asbestos, polychlorinated biphenyls, petroleum hydrocarbons, petroleum derived substances or waste, pesticides, herbicides, crude oil or any fraction thereof, nuclear fuel, natural gas or synthetic gas.

Section 2.26 Questionable Payments. Neither the Company nor any director, officer or, to the knowledge of the Company, agent, employee or other Person associated with or acting on behalf of the Company, has used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payments to government officials or employees from corporate funds; established or maintained any unlawful or unrecorded fund of corporate monies or other assets; made any false or fictitious entries on the books of record of any such corporations; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 2.27 Obligations to or by Stockholders. The Company has no liability or obligation or commitment to any Stockholder or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any Stockholder, nor does any Stockholder or any such Affiliate or associate have any liability, obligation or commitment to the Company.

Section 2.28 Duty to Make Inquiry. To the extent that any of the representations or warranties in this Article II are qualified by "knowledge" or "belief," the Company represents and warrants that it has made due and reasonable inquiry and investigation concerning the matters to which such representations and warranties relate, including, but not limited to, diligent inquiry of its directors, officers and key personnel.

Section 2.29 Disclosure. There is no fact relating to the Company that the Company has not disclosed to Parent and Acquisition Corp. in writing that has had or is currently having a material and adverse effect or, insofar as the Company can now foresee, will materially and adversely affect the Condition of the Company. No representation or warranty by the Company herein and no information disclosed in the schedules or exhibits hereto by the Company contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF PARENT AND ACQUISITION CORP.

Parent and Acquisition Corp. represent and warrant to the Company as follows. Notwithstanding anything to the contrary contained herein, disclosure of items in the Parent SEC Documents (as defined below) shall be deemed to be disclosure of such items for all purposes under this Agreement, including, without limitation, for all applicable representations and warranties of Parent and Acquisition Corp.:

Section 3.01 Organization and Standing. Parent is a corporation duly organized and existing in good standing under the laws of the State of Delaware. Acquisition Corp. is a corporation duly organized and existing in good standing under the laws of the State of Delaware. Parent and Acquisition Corp. have heretofore delivered to the Company complete and correct copies of their respective Certificates of Incorporation and By-laws as now in effect. Parent and Acquisition Corp. have full corporate power and authority to carry on their respective businesses as they are now being conducted and as now proposed to be conducted and to own or lease their respective properties and assets. Neither Parent nor Acquisition Corp. has any subsidiaries (except Parent's ownership of Acquisition Corp.) or direct or indirect interest (by way of stock ownership or otherwise) in any firm, corporation, limited liability company, partnership, association or business. Parent owns all of the issued and outstanding capital stock of Acquisition Corp. free and clear of all Liens, and Acquisition Corp. has no outstanding options, warrants or rights to purchase capital stock or other securities of Acquisition Corp., other than the capital stock owned by Parent. Unless the context otherwise requires, all references in this Article III to "Parent" shall be treated as being a reference to Parent and Acquisition Corp. taken together as one enterprise.

Section 3.02 Qualification. Parent is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction wherein the nature of its activities or its properties owned or leased makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the condition, properties, assets, liabilities or business operations of Parent (the "Condition of the Parent").

Section 3.03 Corporate Authority. Each of Parent and/or Acquisition Corp. (as the case may be) has full corporate power and authority to enter into the Merger Documents and the other agreements to be made pursuant to the Merger Documents, and to carry out the transactions contemplated hereby and thereby. All corporate acts and proceedings required for the authorization, execution, delivery and performance of the Merger Documents and such other agreements and documents by Parent and/or Acquisition Corp. (as the case may be) have been duly and validly taken or will have been so taken prior to the Closing. Each of the Merger Documents constitutes a legal, valid and binding obligation of Parent and/or Acquisition Corp. (as the case may be), each is enforceable against it and/or them in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity.

Section 3.04 Broker's and Finder's Fees. No Person is entitled by reason of any act or omission of Parent or Acquisition Corp. to any broker's or finder's fees, commission or other similar compensation with respect to the execution and delivery of the Merger Documents, or with respect to the consummation of the transactions contemplated thereby, except as set forth in the Disclosures.

Section 3.05 Capitalization.

(a) The authorized capital stock of Parent consists of (i) fifty million (50,000,000) shares of Parent Common Stock, of which seven million four hundred thousand (7,400,000) shares are issued and outstanding, and (ii) five million (5,000,000) shares of preferred stock, par value $0.001 per share, of which no shares have been issued or designated as any series of preferred stock (the "Parent Preferred Stock"). Parent has no outstanding options, rights or commitments to issue shares of Parent Common Stock or any other Equity Security of Parent or Acquisition Corp., and there are no outstanding securities convertible or exercisable into or exchangeable for shares of Parent Common Stock or any other Equity Security of Parent or Acquisition Corp. There is no voting trust, agreement or arrangement among any of the beneficial holders of Parent Common Stock affecting the nomination or election of directors or the exercise of the voting rights of Parent Common Stock.

(b) The authorized capital stock of Acquisition Corp. consists of 3,000 shares of common stock, par value $.001 per share (the "Acquisition Corp. Common Stock"), of which 1,000 shares are issued and outstanding. All of the outstanding Acquisition Corp. Common Stock is owned by Parent. All outstanding shares of the capital stock of Acquisition Corp. are validly issued and outstanding, fully paid and non-assessable, and none of such shares have been issued in violation of the preemptive rights of any Person. Acquisition Corp. has no outstanding options, rights or commitments to issue shares of Acquisition Corp. Common Stock or any other Equity Security of Acquisition Corp., and there are no outstanding securities convertible or exercisable into or exchangeable for shares of Acquisition Corp. Common Stock or any other Equity Security of Acquisition Corp.

Section 3.06 Acquisition Corp. Acquisition Corp. is a wholly-owned Delaware subsidiary of Parent that was formed specifically for the purpose of the Merger and that has not conducted any business or acquired any property, and will not conduct any business or acquire any property prior to the Closing Date, except in preparation for and otherwise in connection with the transactions contemplated by the Merger Documents and the other agreements to be made pursuant to or in connection with the Merger Documents.

Section 3.07 Validity of Shares. The shares of Parent Common Stock to be issued at the Closing pursuant to Section 1.06(a)(ii) hereof, when issued and delivered in accordance with the terms of the Merger Documents, shall be duly and validly issued, fully paid and non-assessable. Based in part on the representations and warranties of the Stockholders as contemplated by Article IV hereof and assuming the accuracy thereof, the issuance of the Parent Common Stock upon consummation of the Merger pursuant to Section 1.06(a)(ii) will be exempt from the registration and prospectus delivery requirements of the Securities Act and from the qualification or registration requirements of any applicable state "Blue Sky" or securities laws.

Section 3.08 SEC Reporting and Compliance.

(a) Parent filed a registration statement on Form SB-2 under the Securities Act, which became effective on or about August 9, 2006. Since that date, Parent has timely filed with the U.S. Securities and Exchange Commission (the "Commission") all registration statements, proxy statements, information statements and reports required to be filed pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Parent has not filed with the Commission a certificate on Form 15 pursuant to Rule 12h-3 of the Exchange Act.

(b) Parent has made available to the Company true and complete copies of the registration statements, information statements and other reports (collectively, the "Parent SEC Documents") filed by Parent with the Commission. None of the Parent SEC Documents, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein not misleading.

(c) Prior to and until the Closing, Parent will provide to the Company copies of any and all amendments or supplements to the Parent SEC Documents filed with the Commission and all subsequent registration statements and reports filed by Parent subsequent to the filing of the Parent SEC Documents with the Commission and any and all subsequent information statements, proxy statements, reports or notices filed by Parent with the Commission or delivered to the stockholders of Parent.

(d) Parent is not an investment company within the meaning of Section 3 of the Investment Company Act of 1940, as amended.

(e) The shares of Parent Common Stock are quoted on the Over-the-Counter (OTC) Bulletin Board under the symbol "BYWT.OB" and Parent is in compliance in all material respects with all rules and regulations of the OTC Bulletin Board applicable to it and the Parent Common Stock.

(f) Between the date hereof and the Closing Date, Parent shall continue to satisfy the filing requirements of the Exchange Act and all other requirements of applicable securities laws and of the OTC Bulletin Board.

(g) The Parent SEC Documents include all certifications and statements required of it, if any, by (i) Rule 13a-14 or 15d-14 under the Exchange Act, and (ii) 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002), and each of such certifications and statements contain no qualifications or exceptions to the matters certified therein other than a knowledge qualification, permitted under such provision, and have not been modified or withdrawn and neither Parent nor any of its officers has received any notice from the Commission questioning or challenging the accuracy, completeness, form or manner of filing or submission of such certifications or statements.

(h) Parent has otherwise complied with the Securities Act, Exchange Act and all other applicable federal and state securities laws.

Section 3.09 Financial Statements. The balance sheets and statements of operations, stockholders' equity and cash flows contained in the Parent SEC Documents (the "Parent Financial Statements") (a) have been prepared in accordance with GAAP applied on a basis consistent with prior periods (and, in the case of unaudited financial information, on a basis consistent with year-end audits), (b) are in accordance with the books and records of Parent and (c) present fairly in all material respects the financial condition of Parent at the dates therein specified and the results of its operations and changes in financial position for the periods therein specified. The financial statements included in Parent's Form 10-KSB for the year ended May 31, 2007 were audited by Webb & Company, P.A., Parent's independent registered public accounting firm.

Section 3.10 Governmental Consents. All material consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with any federal or state governmental authority on the part of Parent or Acquisition Corp. required in connection with the consummation of the Merger shall have been obtained prior to, and be effective as of, the Closing.

Section 3.11 Compliance with Laws and Other Instruments. The execution, delivery and performance by Parent and/or Acquisition Corp. of the Merger Documents and the other agreements to be made by Parent or Acquisition Corp. pursuant to or in connection with the Merger Documents and the consummation by Parent and/or Acquisition Corp. of the transactions contemplated by the Merger Documents will not cause Parent and/or Acquisition Corp. to violate or contravene (a) any provision of law, (b) any rule or regulation of any agency or government, (c) any order, judgment or decree of any court or (d) any provision of their respective charters or By-laws as amended and in effect on and as of the Closing Date and will not violate or be in conflict with, result in a breach of or constitute (with or without notice or lapse of time, or both) a default under any material indenture, loan or credit agreement, deed of trust, mortgage, security agreement or other agreement or contract to which Parent or Acquisition Corp. is a party or by which Parent and/or Acquisition Corp. or any of their respective properties is bound.

Section 3.12 No General Solicitation. In issuing Parent Common Stock in the Merger hereunder, neither Parent nor anyone acting on its behalf has offered to sell the Parent Common Stock by any form of general solicitation or advertising.

Section 3.13 Binding Obligations. The Merger Documents constitute the legal, valid and binding obligations of Parent and Acquisition Corp., and are enforceable against Parent and Acquisition Corp., in accordance with their respective terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 3.14 Absence of Undisclosed Liabilities. Neither Parent nor Acquisition Corp. has any material obligation or liability (whether accrued, absolute, contingent, liquidated or otherwise, whether due or to become due), arising out of any transaction entered into at or prior to the Closing, except (a) as disclosed in the Parent SEC Documents, (b) to the extent set forth on or reserved against in the balance sheet of Parent in the most recent Parent SEC Document filed by Parent (the "Parent Balance Sheet") or the notes to the Parent Financial Statements, (c) current liabilities incurred and obligations under agreements entered into in the usual and ordinary course of business since the date of the Parent Balance Sheet (the "Parent Balance Sheet Date"), none of which (individually or in the aggregate) materially and adversely affects the Condition of Parent and (d) by the specific terms of any written agreement, document or arrangement attached as an exhibit to the Parent SEC Documents.

Section 3.15 Changes. Since the Parent Balance Sheet Date, except as disclosed in the Parent SEC Documents, Parent has not (a) incurred any debts, obligations or liabilities, absolute, accrued or, to Parent's knowledge, contingent, whether due or to become due, except for current liabilities incurred in the usual and ordinary course of business, (b) discharged or satisfied any Liens other than those securing, or paid any obligation or liability other than, current liabilities shown on the Parent Balance Sheet and current liabilities incurred since the Parent Balance Sheet Date, in each case in the usual and ordinary course of business, (c) mortgaged, pledged or subjected to Lien any of its assets, tangible or intangible, other than in the usual and ordinary course of business, (d) sold, transferred or leased any of its assets, except in the usual and ordinary course of business, (e) cancelled or compromised any debt or claim, or waived or released any right of material value, (f) suffered any physical damage, destruction or loss (whether or not covered by insurance) that could reasonably be expected to have a material adverse effect on the Condition of the Parent, (g) entered into any transaction other than in the usual and ordinary course of business, (h) encountered any labor union difficulties, (i) made or granted any wage or salary increase or made any increase in the amounts payable under any profit sharing, bonus, deferred compensation, severance pay, insurance, pension, retirement or other employee benefit plan, agreement or arrangement, other than in the ordinary course of business consistent with past practice, or entered into any employment agreement, (j) issued or sold any shares of capital stock, bonds, notes, debentures or other securities or granted any options (including employee stock options), warrants or other rights with respect thereto, (k) declared or paid any dividends on or made any other distributions with respect to, or purchased or redeemed, any of its outstanding capital stock, (l) suffered or experienced any change in, or condition affecting, the Condition of the Parent other than changes, events or conditions in the usual and ordinary course of its business, none of which (either by itself or in conjunction with all such other changes, events and conditions) could reasonably be expected to have a material adverse effect on the Condition of the Parent, (m) made any change in the accounting principles, methods or practices followed by it or depreciation or amortization policies or rates theretofore adopted, (n) made or permitted any amendment or termination of any material contract, agreement or license to which it is a party, (o) suffered any material loss not reflected in the Parent Balance Sheet or its statement of income for the year ended on the Parent Balance Sheet Date, (p) paid, or made any accrual or arrangement for payment of, bonuses or special compensation of any kind or any severance or termination pay to any present or former officer, director, employee, stockholder or consultant, (q) made or agreed to make any charitable contributions or incurred any non-business expenses in excess of $5,000 in the aggregate or (r) entered into any agreement, or otherwise obligated itself, to do any of the foregoing.

Section 3.16 Tax Returns and Audits. All required federal, state and local Tax Returns of Parent have been accurately prepared in all material respects and duly and timely filed, and all federal, state and local Taxes required to be paid with respect to the periods covered by such returns have been paid to the extent that the same are material and have become due, except where the failure so to file or pay could not reasonably be expected to have a material adverse effect upon the Condition of the Parent. Parent is not and has not been delinquent in the payment of any Tax. Parent has not had a Tax deficiency assessed against it. None of Parent's federal income, state and local income and franchise tax returns has been audited by any governmental authority. The reserves for Taxes reflected on the Parent Balance Sheet are sufficient for the payment of all unpaid Taxes payable by Parent with respect to the period ended on the Parent Balance Sheet Date. There are no federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns of Parent now pending, and Parent has not received any notice of any proposed audits, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns.

Section 3.17 Employee Benefit Plans; ERISA.

(a) Except as disclosed in the Parent SEC Documents, there are no "employee benefit plans" (within the meaning of Section 3(3) of ERISA) nor any other employee benefit or fringe benefit arrangements, practices, contracts, policies or programs other than programs merely involving the regular payment of wages, commissions, or bonuses established, maintained or contributed to by Parent. Any plans listed in the Parent SEC Documents are hereinafter referred to as the "Parent Employee Benefit Plans."

(b) Any current and prior material documents, including all amendments thereto, with respect to each Parent Employee Benefit Plan have been given to the Company or its advisors.

(c) All Parent Employee Benefit Plans are in material compliance with the applicable requirements of ERISA, the Code and any other applicable state, federal or foreign law.

(d) There are no pending, or to the knowledge of Parent, threatened, claims or lawsuits which have been asserted or instituted against any Parent Employee Benefit Plan, the assets of any of the trusts or funds under the Parent Employee Benefit Plans, the plan sponsor or the plan administrator of any of the Parent Employee Benefit Plans or against any fiduciary of a Parent Employee Benefit Plan with respect to the operation of such plan.

(e) There is no pending, or to the knowledge of Parent, threatened, investigation or pending or possible enforcement action by the Pension Benefit Guaranty Corporation, the Department of Labor, the Internal Revenue Service or any other government agency with respect to any Parent Employee Benefit Plan.

(f) No actual or, to the knowledge of Parent, contingent liability exists with respect to the funding of any Parent Employee Benefit Plan or for any other expense or obligation of any Parent Employee Benefit Plan, except as disclosed on the financial statements of Parent or the Parent SEC Documents, and to the knowledge of Parent, no contingent liability exists under ERISA with respect to any "multi-employer plan," as defined in Section 3(37) or Section 4001(a)(3) of ERISA.

Section 3.18 Litigation. There is no legal action, suit, arbitration or other legal, administrative or other governmental proceeding pending or, to the knowledge of Parent, threatened against or affecting Parent or Acquisition Corp. or any of their respective properties, assets or businesses. To the knowledge of Parent, neither Parent nor Acquisition Corp. is in default with respect to any order, writ, judgment, injunction, decree, determination or award of any court or any governmental agency or instrumentality or arbitration authority.

Section 3.19 Licenses. Parent possesses from all appropriate governmental authorities all licenses, permits, authorizations, approvals, franchises and rights necessary for the Company to engage in the business currently conducted by it, all of which are in full force and effect.

Section 3.20 Interested Party Transactions. Except as disclosed in the Parent SEC Documents, no officer, director or stockholder of Parent or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any such Person or of Parent has or has had, either directly or indirectly, (a) an interest in any Person that (i) furnishes or sells services or products that are furnished or sold or are proposed to be furnished or sold by Parent or (ii) purchases from or sells or furnishes to Parent any goods or services, or (b) a beneficial interest in any contract or agreement to which Parent is a party or by which it or any of its assets may be bound or affected.

Section 3.21 Questionable Payments. Neither Parent, Acquisition Corp. nor, to the knowledge of Parent, any director, officer, agent, employee or other Person associated with or acting on behalf of Parent or Acquisition Corp. has used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payments to government officials or employees from corporate funds; established or maintained any unlawful or unrecorded fund of corporate monies or other assets; made any false or fictitious entries on the books of record of any such corporations; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 3.22 Obligations to or by Stockholders. Except as disclosed in the Parent SEC Documents, Parent has no liability or obligation or commitment to any stockholder of Parent or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any stockholder of Parent, nor does any stockholder of Parent or any such Affiliate or associate have any liability, obligation or commitment to Parent.

Section 3.23 Assets and Contracts. Except as expressly set forth in this Agreement, the Parent Balance Sheet or the notes thereto, or the Parent SEC Documents, Parent is not a party to any written or oral agreement not made in the ordinary course of business that is material to Parent. Parent does not own any real property. Except as expressly set forth in this Agreement, the Parent Balance Sheet or the notes thereto, or the Parent SEC Documents, Parent is not a party to or otherwise barred by any written or oral (a) agreement with any labor union, (b) agreement for the purchase of fixed assets or for the purchase of materials, supplies or equipment in excess of normal operating requirements, (c) agreement for the employment of any officer, individual employee or other Person on a full-time basis or any agreement with any Person for consulting services, (d) bonus, pension, profit sharing, retirement, stock purchase, stock option, deferred compensation, medical, hospitalization or life insurance or similar plan, contract or understanding with respect to any or all of the employees of Parent or any other Person, (e) indenture, loan or credit agreement, note agreement, deed of trust, mortgage, security agreement, promissory note or other agreement or instrument relating to or evidencing Indebtedness for Borrowed Money or subjecting any asset or property of Parent to any Lien or evidencing any Indebtedness, (f) guaranty of any Indebtedness, (g) lease or agreement under which Parent is lessee of or holds or operates any property, real or personal, owned by any other Person, (h) lease or agreement under which Parent is lessor or permits any Person to hold or operate any property, real or personal, owned or controlled by Parent, (i) agreement granting any preemptive right, right of first refusal or similar right to any Person, (j) agreement or arrangement with any Affiliate or any "associate" (as such term is defined in Rule 405 under the Securities Act) of Parent or any present or former officer, director or stockholder of Parent, (k) agreement obligating Parent to pay any royalty or similar charge for the use or exploitation of any tangible or intangible property, (1) covenant not to compete or other restriction on its ability to conduct a business or engage in any other activity, (m) distributor, dealer, manufacturer's representative, sales agency, franchise or advertising contract or commitment, (n) agreement to register securities under the Securities Act, (o) collective bargaining agreement or (p) agreement or other commitment or arrangement with any Person continuing for a period of more than three months from the Closing Date that involves an expenditure or receipt by Parent in excess of $1,000. Parent maintains no insurance policies or insurance coverage of any kind with respect to Parent, its business, premises, properties, assets, employees and agents. No consent of any bank or other depository is required to maintain any bank account, other deposit relationship or safety deposit box of Parent in effect following the consummation of the Merger and the transactions contemplated hereby.

Section 3.24 Employees. Other than pursuant to ordinary arrangements of employment compensation, Parent is not under any obligation or liability to any officer, director, employee or Affiliate of Parent.

Section 3.25 Disclosure. There is no fact relating to Parent that Parent has not disclosed to the Company in writing that materially and adversely affects nor, insofar as Parent can now foresee, will materially and adversely affect, the condition (financial or otherwise), properties, assets, liabilities, business operations, results of operations or prospects of Parent. No representation or warranty by Parent herein and no information disclosed in the schedules or exhibits hereto by Parent contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE IV.
ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE STOCKHOLDERS

Promptly after the Effective Time, Parent shall cause to be mailed to each holder of record of Company Common Stock that was converted pursuant to Section 1.06 hereof into the right to receive Parent Common Stock a letter of transmittal ("Letter of Transmittal") that shall contain additional representations, warranties and covenants of such Stockholder, including without limitation, that (a) such Stockholder has full right, power and authority to deliver such Company Common Stock and Letter of Transmittal, (b) the delivery of such Company Common Stock will not violate or be in conflict with, result in a breach of or constitute a default under, any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or other agreement or instrument to which such Stockholder is bound or affected, (c) such Stockholder has good, valid and marketable title to all shares of Company Common Stock indicated in such Letter of Transmittal and that such Stockholder is not affected by any voting trust, agreement or arrangement affecting the voting rights of such Company Common Stock, (d) whether such Stockholder is an "accredited investor," as such term is defined in Regulation D under the Securities Act and that such Stockholder is acquiring Parent Common Stock for investment purposes, and not with a view to selling or otherwise distributing such Parent Common Stock in violation of the Securities Act or the securities laws of any state and (e) such Stockholder has had an opportunity to ask and receive answers to any questions such Stockholder may have had concerning the terms and conditions of the Merger and the Parent Common Stock and has obtained any additional information that such Stockholder has requested. Delivery shall be effected, and risk of loss and title to the Company Common Stock shall pass, only upon delivery to Parent (or an agent of Parent) of (x) certificates evidencing ownership thereof as contemplated by Section 1.07 hereof (or affidavit of lost certificate), and (y) the Letter of Transmittal containing the representations, warranties and covenants contemplated by this Article IV.

ARTICLE V.
CONDUCT OF BUSINESSES PENDING THE MERGER.

Section 5.01 Conduct of Business by the Company Pending the Merger. Prior to the Effective Time, unless Parent or Acquisition Corp. shall otherwise agree in writing or as otherwise contemplated by this Agreement:

(a) the business of the Company shall be conducted only in the ordinary course;

(b) the Company shall not (i) directly or indirectly redeem, purchase or otherwise acquire or agree to redeem, purchase or otherwise acquire any shares of its capital stock; (ii) amend its Articles of Incorporation or By-laws except to effectuate the transactions contemplated in the Disclosures or (iii) split, combine or reclassify the outstanding Company Common Stock or declare, set aside or pay any dividend payable in cash, stock or property or make any distribution with respect to any such stock;

(c) the Company shall not (i) issue or agree to issue any additional shares of, or options, warrants or rights of any kind to acquire any shares of, Company Common Stock, except to issue shares of Company Common Stock in connection with any matter relating to the Disclosures (ii) acquire or dispose of any fixed assets or acquire or dispose of any other substantial assets other than in the ordinary course of business; (iii) incur additional Indebtedness or any other liabilities or enter into any other transaction other than in the ordinary course of business; (iv) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing or (v) except as contemplated by this Agreement, enter into any contract, agreement, commitment or arrangement to dissolve, merge, consolidate or enter into any other material business combination;

(d) the Company shall use its best efforts to preserve intact the business organization of the Company, to keep available the service of its present officers and key employees, and to preserve the good will of those having business relationships with it;

(e) the Company will not, nor will it authorize any director or authorize or permit any officer or employee or any attorney, accountant or other representative retained by it to make, solicit, encourage any inquiries with respect to, or engage in any negotiations concerning, any Acquisition Proposal (as defined below for purposes of this paragraph). The Company will promptly advise Parent orally and in writing of any such inquiries or proposals (or requests for information) and the substance thereof. As used in this paragraph, "Acquisition Proposal" shall mean any proposal for a merger or other business combination involving the Company or for the acquisition of a substantial equity interest in it or any material assets of it other than as contemplated by this Agreement. The Company will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore with respect to any of the foregoing; and

(f) the Company will not enter into any new employment agreements with any of its officers or employees or grant any increases in the compensation or benefits of its officers and employees or amend any employee benefit plan or arrangement.

Section 5.02 Conduct of Business by Parent and Acquisition Corp. Pending the Merger. Prior to the Effective Time, unless the Company shall otherwise agree in writing or as otherwise contemplated by this Agreement:

(a) the business of Parent and Acquisition Corp. shall be conducted only in the ordinary course; provided, however, that Parent shall take the steps necessary to have discontinued its existing business without liability to Parent or Acquisition Corp. immediately following the Effective Time;

(b) neither Parent nor Acquisition Corp. shall (i) directly or indirectly redeem, purchase or otherwise acquire or agree to redeem, purchase or otherwise acquire any shares of its capital stock; (ii) amend its charter or by-laws other than to effectuate the transactions contemplated hereby; or (iii) split, combine or reclassify its capital stock or declare, set aside or pay any dividend payable in cash, stock or property or make any distribution with respect to such stock;

(c) neither Parent nor Acquisition Corp. shall (i) issue or agree to issue any additional shares of, or options, warrants or rights of any kind to acquire shares of, its capital stock; (ii) acquire or dispose of any assets other than in the ordinary course of business (except for dispositions in connection with Section 5.02(a) hereof); (iii) incur additional Indebtedness or any other liabilities or enter into any other transaction except in the ordinary course of business; (iv) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing or (v) except as contemplated by this Agreement, enter into any contract, agreement, commitment or arrangement to dissolve, merge, consolidate or enter into any other material business contract or enter into any negotiations in connection therewith;

(d) neither Parent nor Acquisition Corp. will, nor will they authorize any director or authorize or permit any officer or employee or any attorney, accountant or other representative retained by them to, make, solicit, encourage any inquiries with respect to, or engage in any negotiations concerning, any Acquisition Proposal (as defined below for purposes of this paragraph). Parent will promptly advise the Company orally and in writing of any such inquiries or proposals (or requests for information) and the substance thereof. As used in this paragraph, "Acquisition Proposal" shall mean any proposal for a merger or other business combination involving Parent or Acquisition Corp. or for the acquisition of a substantial equity interest in either of them or any material assets of either of them other than as contemplated by this Agreement. Parent will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore with respect to any of the foregoing; and

(e) neither Parent nor Acquisition Corp. will enter into any new employment agreements with any of their officers or employees or grant any increases in the compensation or benefits of their officers and employees.

ARTICLE VI.
ADDITIONAL AGREEMENTS

Section 6.01 Access and Information. The Company, on the one hand, and Parent and Acquisition Corp., on the other hand, shall each afford to the other and to the other's accountants, counsel and other representatives full access during normal business hours throughout the period prior to the Effective Time to all of its properties, books, contracts, commitments and records (including but not limited to tax returns) and during such period, each shall furnish promptly to the other all information concerning its business, properties and personnel as such other party may reasonably request, provided that no investigation pursuant to this Section 6.01 shall affect any representations or warranties made herein. Each party shall hold, and shall cause its employees and agents to hold, in confidence all such information (other than such information that (a) is already in such party's possession or (b) becomes generally available to the public other than as a result of a disclosure by such party or its directors, officers, managers, employees, agents or advisors or (c) becomes available to such party on a non-confidential basis from a source other than a party hereto or its advisors, provided that such source is not known by such party to be bound by a confidentiality agreement with or other obligation of secrecy to a party hereto or another party until such time as such information is otherwise publicly available; provided, however, that (i) any such information may be disclosed to such party's directors, officers, employees and representatives of such party's advisors who need to know such information for the purpose of evaluating the transactions contemplated hereby (it being understood that such directors, officers, employees and representatives shall be informed by such party of the confidential nature of such information), (ii) any disclosure of such information may be made as to which the party hereto furnishing such information has consented in writing and (iii) any such information may be disclosed pursuant to a judicial, administrative or governmental order or request; provided, further, that the requested party will promptly so notify the other party so that the other party may seek a protective order or appropriate remedy and/or waive compliance with this Agreement and if such protective order or other remedy is not obtained or the other party waives compliance with this provision, the requested party will furnish only that portion of such information that is legally required and will exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the information furnished. If this Agreement is terminated, each party will deliver to the other all documents and other materials (including copies) obtained by such party or on its behalf from the other party as a result of this Agreement or in connection herewith, whether so obtained before or after the execution hereof.

Section 6.02 Additional Agreements. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its commercially reasonable efforts to satisfy the conditions precedent to the obligations of any of the parties hereto, to obtain all necessary waivers, and to lift any injunction or other legal bar to the Merger (and, in such case, to proceed with the Merger as expeditiously as possible). In order to obtain any necessary governmental or regulatory action or non-action, waiver, consent, extension or approval, each of Parent, Acquisition Corp. and the Company agrees to take all reasonable actions and to enter into all reasonable agreements as may be necessary to obtain timely governmental or regulatory approvals and to take such further action in connection therewith as may be necessary. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and/or directors of Parent, Acquisition Corp. and the Company shall take all such necessary action.

Section 6.03 Publicity. No party shall issue any press release or public announcement pertaining to the Merger that has not been agreed upon in advance by Parent and the Company, except as Parent reasonably determines to be necessary in order to comply with the rules of the Commission or of the principal trading exchange or market for the Parent Common Stock, provided, that in such case Parent will use its best efforts to allow the Company to review and reasonably approve any such press release or public announcement prior to its release.

Section 6.04 Appointment of Directors and Officers. Immediately at the Effective Time, Parent shall accept the resignations of the current officers and directors of Parent, and shall cause the persons listed as directors in Exhibit E hereto to be elected to the Board of Directors of Parent. At the first annual meeting of Parent stockholders and thereafter, the election of members of Parent's Board of Directors shall be accomplished in accordance with the By-laws of Parent and the rules of the Commission.

Section 6.05 Exchange Listing. Promptly following the Effective Time, Parent shall take all required actions, upon satisfaction of the original listing requirements, to list the Parent Common Stock for trading on the American Stock Exchange or the NASDAQ Stock Market.

Section 6.06 Assumption of Agreements. At the Effective Time, Parent shall affirmatively assume any all liabilities and obligations of the Company with respect to the Private Placement and the Merger.

ARTICLE VII.
CONDITIONS TO PARTIES' OBLIGATIONS

Section 7.01 Conditions to Parent and Acquisition Corp. Obligations. The obligations of Parent and Acquisition Corp. under the Merger Documents are subject to the fulfillment, at or prior to the Closing, of the following conditions, any of which may be waived in whole or in part by Parent:

(a) The representations and warranties of the Company under this Agreement shall be deemed to have been made again on the Closing Date and shall then be true and correct in all material respects.

(b) The Company shall have performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date.

(c) There shall not exist on the Closing Date any Default (as defined below) or Event of Default (as defined below) or any event or condition that, with the giving of notice or lapse of time or both, would constitute a Default or Event of Default and, since the Company Balance Sheet Date, there shall have been no material adverse change in the Condition of the Company. For purposes of this Agreement, "Default" shall mean a default or failure in the due observance or performance of any covenant, condition or agreement on the part of a party to be observed or performed under the terms of the Merger Documents, if such default or failure in performance shall remain un-remedied for five (5) days. Furthermore, for purposes of this Agreement, "Event of Default" shall mean (i) the failure to pay any Indebtedness for Borrowed Money, or any interest or premium thereon, within five (5) days after the same shall become due, whether such Indebtedness shall become due by scheduled maturity, by required prepayment, by acceleration, by demand or otherwise, (ii) an event of default under any agreement or instrument evidencing or securing or relating to any such Indebtedness or (iii) the failure to perform or observe any material term, covenant, agreement or condition on its part to be performed or observed under any agreement or instrument evidencing or securing or relating to any such Indebtedness when such term, covenant or agreement is required to be performed or observed.

(d) No action or proceeding before any court, governmental body or agency shall have been threatened, asserted or instituted to restrain or prohibit, or to obtain substantial damages in respect of, the Merger Documents or the carrying out of the transactions contemplated by the Merger Documents.

(e) Parent and Acquisition Corp. shall have received the following:

(i) copies of resolutions of the Board of Directors and the Stockholders, certified by the Secretary of the Company, authorizing and approving the execution, delivery and performance of the Merger Documents and all other documents and instruments to be delivered pursuant thereto;

(ii) a certificate of incumbency executed by the Secretary of the Company certifying the names, titles and signatures of the officers authorized to execute any documents referred to in this Agreement and further certifying that the Articles of Incorporation and By-laws of the Company delivered to Parent and Acquisition Corp. at the time of the execution of this Agreement have been validly adopted and have not been amended or modified;

(iii) a certificate, dated the Closing Date, executed by the President and Chief Executive Officer of the Company certifying that the undersigned officers have no knowledge of any plan to issue any securities of the Company, and the Company has not entered into any agreement, written or oral, to issue any securities of the Company except as described in the Disclosures or this Agreement;

(iv) evidence as of a recent date of the good standing and corporate existence of the Company issued by the Secretary of State of the State of Nevada and evidence that the Company is qualified to transact business as a foreign corporation and is in good standing in each state of the United States and in each other jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary; and

(v) such additional supporting documentation and other information with respect to the transactions contemplated hereby as Parent and Acquisition Corp. may reasonably request.

(f) All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transactions shall be reasonably satisfactory in form and substance to Parent and Acquisition Corp. The Company shall furnish to Parent and Acquisition Corp. such supporting documentation and evidence of the satisfaction of any or all of the conditions precedent specified in this Section 7.01 as Parent or its counsel may reasonably request.

Section 7.02 Conditions to the Company's Obligations. The obligations of the Company under the Merger Documents are subject to the fulfillment, at or prior to the Closing, of the following conditions, any of which may be waived in whole or in part by the Company.

(a) The representations and warranties of Parent and Acquisition Corp. under this Agreement shall be deemed to have been made again on the Closing Date and shall then be true and correct in all material respects.

(b) Parent and Acquisition Corp. shall have performed and complied in all material respects with all agreements and conditions required by the Merger Documents to be performed or complied with by them on or before the Closing Date.

(c) There shall not exist on the Closing Date any Default or Event of Default or any event or condition that, with the giving of notice or lapse of time or both, would constitute a Default or Event of Default and, since the Parent Balance Sheet Date, there shall have been no material adverse change in the Condition of the Parent.

(d) The Company shall have received the following:

(i) copies of resolutions of Parent's and Acquisition Corp.'s respective boards of directors and the sole stockholder of Acquisition Corp., certified by their respective Secretaries, authorizing and approving, to the extent applicable, the execution, delivery and performance of the Merger Documents and all other documents and instruments to be delivered by them pursuant thereto;

(ii) a certificate of incumbency executed by the respective Secretaries of Parent and Acquisition Corp. certifying the names, titles and signatures of the officers authorized to execute the documents referred to in this Agreement and further certifying that the Certificates of Incorporation and By-laws of Parent and Acquisition Corp. appended thereto have not been amended or modified.

(iii) a certificate, dated the Closing Date, executed by the President and Chief Financial Officer of each of the Parent and Acquisition Corp., certifying that (A) except for the filing of the Certificate of Merger and the Articles of Merger, all consents, authorizations, orders and approvals of, and filings and registrations with, any court, governmental body or instrumentality that are required for the execution and delivery of the Merger Documents and the consummation of the Merger shall have been duly made or obtained, and all material consents by third parties required for the Merger have been obtained and (B) no action or proceeding before any court, governmental body or agency has been threatened, asserted or instituted to restrain or prohibit, or to obtain substantial damages in respect of, the Merger Documents or the carrying out of the transactions contemplated by any of the Merger Documents;

(iv) a certificate of American Registrar & Transfer Co., Parent's transfer agent and registrar, certifying, as of the business day prior to the Closing Date, a true and complete list of the names and addresses of the record owners of all of the outstanding shares of Parent Common Stock, together with the number of shares of Parent Common Stock held by each record owner and the total number of shares of Parent Common Stock then outstanding;

(v) the executed resignations of all directors and officers of Parent, with the director resignations to take effect at the Closing Date;

(vi) evidence as of a recent date and within five (5) days of the Effective Date of the good standing and corporate existence of each of Parent and Acquisition Corp. issued by the Secretary of State of the State of Delaware and evidence that Parent and Acquisition Corp. are qualified to transact business as foreign corporations and are in good standing in each state of the United States and in each other jurisdiction where the character of the property owned or leased by them or the nature of their activities makes such qualification necessary; and

(vii) such additional supporting documentation and other information with respect to the transactions contemplated hereby as the Company may reasonably request.

(e) All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transactions shall be satisfactory in form and substance to the Company. Parent and Acquisition Corp. shall furnish to the Company such supporting documentation and evidence of satisfaction of any or all of the conditions specified in this Section 7.02 as the Company may reasonably request.

(f) No action or proceeding before any court, governmental body or agency shall have been threatened, asserted or instituted to restrain or prohibit, or to obtain substantial damages in respect of, the Merger Documents or the carrying out of the transactions contemplated by the Merger Documents.

ARTICLE VIII.
INDEMNIFICATION AND RELATED MATTERS

Section 8.01 Indemnification by Parent. Parent shall indemnify and hold harmless the Company, the Stockholders and the investors in the Private Placement (the "Investors" and together with the Company and the Stockholders, the "Company Indemnified Parties"), and shall reimburse the Company Indemnified Parties for, any loss, liability, claim, damage, expense (including, but not limited to, costs of investigation and defense and reasonable attorneys' fees) or diminution of value (collectively, "Damages") arising from or in connection with (a) any inaccuracy, in any material respect, in any of the representations and warranties of Parent and Acquisition Corp. in this Agreement or in any certificate delivered by Parent and Acquisition Corp. to the Company pursuant to this Agreement, or any actions, omissions or statements of fact inconsistent with any such representation or warranty, (b) any failure by Parent or Acquisition Corp. to perform or comply in any material respect with any covenant or agreement in this Agreement, (c) any claim for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such party with Parent or Acquisition Corp. in connection with any of the transactions contemplated by this Agreement, (d) taxes attributable to any transaction or event occurring on or prior to the Closing, (e) any claim relating to or arising out of any liabilities reflected in the Parent Financial Statement or with respect to accounting fees arising thereafter or (f) any litigation, action, claim, proceeding or investigation by any third party relating to or arising out of the business or operations of Parent, or the actions of Parent or any holder of Parent capital stock prior to the Effective Time.

Section 8.02 Survival. All representations, warranties, covenants and agreements of Parent and Acquisition Corp. contained in this Agreement or in any certificate delivered pursuant to this Agreement shall survive the Closing for the time period set forth in Section 8.03 notwithstanding any investigation conducted with respect thereto. The representations and warranties of the Company contained in this Agreement or in any certificate delivered pursuant to this Agreement shall not survive the Closing.

Section 8.03 Time Limitations. Neither Parent nor Acquisition Corp. shall have any liability (for indemnification or otherwise) with respect to any representation or warranty, or agreement to be performed and complied with prior to the Effective Time, unless on or before the two-year anniversary of the Effective Time (the "Claims Deadline"), Parent is given notice of a claim with respect thereto, in accordance with Section 8.05, specifying the factual basis therefor in reasonable detail to the extent then known by the Company Indemnified Parties.

Section 8.04 Limitation on Liability. The obligations of Parent and Acquisition Corp. to the Company Indemnified Parties set forth in Section 8.01 shall be subject to the following limitations:

(a) The aggregate liability of Parent and Acquisition Corp. to the Company Indemnified Parties under this Agreement shall be payable by the issuance of additional shares of Parent Common Stock pursuant to Section 8.06.

(b) Other than claims based on fraud or for specific performance, injunctive or other equitable relief, the indemnity provided in this Article VIII shall be the sole and exclusive remedy of the Company Indemnified Parties against Parent and Acquisition Corp. at law or equity for any matter covered by Section 8.01.

Section 8.05 Notice of Claims.

(a) If, at any time on or prior to the Claims Deadline, any of the Company Indemnified Parties shall assert a claim for indemnification pursuant to Section 8.01, such Company Indemnified Party shall submit to Parent a written claim in good faith signed by an authorized officer of the Company or other Company Indemnified Party, as applicable, stating (i) that a Company Indemnified Party incurred or reasonably believes it may incur Damages and the reasonable estimate of the amount of any such Damages; (ii) in reasonable detail, the facts alleged as the basis for such claim and the section or sections of this Agreement alleged as the basis or bases for the claim; and (iii) if the Damages have actually been incurred, the number of additional shares of Parent Common Stock to which the Stockholders and Investors are entitled to with respect to such Damages, which shall be determined as provided in Section 8.06 below. If the claim is for Damages which the Company Indemnified Parties reasonably believe may be incurred or are otherwise un-liquidated, the written claim of the applicable Company Indemnified Party shall state the reasonable estimate of such Damages, in which event a claim shall be deemed to have been asserted under this Article VIII in the amount of such estimated Damages, but no distribution of additional shares of Parent Common Stock to the Stockholders and Investors pursuant to Section 8.06 below shall be made until such Damages have actually been incurred.

(b) In the event that any action, suit or proceeding is brought against any Company Indemnified Party with respect to which Parent may have liability under this Article VIII, Parent shall have the right, at its cost and expense, to defend such action, suit or proceeding in the name and on behalf of the Company Indemnified Party; provided, however, that a Company Indemnified Party shall have the right to retain its own counsel, with fees and expenses paid by Parent, if representation of the Company Indemnified Party by counsel retained by Parent would be inappropriate because of actual or potential differing interests between Parent and the Company Indemnified Party. In connection with any action, suit or proceeding subject to Article VIII, Parent and each Company Indemnified Party agree to render to each other such assistance as may reasonably be required in order to ensure proper and adequate defense of such action, suit or proceeding. Parent shall not, without the prior written consent of the applicable Company Indemnified Party, which consent shall not be unreasonably withheld or delayed, settle or compromise any claim or demand if such settlement or compromise does not include an irrevocable and unconditional release of such Company Indemnified Party for any liability arising out of such claim or demand.

Section 8.06 Payment of Damages. In the event that the Company Indemnified Parties shall be entitled to indemnification pursuant to this Article VIII for actual Damages incurred by them, Parent shall, within thirty (30) days after the final determination of the amount of such Damages, issue to the Stockholders and the Investors that number of additional shares of Parent Common Stock in an aggregate amount equal to the quotient obtained by dividing (x) the amount of such Damages by (y) the Fair Market Value per share of the Parent Common Stock as of the date (the "Determination Date") of the submission of the notice of claim to Parent pursuant to Section 8.05. Such shares of Parent Common Stock shall be issued to the Stockholders and the Investors pro rata, in proportion to the number of shares of Parent Common Stock issued (or issuable) to the Stockholders and the Investors at the Effective Time and under the Private Placement. For purposes of this Section 8.06, "Fair Market Value" shall mean, with respect to a share of Parent Common Stock on any Determination Date, the average of the daily closing prices for the 10 consecutive business days prior to such date. The closing price for each day shall be the last sales price or in case no sale takes place on such day, the average of the closing high bid and low asked prices, in either case (a) as officially quoted on the OTC Bulletin Board, the NASDAQ Stock Market or such other market on which the Parent Common Stock is then listed for trading or quoted, or (b) if, in the reasonable judgment of the Board of Directors of Parent, the OTC Bulletin Board or the NASDAQ Stock Market is no longer the principal United States market for the Parent Common Stock, then as quoted on the principal United States market for the Parent Common Stock as determined by the Board of Directors of Parent, or (c) if, in the reasonable judgment of the Board of Directors of Parent, there exists no principal United States market for the Parent Common Stock, then as reasonably determined in good faith by the Board of Directors of Parent.

ARTICLE IX.
TERMINATION PRIOR TO CLOSING

Section 9.01 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Company, Acquisition Corp. and Parent;

(b) by the Company, if Parent or Acquisition Corp. (i) fails to perform in any material respect any of its agreements contained herein required to be performed by it on or prior to the Closing Date, or (ii) materially breach any of their representations, warranties or covenants contained herein, which failure or breach is not cured within thirty (30) days after the Company has notified Parent and Acquisition Corp. of its intent to terminate this Agreement pursuant to this paragraph (b);

(c) by Parent and Acquisition Corp. if the Company (i) fails to perform in any material respect any of its agreements contained herein required to be performed by it on or prior to the Closing Date or (ii) materially breaches any of its representations, warranties or covenants contained herein, which failure or breach is not cured within thirty (30) days after Parent or Acquisition Corp. has notified the Company of its intent to terminate this Agreement pursuant to this paragraph (c);

(d) by either the Company, on the one hand, or Parent and Acquisition Corp., on the other hand, if there shall be any order, writ, injunction or decree of any court or governmental or regulatory agency binding on Parent, Acquisition Corp. or the Company that prohibits or materially restrains any of them from consummating the transactions contemplated hereby, provided that the parties hereto shall have used their best efforts to have any such order, writ, injunction or decree lifted and the same shall not have been lifted within ninety (90) days after entry by any such court or governmental or regulatory agency; or

(e) by either the Company, on the one hand, or Parent and Acquisition Corp., on the other hand, if the Closing has not occurred on or prior to October 1, 2007 for any reason other than delay or nonperformance of the party seeking such termination.

Section 9.02 Termination of Obligations. Termination of this Agreement pursuant to this Article IX shall terminate all obligations of the parties hereunder, except for the obligations under Sections 6.1, 10.03 and 10.11; provided, however, that termination pursuant to paragraphs (b) or (c) of Section 9.01 shall not relieve the defaulting or breaching party or parties from any liability to the other parties hereto.

ARTICLE X.
MISCELLANEOUS

Section 10.01 Notices. Any notice, request or other communication hereunder shall be given in writing and shall be served either personally, by overnight delivery or delivered by mail, certified return receipt and addressed to the following addresses:

(a) If to Parent or Acquisition Corp.:

Transdel Pharmaceuticals, Inc.
300 Park Avenue
Suite 1700
New York, New York 10022
Attention: Rolf Harms

With a copy to:

Anslow & Jaclin, LLP
195 Route 9 South, Suite 204
Manalapan, New Jersey 07726
Attention: Gregg E. Jaclin, Esq.

(b) If to the Company:

Trans-Pharma Corporation
4225 Executive Square, Suite 460
La Jolla, California 92037
Attention: Juliet Singh, Ph.D.

With a copy to:

Haynes and Boone, LLP
153 East 53rd Street
Suite 4900
New York, New York 10022
Attention: Harvey J. Kesner, Esq.

and

Foley & Lardner LLP
402 W. Broadway, Suite 2100
San Diego, California 92101
Attention: Adam Lenain

Notices shall be deemed received at the earlier of actual receipt or three (3) business days following mailing. Counsel for a party (or any authorized representative) shall have authority to accept delivery of any notice on behalf of such party.

Section 10.02 Entire Agreement. This Agreement, including the schedules and exhibits attached hereto and other documents referred to herein, contains the entire understanding of the parties hereto with respect to the subject matter hereof. This Agreement supersedes all prior agreements and undertakings between the parties with respect to such subject matter.

Section 10.03 Expenses. Each party shall bear and pay all of the legal, accounting and other expenses incurred by it in connection with the transactions contemplated by this Agreement.

Section 10.04 Time. Time is of the essence in the performance of the parties' respective obligations herein contained.

Section 10.05 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and heirs; provided, however, that neither party shall directly or indirectly transfer or assign any of its rights hereunder in whole or in part without the written consent of the others, which may be withheld in its sole discretion, and any such transfer or assignment without said consent shall be void.

Section 10.07 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the parties hereto, their successors, assigns and heirs, and no other Person shall have any right or action under this Agreement.

Section 10.08 Counterparts. This Agreement may be executed in one or more counterparts, with the same effect as if all parties had signed the same document. Each such counterpart shall be an original, but all such counterparts together shall constitute a single agreement.

Section 10.09 Recitals, Schedules and Exhibits. The Recitals, Schedules and Exhibits to this Agreement are incorporated herein and, by this reference, made a part hereof as if fully set forth herein.

Section 10.10 Section Headings and Gender. The Section headings used herein are inserted for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement shall include the other genders, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 10.11 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to principles of conflicts of laws, except that the applicable terms of Section 1 shall be governed by the DGCL and the NRS.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be binding and effective as of the day and year first above written.

PARENT:
TRANSDEL PHARMACEUTICALS, INC.

By: /s/ Rolf Harms
Name: Rolf Harms
Title: President

ACQUISITION CORP:
TRANS-PHARMA ACQUISITION CORP.

By: /s/ Rolf Harms
Name: Rolf Harms
Title: President

THE COMPANY:
TRANS-PHARMA CORPORATION

By: /s/ Juliet Singh, Ph.D.
Name: Juliet Singh, Ph.D
Title: Chief Executive Officer

[SIGNATURE PAGE TO AGREEMENT OF MERGER AND PLAN OF REORGANIZATION]

Exhibit 2.2

CERTIFICATE OF MERGER

OF

TRANS-PHARMA ACQUISITION CORP.

(a Delaware corporation)

WITH AND INTO

TRANS-PHARMA CORPORATION

(a Nevada corporation)

(Pursuant to Section 252(c) of the Delaware General Corporation Law)

The undersigned corporations, organized and existing under and by virtue of the General Corporation Law of the State of Delaware and the Nevada Revised Statutes, respectively, do hereby certify:

FIRST: Trans-Pharma Acquisition Corp., a Delaware corporation, is being merged into Trans-Pharma Corporation, a Nevada corporation.

SECOND: That an Agreement of Merger and Plan of Reorganization (the "Merger Agreement"), whereby Trans-Pharma Acquisition Corp. is merged with and into Trans-Pharma Corporation, has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252(c) of the General Corporation Law of the State of Delaware and Section 92A.120 of the Nevada Revised Statutes.

THIRD: That the name of the surviving corporation is Trans-Pharma Corporation.

FOURTH: That the Articles of Incorporation of Trans-Pharma Corporation shall be the Articles of Incorporation of the surviving corporation.

FIFTH: That the merger is to become effective upon filing.

SIXTH: That the executed Merger Agreement is on file at the office of the surviving corporation located at Trans-Pharma Corporation, 4225 Executive Square, Suite 460, La Jolla, CA 92037.

SEVENTH: That a copy of the Merger Agreement will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent corporation.

EIGHTH: That (i) Trans-Pharma Corporation may be served with process in Delaware in any proceeding for enforcement of any obligation of Trans-Pharma Acquisition Corp., as well as for enforcement of any obligation of the surviving corporation arising from the merger, including any suit or other proceeding to enforce the right of any stockholders as determined in appraisal proceedings pursuant to Section 262 of the Delaware General Corporation Law, and (ii) Trans-Pharma Corporation hereby irrevocably appoints the Secretary of State of the State of Delaware as its agent to accept service of process in any such suit or other proceeding and the Secretary of State shall mail a copy of any such process to Trans-Pharma Corporation, 4225 Executive Square, Suite 460, La Jolla, CA 92037.

NINTH: That the Merger Agreement has been approved by the holders of at least a majority of the outstanding shares of stock of Trans-Pharma Corporation, by written consent in lieu of a meeting of the stockholders.

TENTH: That the Merger Agreement has been approved by the holders of at least a majority of the outstanding shares of stock of Trans-Pharma Acquisition Corp., by written consent in lieu of a meeting of the stockholders.

[Signature Page Follows]

[SIGNATURE PAGE TO CERTIFICATE OF MERGER]

IN WITNESS WHEREOF**,** the undersigned has executed this Certificate as of the 17th day of September, 2007.

TRANS-PHARMA ACQUISITION CORP.

By: /s/ Rolf Harms
Name: Rolf Harms
Title: President

TRANS-PHARMA CORPORATION

By: /s/ Juliet Singh, Ph.D.
Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 1

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(Pursuant to Nevada Revised Statutes Chapter 92A)
(excluding 92A.200(4b))

1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200). If there are more than four merging entities, check box ☐ and attach an 81/2" x 11" blank sheet containing the required information for each additional entity.

Trans-Pharma Acquisition Corp.
Name of merging entity

Delaware — Jurisdiction
Corporation — Entity type *

Name of merging entity

Jurisdiction — Entity type *

Name of merging entity

Jurisdiction — Entity type *

Name of merging entity

Jurisdiction — Entity type *

and,

Trans-Pharma Corporation
Name of surviving entity

Nevada — Jurisdiction
Corporation — Entity type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: $350.00

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 2

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2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.1 90):

Attn:

c/o:

3) (Choose one)

☒ The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).

☐ The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180)

4) Owner's approval (NRS 92A.200)(options a, b, or c must be used, as applicable, for each entity) (if there are more than four merging entities, check box ☐ and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity):

(a) Owner's approval was not required from

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or;

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 3

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(b) The plan was approved by the required consent of the owners of *:

Trans-Pharma Acquisition Corp.
Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or;

Trans-Pharma Corporation
Name of surviving entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 4

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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or;

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 5

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5) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)*:

6) Location of Plan of Merger (check a or b):

☐ (a) The entire plan of merger is attached;

or,

☒ (b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

7) Effective date (optional):**

* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

** A merger takes effect upon filing the articles of merger or upon a later date as specified in the articles, which must not be more than 90 days after the articles are filed (NRS 92A.240).

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 6

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

8) Signatures - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited partnership; A manager of each Nevada limited-liability company with managers or all the members if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)*
(If there are more than four merging entities, check box ☐ and attach an 8 ½" x 11" blank sheet containing the required information for each additional entity.):

Trans-Pharma Acquisition Corp.
Name of merging entity

X _____ President
Signature Title Date 9/17/07

Name of merging entity

X _____
Signature Title Date

Name of merging entity

X _____
Signature Title Date

Name of merging entity

X _____
Signature Title Date

Trans-Pharma Corporation
Name of surviving entity

X _____ Chief Executive Officer
Signature Title Date

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
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Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 6

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(if there are more than four merging entities, check box ☐ and attach an 8 ½" x 11" blank sheet containing the required information for each additional entity.):

Trans-Pharma Acquisition Corp.
Name of merging entity

X _____ President
Signature **Title** **Date**

Name of merging entity

X _____
Signature **Title** **Date**

Name of merging entity

X _____
Signature **Title** **Date**

Name of merging entity

X _____
Signature **Title** **Date**

Trans-Pharma Corporation
Name of surviving entity

X Sulit Singh Chief Executive Officer
Signature **Title** **Date** 9/17/07

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

EXHIBIT 10.1

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT made as of this ___ day of _____, 2007, between Transdel Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and the undersigned (the "**Subscriber**").

WHEREAS, pursuant to a Confidential Offering Memorandum dated July 30, 2007 (the "**PPM**"), the Company is offering in a private placement (the "**Offering**") to accredited investors up to 50 Units at a purchase price of $100,000 per Unit for a maximum aggregate purchase price of $5,000,000 (the "**Maximum Offering**"). Each Unit consists of 50,000 shares of the Company's common stock, par value $0.001 per share (the "**Common Stock**"), and a five-year, redeemable warrant to purchase 12,500 shares of Common Stock at a cash exercise price of $4.00 per share and a cashless exercise price of $5.00 per share (the "**Warrants**"). As used herein, the term "Units" means such Units, and all Common Stock and Warrants underlying the Units), and

WHEREAS, the Subscriber desires to subscribe for the number of Units set forth on the signature page hereof, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

I. SUBSCRIPTION FOR AND REPRESENTATIONS AND COVENANTS OF SUBSCRIBER

1.1 Subject to the terms and conditions hereinafter set forth, the Subscriber hereby subscribes for and agrees to purchase from the Company such number of Units set forth upon the signature page hereof, at a price equal to $100,000 per Unit, and the Company agrees to sell such to the Subscriber for said purchase price, subject to the Company's right to sell to the Subscriber such lesser number of (or no) Units as the Company may, in its sole discretion, deem necessary or desirable. The purchase price is payable by wire transfer of immediately available funds, pursuant to the wire instructions attached as Exhibit D to the PPM or by check payable to Signature Bank, as Escrow Agent to Transdel Pharmaceuticals, Inc.

1.2 The Subscriber recognizes that the purchase of Units involves a high degree of risk in that (i) an investment in the Company is highly speculative and only investors who can afford the loss of their entire investment should consider investing in the Company and the Units; (ii) the Units are not registered under the Securities Act of 1933, as amended (the "**Act**"), or any state securities law; (iii) there is no trading market for the Units, none is likely ever to develop, and the Subscriber may not be able to liquidate his, her or its investment; (iv) transferability of the Units is extremely limited; and (v) an investor could suffer the loss of his, her or its entire investment.

1.3 The Subscriber is an "accredited investor," as such term in defined in Rule 501 of Regulation D promulgated under the Act, and the Subscriber is able to bear the economic risk of an investment in the Units.

1.4 The Subscriber has prior investment experience (including investment in non-listed and non-registered securities), and has read and evaluated, or has employed the services of an investment advisor, attorney or accountant to read and evaluate, all of the documents furnished or made available by the Company to the Subscriber and to all other prospective investors in the Units, including the PPM, as well as the merits and risks of such an investment by the Subscriber. The Subscriber's overall commitment to investments which are not readily marketable is not disproportionate to the Subscriber's net worth, and the Subscriber's investment in the Units will not cause such overall commitment to become excessive. The Subscriber, if an individual, has adequate means of providing for his or her current needs and personal and family contingencies and has no need for liquidity in his or her investment in the Units. The Subscriber is financially able to bear the economic risk of this investment, including the ability to afford holding the Units for an indefinite period or a complete loss of this investment.

1.5 The Subscriber acknowledges receipt and careful review of the PPM, all supplements to the PPM, and all other documents furnished in connection with this transaction by the Company (collectively, the "**Offering Documents**") and has been furnished by the Company during the course of this transaction with all information regarding the Company which the Subscriber has requested or desires to know; and the Subscriber has been afforded the opportunity to ask questions of and receive answers from duly authorized officers or other representatives of the Company concerning the terms and conditions of the Offering, and any additional information which the Subscriber has requested.

1.6 The Subscriber acknowledges that the purchase of the Units may involve tax consequences to the Subscriber and that the contents of the Offering Documents do not contain tax advice. The Subscriber acknowledges that the Subscriber must retain his, her or its own professional advisors to evaluate the tax and other consequences to the Subscriber of an investment in the Units. The Subscriber acknowledges that it is the responsibility of the Subscriber to determine the appropriateness and the merits of a corporate entity to own the Subscriber's Units and the corporate structure of such entity.

1.7 The Subscriber acknowledges that this Offering has not been reviewed by the Securities and Exchange Commission (the "**SEC**") or any state securities commission, and that no federal or state agency has made any finding or determination regarding the fairness or merits of the Offering. The Subscriber represents that the Units are being purchased for his, her or its own account, for investment only, and not with a view toward distribution or resale to others. The Subscriber agrees that he, she or it will not sell or otherwise transfer the Units unless they are registered under the Act or unless an exemption from such registration is available.

1.8 The Subscriber understands that the provisions of Rule 144 under the Act are not available for at least one (1) year to permit resales of the Units or the Common Stock and Warrants comprising the Units and there can be no assurance that the conditions necessary to permit such sales under Rule 144 will ever be satisfied. The Subscriber understands that the Company is under no obligation to comply with the conditions of Rule 144 or take any other action necessary in order to make available any exemption from registration for the sale of the Units or the Common Stock and Warrants comprising the Units.

1.9 The Subscriber understands that the Units have not been registered under the Act by reason of a claimed exemption under the provisions of the Act which depends, in part, upon his, her or its investment intention. In this connection, the Subscriber understands that it is the position of the SEC that the statutory basis for such exemption would not be present if his, her or its representation merely meant that his, her or its present intention was to hold such securities for a short period, such as the capital gains period of tax statutes, for a deferred sale, for a market rise, assuming that a market develops, or for any other fixed period. The Subscriber realizes that, in the view of the SEC, a purchase now with an intent to resell would represent a purchase with an intent inconsistent with his, her or its representation to the Company and the SEC might regard such a sale or disposition as a deferred sale, for which such exemption is not available.

1.10 The Subscriber agrees to indemnify and hold the Company, its directors, officers and controlling persons and their respective heirs, representatives, successors and assigns harmless against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the Subscriber contained herein or any sale or distribution by the Subscriber in violation of the Act (including, without limitation, the rules promulgated thereunder), any state securities laws, or the Company's Certificate of Incorporation or By-laws, as amended from time to time.

1.11 The Subscriber consents to the placement of a legend on any certificate or other document evidencing the Common Stock or the Warrants stating that such securities have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale thereof.

1.12 The Subscriber understands that the Company will review and rely on this Subscription Agreement without making any independent investigation; and it is agreed that the Company reserves the unrestricted right to reject or limit any subscription and to withdraw the Offering at any time.

1.13 The Subscriber hereby represents that the address of the Subscriber furnished at the end of this Subscription Agreement is the undersigned's principal residence, if the Subscriber is an individual, or its principal business address if it is a corporation or other entity.

1.14 The Subscriber acknowledges that if the Subscriber is a Registered Representative of a National Association of Securities Dealers, Inc. ("**NASD**") member firm, the Subscriber must give such firm the notice required by the NASD's Conduct Rules, receipt of which must be acknowledged by such firm on the signature page hereof.

1.15 The Subscriber hereby acknowledges that neither the Company nor any persons associated with the Company who may provide assistance or advice in connection with the Offering (other than the placement agent, if one is engaged by the Company) are or are expected to be members or associated persons of members of the NASD or registered broker-dealers under any federal or state securities laws.

1.16 The Subscriber understands that, pursuant to the terms of the Offering as set forth in the PPM, the Company must receive subscriptions for 30 Units for an aggregate purchase price of $3,000,000 (the "**Minimum Offering**") in order to close on the sale of any Units and that persons affiliated with the Company or its consultants, advisors, or placement agents may subscribe for Common Stock, in which case the Company may accept subscriptions from such affiliated parties in order to reach the Minimum Offering; and that, accordingly, no investor should conclude that achieving the Minimum Offering is the result of any independent assessment of the merits or advantages of the Offering or the Company made by Subscribers in the Minimum Offering.

1.17 The Subscriber hereby represents that, except as expressly set forth in the Offering Documents, no representations or warranties have been made to the Subscriber by the Company or any agent, employee or affiliate of the Company and, in entering into this transaction, the Subscriber is not relying on any information other than that contained in the Offering Documents and the results of independent investigation by the Subscriber.

1.18 All information provided by the Subscriber in the Investor Questionnaire attached as Exhibit B to the PPM is true and accurate in all respects, and the Subscriber acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can sell these securities to the Subscriber without giving rise to the loss of the exemption from registration under applicable securities laws.

II. REPRESENTATIONS BY THE COMPANY

The Company represents and warrants to the Subscriber that as of the date of the closing of this Offering (the "**Closing Date**"):

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power to conduct the business which it conducts and proposes to conduct.

(b) The execution, delivery and performance of this Subscription Agreement by the Company have been duly authorized by the Company and all other corporate action required to authorize and consummate the offer and sale of the Units has been duly taken and approved.

(c) The Units and the underlying Common Stock have been duly and validly authorized and issued.

(d) The Company has obtained, or is in the process of obtaining, all licenses, permits and other governmental authorizations necessary for the conduct of its business, except where the failure to so obtain such licenses, permits and authorizations would not have a material adverse effect on the Company. Such licenses, permits and other governmental authorizations which have been obtained are in full force and effect, except where the failure to be so would not have a material adverse effect on the Company, and the Company is in all material respects complying therewith.

(e) The Company knows of no pending or threatened legal or governmental proceedings to which the Company is a party which would materially adversely affect the business, financial condition or operations of the Company.

(f) The Company is not in violation of or default under, nor will the execution and delivery of this Subscription Agreement or the issuance of the Common Stock, or the consummation of the transactions herein contemplated, result in a violation of, or constitute a default under, the Company's Certificate of Incorporation or By-laws, any material obligations, agreements, covenants or conditions contained in any bond, debenture, note or other evidence of indebtedness or in any material contract, indenture, mortgage, loan agreement, lease, joint venture or other agreement or instrument to which the Company is a party or by which it or any of its properties may be bound or any material order, rule, regulation, writ, injunction, or decree of any government, governmental instrumentality or court, domestic or foreign.

III. COVENANTS BY THE COMPANY

3.1 For a period of the earlier of (i) twelve (12) months following the Initial Closing (as defined in the PPM) or (ii) the date that the "resale" registration statement covering the shares of Common Stock and the shares of Common Stock underlying the Warrants included within the Units sold in the Offering is declared effective by the SEC (the "**Adjustment Period**"), in the event that the Company sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than $2.00 per share (such lower price, the "**Base Price**" and such issuances, collectively, a "**Dilutive Issuance**") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than $2.00 per share, such issuance shall be deemed to have occurred for less than the $2.00 per share on such date of the Dilutive Issuance), then the Company shall issue additional shares of Common Stock to the Subscriber in an amount sufficient that the subscription price paid hereunder, when divided by the total number of shares issued in the Dilutive Issuance will result in an actual price paid by the Subscriber per share of Common Stock equal to the Base Price. Such adjustment shall be made whenever any Dilutive Issuance is made within the Adjustment Period. Notwithstanding the foregoing, no adjustment will be made under this Section 3.1 in respect of an Exempt Issuance. The Company shall notify the Subscriber in writing, no later than 1 business day following a Dilutive Issuance, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "**Dilutive Issuance Notice**"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3.1, upon the occurrence of any Dilutive Issuance, the Subscriber is entitled to receive a number of shares based upon the Base Price on or after the date of such Dilutive Issuance. Notwithstanding anything herein or in any related document to the contrary, the foregoing does not convey to the Subscriber any right to participation in any future financings or offerings now or in the future contemplated or undertaken by the Company. The Company reserves the right to establish procedures in order to effectuate the issuance of additional shares in the event of any dilutive issuance requiring an adjustment to the Base Price, in its sole discretion, including delivery of such shares to the Subscriber in full and complete satisfaction of the Company's obligation upon a Dilutive Issuance.

"**Common Stock Equivalents**" means any securities of the Company or any of its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"**Exempt Issuance**" means the issuance of (a) shares of Common Stock or options to employees, officers, directors, or consultants of the Company pursuant to any stock or option plan duly adopted for such purpose by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established, (b) securities upon the exercise or exchange of or conversion of any securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise, exchange or conversion price of such securities; and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a person which is either an owner of, or an entity that is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and in which the Company receives benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

3.2 For a period of 18 months following the Initial Closing, the Company shall not file a registration statement on any form, including, without limitation, a Registration Statement on Form S-8, in order to register with the SEC the sale of any securities issued or issuable under an employee benefit plan of the Company or any of the Company's subsidiaries.

IV. TERMS OF SUBSCRIPTION

4.1 Subject to Section 4.2 hereof, the subscription period will begin as of the date of the PPM and will terminate at 11:59 PM Eastern Time, on the earlier of the date on which the Maximum Offering is sold or the Offering is terminated by the Company (the "**Termination Date**"). The minimum subscription amount is $100,000, although the Company may, in its discretion, accept subscriptions for less than $100,000.

4.2 The Subscriber has effected a wire transfer in the full amount of the purchase price for the Units to the Company's escrow account in accordance with the wire instructions attached as Exhibit D to the PPM or has delivered a check in payment of the purchase price for the Units.

4.3 Pending the sale of the Units, all funds paid hereunder shall be deposited by the Company in escrow with the Company's escrow agent. If the Company shall not have obtained subscriptions (including this subscription) for the Minimum Offering on or before the Termination Date (as such date may be extended by the Company), then this subscription shall be void and all funds paid hereunder by the Subscriber shall be promptly returned without interest to the Subscriber, to the same account from which the funds were drawn. If subscriptions are received and accepted and payment tendered for the Minimum Offering on or prior to the Termination Date, then all subscription proceeds (less fees and expenses) shall be paid over to the Company within ten (10) days thereafter or such earlier date that is one business day after the amount of good funds in escrow equals or exceeds $3,000,000. In such event, sales of the Units may continue thereafter until the earlier of the date on which the Maximum Offering is sold and the Termination Date, with subsequent releases of funds from time to time at the discretion of the Company.

4.4 The Subscriber hereby authorizes and directs the Company and its escrow agent to deliver any certificates or other written instruments representing the Units to be issued to such Subscriber pursuant to this Subscription Agreement to the address indicated on the signature page hereof.

4.5 The Subscriber hereby authorizes and directs the Company and its escrow agent to return any funds, without interest, for unaccepted subscriptions to the same account from which the funds were drawn.

4.6 If the Subscriber is not a United States person, such Subscriber shall immediately notify the Company and the Subscriber hereby represents that the Subscriber is satisfied as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Units or any use of this Subscription Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Units, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Units. Such Subscriber's subscription and payment for, and continued beneficial ownership of, the Units will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

V. MISCELLANEOUS

5.1 Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by reputable overnight courier, facsimile (with receipt of confirmation) or registered or certified mail, return receipt requested, addressed to the Company, at the address set forth in the first paragraph hereof, Attention: Chief Executive Officer, facsimile: (858) 457-5308, and to the Subscriber at the address or facsimile number indicated on the signature page hereof. Notices shall be deemed to have been given on the date when mailed or sent by facsimile transmission or overnight courier, except notices of change of address, which shall be deemed to have been given when received.

5.2 This Subscription Agreement shall not be changed, modified or amended except by a writing signed by both (a) the Company and (b) subscribers in the Offering holding a majority of the Units issued in the Offering.

5.3 This Subscription Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Subscription Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

5.4 Notwithstanding the place where this Subscription Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the State of Delaware. The parties hereby agree that any dispute which may arise between them arising out of or in connection with this Subscription Agreement shall be adjudicated only before a Federal court located in Kent County, State of Delaware and they hereby submit to the exclusive jurisdiction of the federal courts located in Kent County, State of Delaware with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Subscription Agreement or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth below or such other address as the undersigned shall furnish in writing to the other. The parties further agree that in the event of any dispute, action, suit or other proceeding arising out of or in connection with this Subscription Agreement, the PPM or other matters related to this subscription brought by a Subscriber (or transferee), the Company (and each other defendant) shall recover all of such party's attorneys' fees and costs incurred in each and every action, suit or other proceeding, including any and all appeals or petitions therefrom. As used herein, attorney's fees shall be deemed to mean the full and actual costs of any investigation and of legal services actually performed in connection with the matters involved, calculated on the basis of the usual fee charged by the attorneys performing such services.

5.5 This Subscription Agreement may be executed in counterparts. Upon the execution and delivery of this Subscription Agreement by the Subscriber, this Subscription Agreement shall become a binding obligation of the Subscriber with respect to the purchase of Units as herein provided; subject, however, to the right hereby reserved by the Company to (i) enter into the same agreements with other subscribers, (ii) add and/or delete other persons as subscribers and (iii) reduce the amount of or reject any subscription.

5.6 The holding of any provision of this Subscription Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Subscription Agreement, which shall remain in full force and effect.

5.7 It is agreed that a waiver by either party of a breach of any provision of this Subscription Agreement shall not operate or be construed as a waiver of any subsequent breach by that same party.

5.8 The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further actions as may be necessary or appropriate to carry out the purposes and intent of this Subscription Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of the day and year first written above.

_____	X $100,000 for each Unit	= $_____.
Number of Units subscribed for		Aggregate Purchase Price

Manner in which Title is to be held (Please Check <u>One</u>):

1.	____	Individual	7. ____	Trust/Estate/Pension or Profit Sharing Plan Date Opened:_____
2.	____	Joint Tenants with Right of Survivorship	8. ____	As a Custodian for _____ Under the Uniform Gift to Minors Act of the State of _____
3.	____	Community Property	9. ____	Married with Separate Property
4.	____	Tenants in Common	10. ____	Keogh
5.	____	Corporation/Partnership/ Limited Liability Company	11. ____	Tenants by the Entirety
6.	____	IRA	12. ____	Foundation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

IF MORE THAN ONE SUBSCRIBER, EACH SUBSCRIBER MUST SIGN:

· **INDIVIDUAL SUBSCRIBERS MUST COMPLETE PAGE 11**

· **SUBSCRIBERS WHICH ARE ENTITIES MUST COMPLETE PAGE 12**

EXECUTION BY NATURAL PERSONS

Exact Name in Which Title is to be Held

Name (Please Print)	Name of Additional Subscriber
Residence: Number and Street	Address of Additional Subscriber
City, State and Zip Code	City, State and Zip Code
Social Security Number	Social Security Number
Telephone Number	Telephone Number
Fax Number (if available)	Fax Number (if available)
E-Mail (if available)	E-Mail (if available)
(Signature)	(Signature of Additional Subscriber)

ACCEPTED this ___ day of _____ 2007, on behalf of Transdel Pharmaceuticals, Inc.

By: _____

Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

EXECUTION BY SUBSCRIBER WHICH IS AN ENTITY

(Corporation, Partnership, Trust, Etc.)

Name of Entity (Please Print)
Date of Incorporation or Organization:

State of Principal Office:

Federal Taxpayer Identification Number:

Office Address

City, State and Zip Code

Telephone Number

Fax Number (if available)

E-Mail (if available)

[seal]

By:
Name:
Title:

Attest:
(If Entity is a Corporation)

***If Subscriber is a Registered Representative with an NASD member firm, have the following acknowledgement signed by the appropriate party:**

The undersigned NASD member firm acknowledges receipt of the notice required by Rule 3050 of the NASD Conduct Rules

Name of NASD Firm

By:
Name:
Title:

ACCEPTED this ____ day of _____ 2007, on behalf of Transdel Pharmaceuticals, Inc.

By:
Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

EXHIBIT 10.2

WARRANT

NO. TPHI - ___ **TRANSDEL PHARMACEUTICALS, INC.** **_____ Shares**

WARRANT TO PURCHASE COMMON STOCK

VOID AFTER 5:30 P.M., EASTERN TIME, ON THE EXPIRATION DATE

THIS WARRANT AND ANY SHARES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.

FOR VALUE RECEIVED, TRANSDEL PHARMACEUTICALS, INC., a Delaware corporation (the "Company"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to _____ or registered assigns (the "Holder"), under the terms as hereinafter set forth, _____ **(**_____**)** fully paid and non-assessable shares of the Company's Common Stock, par value $0.001 per share (the "Warrant Stock"), at a cash purchase price of FOUR DOLLARS ($4.00) per share (the "Cash Warrant Price") or a cashless purchase price of FIVE DOLLARS ($5.00) per share (the "Cashless Warrant Price"), pursuant to this warrant (this "Warrant"). The number of shares of Warrant Stock to be so issued and each Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "Common Stock" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

1. Exercise of Warrant.

a. The Holder may exercise this Warrant according to its terms by (i) surrendering this Warrant, properly endorsed, to the Company at the address set forth in Section 10, (ii) the subscription form attached hereto having then been duly executed by the Holder, and (iii) payment of the purchase price being made to the Company for the number of shares of the Warrant Stock specified in the subscription form, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time, on _____, 2012 (the "Expiration Date"). Such exercise shall be effected by the surrender of the Warrant, together with a duly executed copy of the Form of Exercise attached hereto, to Company at its principal office and (i) the payment to the Company of an amount equal to the aggregate Cash Warrant Price for the number of shares of Warrant Stock being purchased in cash, certified check or bank draft or (ii) by surrendering such number of shares of Warrant Stock received upon exercise of this Warrant with a Fair Market Value (as defined below) equal to the aggregate Cashless Warrant Price for the Warrant Stock being purchased (a "Cashless Exercise").

b. If the Holder elects the Cashless Exercise method of payment, the Company shall issue to the Holder a number of shares of Warrant Stock determined in accordance with the following formula:

$$X = \frac{Y(A - B)}{A}$$

with: X = the number of shares of Warrant Stock to be issued to the Holder;

Y = the number of shares of Warrant Stock with respect to which the Warrant is being exercised;

A = the fair value per share of Common Stock on the date of exercise of this Warrant; and

B = the then-current Cashless Warrant Price of the Warrant

For the purposes of this Section 1b., "fair value" per share of Common Stock shall mean (A) the average of the closing sales prices, as quoted on the primary national or regional stock exchange on which the Common Stock is listed, or, if not listed, the OTC Bulletin Board if quoted thereon, on the ten (10) trading days immediately preceding the date on which the Notice of Exercise is deemed to have been sent to the Company, or (B) if the Common Stock is not publicly traded as set forth above, as reasonably and in good faith determined by the Board of Directors of the Company as of the date which the notice of exercise is deemed to have been sent to the Company.

c. This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Stock. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of shares of Warrant Stock as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President and the Secretary or Assistant Secretary of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

d. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractions with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.

e. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Stock so purchased, registered in the name of the Holder, shall be delivered to the Holder within a reasonable time after such rights shall have been so exercised. The person or entity in whose name any certificate for the Warrant Stock is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of, the Cash Warrant Price or the Cashless Warrant Price, as the case may be, and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the stock transfer books are open. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of this Warrant.

2. Disposition of Warrant Stock and Warrant.

a. The Holder hereby acknowledges that this Warrant and any Warrant Stock purchased pursuant hereto are, as of the date hereof, not registered: (i) under the Securities Act of 1933, as amended (the "Act"), on the ground that the issuance of this Warrant is exempt from registration under Section 4(2) of the Act as not involving any public offering or (ii) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and that the Company's reliance on the Section 4(2) exemption of the Act and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder that it is acquiring this Warrant and will acquire the Warrant Stock for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Stock unless and until it shall first have given notice to the Company describing such sale or transfer and furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder and reasonably satisfactory to the Company) to the effect that the proposed sale or transfer may be made without registration under the Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Act.

b. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THIS CERTIFICATE THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance upon the exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant. The Company further agrees that all shares which may be issued upon the exercise of the rights represented by this Warrant will be duly authorized and will, upon issuance and against payment of the exercise price, be validly issued, fully paid and non-assessable, free from all taxes, liens, charges and preemptive rights with respect to the issuance thereof, other than taxes, if any, in respect of any transfer occurring contemporaneously with such issuance and other than transfer restrictions imposed by federal and state securities laws.

4. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. This Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

5.Capital Adjustments. This Warrant is subject to the following further provisions:

a. Until the earlier of ((i) twelve (12) months following the Initial Closing (as defined in the PPM) or (ii) the date that the "resale" registration statement covering the shares of Common Stock and the shares of Common Stock underlying the Warrants included within the Units sold in the Offering is declared effective by the Securities and Exchange Commission, in the event the Company issues or sells any shares of any class of the Company's common stock or any Common Stock Equivalents entitling any person to acquire shares of Common Stock at an effective price per share that is lower than $2.00 per share (the "Dilutive Issuance") at a price less than $2.00 per share (the "New Issuance Price"), other than Excluded Securities, then immediately after such Dilutive Issuance, the Cash Warrant Price then in effect shall be reduced to 200% of the New Issuance Price and the Cashless Warrant Price then in effect shall be reduced to 250% of the New Issuance Price.

"Common Stock Equivalents" shall mean any securities of the Company or any of its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock

"Excluded Securities" shall mean the issuance of: (a) shares of Common Stock or options to employees, officers, directors, or consultants of the Company pursuant to any stock or option plan duly adopted for such purpose by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established, (b) securities upon the exercise or exchange of or conversion of any securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Warrant, provided that such securities have not been amended since the date of this Warrant to increase the number of such securities or to decrease the exercise, exchange or conversion price of such securities; and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a person which is either an owner of, or an entity that is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and in which the Company receives benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

b. If any recapitalization of the Company or reclassification of its Common Stock or any merger or consolidation of the Company into or with a corporation or other business entity, or the sale or transfer of all or substantially all of the Company's assets or of any successor corporation's assets to any other corporation or business entity (any such corporation or other business entity being included within the meaning of the term "successor corporation") shall be effected, at any time while this Warrant remains outstanding and unexpired, then, as a condition of such recapitalization, reclassification, merger, consolidation, sale or transfer, lawful and adequate provision shall be made whereby the Holder of this Warrant thereafter shall have the right to receive upon the exercise hereof as provided in Section 1 and in lieu of the shares of Common Stock immediately theretofore issuable upon the exercise of this Warrant, such shares of capital stock, securities or other property as may be issued or payable with respect to or in exchange for a number of outstanding shares of Common Stock equal to the number of shares of Common Stock immediately theretofore issuable upon the exercise of this Warrant had such recapitalization, reclassification, merger, consolidation, sale or transfer not taken place, and in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation.

c. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of shares of Warrant Stock purchasable upon exercise of this Warrant and each Warrant Price shall be proportionately adjusted.

d. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then (i) each Warrant Price shall be adjusted in accordance with Section 5(f) and (ii) the number of shares of Warrant Stock purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that the Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

e. If the Company shall at any time after the date of issuance of this Warrant distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or current year's or prior year's earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in the immediately preceding paragraph) (any of the foregoing being hereinafter in this paragraph called the "Securities"), then in each such case, the Company shall reserve shares or other units of such securities for distribution to the Holder upon exercise of this Warrant so that, in addition to the shares of the Common Stock to which such Holder is entitled, such Holder will receive upon such exercise the amount and kind of such Securities which such Holder would have received if the Holder had, immediately prior to the record date for the distribution of the Securities, exercised this Warrant.

f. Except as otherwise provided herein, whenever the number of shares of Warrant Stock purchasable upon exercise of this Warrant is adjusted, as herein provided, each Warrant Price payable upon the exercise of this Warrant shall be adjusted to that price determined by multiplying such Warrant Price immediately prior to such adjustment by a fraction (i) the numerator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately prior to such adjustment, and (ii) the denominator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately thereafter.

g. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 5 shall exclude any shares then directly or indirectly held in the treasury of the Company.

h. The Company shall not be required to make any adjustment pursuant to this Section 5 if the amount of such adjustment would be less than one percent (1%) of both Warrant Prices in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one percent (1%) of both Warrant Prices in effect immediately before the event giving rise to such next subsequent adjustment.

i. Following each computation or readjustment as provided in this Section 5, each new adjusted Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

6. Redemption. This Warrant may be redeemed prior to the Expiration Date, at the option of the Company, at a price of $0.001 per share of Warrant Stock ("Redemption Price"), upon not less than 10 days prior written notice ("Redemption Period") to Holder notifying Holder of the Company's intent to exercise such right and setting forth a time and date for such redemption; provided, however, that no redemption under this Section 6 may occur unless (i) the Company's Common Stock has had a closing sales price greater than $7.50 per share for twenty (20) consecutive trading days and (ii) at the date of redemption notice and during the entire Redemption Period there is an effective registration statement covering the resale of the Warrant Stock. This Warrant may be exercised by Holder, for cash, at any time after notice of redemption has been given by the Company and prior to the time and date fixed for redemption. On and after the redemption date, the Holder shall have no further rights except to receive, upon surrender of this Warrant, the Redemption Price.

7. Notice to Holders.

a. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least thirty (30) days prior to the record date therein specified, or if no record date shall have been specified therein, at least thirty (30) days prior to such specified date, provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Whenever any adjustment shall be made pursuant to Section 5 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and each Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

8. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

9. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

10. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service**,** to the Company at its principal executive offices located at 4225 Executive Square, Suite 460, La Jolla, California 92037, Attention: Juliet Singh, Ph. D., Chief Executive Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

11. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

12. Jurisdiction and Venue. The Company and Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in Kent County, Delaware and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of Delaware located in Kent County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth herein or such other address as either party shall furnish in writing to the other.

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IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by its duly authorized officers, as of this __ day of _____, 2007.

TRANSDEL PHARMACEUTICALS, INC.

By: _____

Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

FORM OF EXERCISE

(to be executed by the registered holder hereof)

The undersigned hereby exercises the right to purchase _____ shares of common stock, par value $0.001 per share ("Common Stock"), of Transdel Pharmaceuticals, Inc. evidenced by the within Warrant Certificate for a Cash Warrant Price of $4.00 per share or a Cashless Warrant Price of $5.00 per share and herewith makes payment of the purchase price in full of (i) $_____ in cash or (ii) shares of Common Stock (pursuant to a Cashless Exercise in accordance with Section 1b.). Kindly issue certificates for shares of Common Stock (and for the unexercised balance of the Warrants evidenced by the within Warrant Certificate, if any) in accordance with the instructions given below.

Dated:_____ , 20___ .

_____
Instructions for registration of stock

_____
Name (Please Print)

Social Security or other identifying Number:

Address:_____
City/State and Zip Code

Instructions for registration of certificate representing
the unexercised balance of Warrants (if any)

_____
Name (Please Print)

Social Security or other identifying Number: _____

Address:_____
City, State and Zip Code

EXHIBIT 10.3

TRANSDEL PHARMACEUTICALS, INC.

REGISTRATION RIGHTS AGREEMENT

_____, 2007

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made as of _____, 2007, among Transdel Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and the individuals and entities listed on Schedule A hereto (each, an "Investor" and collectively, the "Investors").

R E C I T A L S

WHEREAS, the Company and the Investors are parties to Subscription Agreements (the "Subscription Agreements") pursuant to a Private Placement Memorandum dated July 30, 2007 (the "PPM");

WHEREAS, the Investors' obligations under the Subscription Agreements are conditioned upon certain registration rights under the Securities Act of 1933, as amended (the "Securities Act"), as described in the Subscription Agreements; and

WHEREAS, the Investors and the Company desire to provide for the rights of registration under the Securities Act as are provided herein upon the execution and delivery of this Agreement by such Investors and the Company.

NOW, THEREFORE, in consideration of the promises, covenants and conditions set forth herein, the parties hereto hereby agree as follows:

1. Registration Rights.

1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Commission" means the United States Securities and Exchange Commission.

(b) "Common Stock" means the Company's common stock, par value $0.001 per share.

(c) "Effectiveness Date" means the 90th day following the initial filing date of the registration statement hereunder.

(d) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(e) "Fair Market Value" means the average of the high and low prices of publicly traded shares of Common Stock, rounded to the nearest cent, on the principal national securities exchange on which shares of Common Stock are listed (if the shares of Common Stock are so listed), or on The NASDAQ Capital Market (if the shares of Common Stock are regularly quoted on the Nasdaq Stock Market), or, if not so listed or regularly quoted, the mean between the closing bid and asked prices of publicly traded shares of Common Stock in the over-the-counter market, or, if such bid and asked prices shall not be available, as reported by any nationally recognized quotation service selected by the Company, or as determined by the Board of Directors of the Company in a manner consistent with the provisions of the Internal Revenue Code, as amended.

(f) "Filing Date" means, with respect to the registration statement required to be filed hereunder, a date no later than 90th days following the final Closing Date as defined in the PPM.

(g) "Investor" means any person owning Registrable Securities.

(h) The terms "register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(i) "Registrable Securities" means any of the Shares or any securities issued or issuable as (or any securities issued or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the Shares; provided, however, that Registrable Securities shall not include any securities of the Company that have previously been registered or which have been sold to the public either pursuant to a registration statement or Rule 144, or which have been sold in a private transaction in which the transferor's rights under this Section 1 are not assigned, or which may be sold immediately without registration under the Securities Act and without volume restrictions pursuant to Rule 144(k).

(j) "Rule 144" means Rule 144 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(k) "Shares" means the shares of the Common Stock issued pursuant to the Subscription Agreements and issuable upon exercise of the Warrants.

(l) "Warrants" means the warrants to purchase Common Stock issued pursuant to the Subscription Agreements.

1.2 Company Registration.

(a) On or prior to the Filing Date the Company shall prepare and file with the Commission a registration statement covering the Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415. The registration statement shall be on Form SB-2 or Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form SB-2 or Form S-3, in which case such registration shall be on another appropriate form in accordance herewith). The Company shall cause the registration statement to become effective and remain effective as provided herein. The Company shall use its best efforts to cause the registration statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the Effectiveness Date. The Company shall use its best efforts to keep the registration statement continuously effective under the Securities Act until the date which is the earliest to occur of: (i) the date that is 18 months after the date hereof or (ii) the date of which all Registrable Securities have been sold (the "Effectiveness Period").

(b) If: (i) the registration statement is not filed on or prior to the Filing Date; or (ii) the Company fails to use its best efforts to cause the registration statement to be declared effective by the Effectiveness Date (any such failure or breach being referred to as an "Event," and the date on which such Event occurs being referred to as the "Event Date"), then, until the applicable Event is cured, the Company shall pay to each Investor, in cash or in Common Stock at Fair Market Value at the Company's option, as liquidated damages and not as a penalty, an amount equal to 1.0% of the aggregate purchase price paid by such Investor pursuant to the Subscription Agreement executed by such Investor for each thirty (30) day period (prorated for partial periods), up to a maximum of 6.0%, during which such Event continues uncured. While such Event continues, such liquidated damages shall be paid not less often than every thirty (30) days. Any unpaid liquidated damages as of the date when an Event has been cured by the Company shall be paid within three (3) business days following the date on which such Event has been cured by the Company. Notwithstanding anything herein to the contrary, to the extent that the registration of any or all of the Registrable Securities by the Company on a registration statement is prohibited (the "Non-Registered Shares") as a result of rules, regulations, positions or releases issued or actions taken by the SEC pursuant to its authority with respect to Rule 415 and the Company has registered at such time the maximum number of Registrable Securities permissible upon consultation with the SEC, then the liquidated damages described in this Section 1.2(b) shall not be applicable to such Non-Registered Shares.

(c) The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to this Section 1.2 for each Investor, including (without limitation) all registration, filing and qualification fees, printer's fees, accounting fees and fees and disbursements of counsel for the Company, but excluding underwriting discounts and commissions relating to Registrable Securities and fees and disbursements of counsel for the Investors.

1.3 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Commission a registration statement with respect to such Registrable Securities and use its reasonable best efforts to cause such registration statement to become effective and, upon the request of the Investors of at least a majority of the Registrable Securities registered thereunder, keep such registration statement effective during the Effectiveness Period;

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement;

(c) Furnish to the Investors such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them (provided that the Company would not be required to print such prospectuses if readily available to Investors from any electronic service, such as on the EDGAR filing database maintained at www.sec.gov);

(d) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities' or blue sky laws of such jurisdictions as shall be reasonably requested by the Investors; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering (each Investor participating in such underwriting shall also enter into and perform its obligations under such an agreement);

(f) Notify each Investor of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) Cause all such Registrable Securities registered pursuant hereto to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by the Company are then listed; and

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

1.4 Furnish Information. It shall be a condition precedent to the Company's obligations to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Investor that such Investor shall furnish to the Company such information regarding such Investor, the Registrable Securities held by such Investor, and the intended method of disposition of such securities as shall be required by the Company or the managing underwriters, if any, to effect the registration of such Investor's Registrable Securities.

1.5 Delay of Registration. No Investor shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.6 Indemnification.

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor, any underwriter (as defined in the Securities Act) for such Investor and each person, if any, who controls such Investor or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject under the Securities Act, the Exchange Act or other federal or state securities law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively, a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in a registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto (collectively, the "Filings"), (ii) the omission or alleged omission to state in the Filings a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law; and the Company will pay any legal or other expenses reasonably incurred by any person to be indemnified pursuant to this Section 1.6(a) in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 1.6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Investor, underwriter or controlling person.

(b) To the extent permitted by law, each Investor will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, any underwriter, any other Investor selling securities in such registration statement and any controlling person of any such underwriter or other Investor, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject under the Securities Act, the Exchange Act or other federal or state securities law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Investor expressly for use in connection with such registration; and each such Investor will pay any legal or other expenses reasonably incurred by any person to be indemnified pursuant to this Section 1.6(b) in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 1.6(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Investor (which consent shall not be unreasonably withheld); provided, however, in no event shall any indemnity under this subsection 1.6(b) exceed the gross proceeds from the offering received by such Investor.

(c) Promptly after receipt by an indemnified party under this Section 1.6 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.6, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.6, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.6.

(d) If the indemnification provided for in Sections 1.6(a) and (b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such loss, liability, claim or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. In no event shall any Investor be required to contribute an amount in excess of the gross proceeds from the offering received by such Investor.

(e) The obligations of the Company and Investors under this Section 1.6 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.7 Reports Under Securities Exchange Act. With a view to making available the benefits of certain rules and regulations of the Commission, including Rule 144, that may at any time permit an Investor to sell securities of the Company to the public without registration or pursuant to a registration on Form SB-2, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after ninety (90) days after the effective date of the registration statement;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the Exchange Act, as is necessary to enable the Investors to utilize Form SB-2 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the registration statement is declared effective;

(c) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(d) furnish to any Investor, so long as the Investor owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) calendar days after the effective date of the registration statement), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form SB-2 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Investor of any rule or regulation of the Commission that permits the selling of any such securities without registration or pursuant to such form.

1.8 Transfer or Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be transferred or assigned, but only with all related obligations, by an Investor to a transferee or assignee who (a) acquires both at least 25,000 Shares and Warrants to acquire at least 6,250 Shares (all subject to appropriate adjustment for stock splits, stock dividends and combinations) from such transferring Investor or (b) holds Registrable Securities immediately prior to such transfer or assignment; *provided*, that in the case of (a), (i) prior to such transfer or assignment, the Company is furnished with written notice stating the name and address of such transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned, (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement including, without limitation, the provisions of Section 1.9 hereof and (iii) such transfer or assignment shall be effective only if immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act.

2. Covenants of the Company to the Investors.

2.1 Information Rights. The Company shall deliver to each Investor who holds (and continues to hold) at least 250,000 Shares (subject to appropriate adjustment for stock splits, stock dividends and combinations), upon the request of such Investor (which may be satisfied by filing of Company quarterly and annual reports under the Exchange Act):

(a) as soon as practicable, but in any event within one hundred twenty (120) calendar days after the end of each fiscal year of the Company, consolidated balance sheets of the Company and its subsidiaries, if any, as of the end of such fiscal year, and consolidated statements of income and consolidated statements of cash flows of the Company and its subsidiaries, if any, for such year, prepared in accordance with generally accepted accounting principles ("GAAP"), all in reasonable detail; and

(b) as soon as practicable, but in any event within forty-five (45) calendar days after the end of each of the first three (3) quarters of each fiscal year of the Company, consolidated balance sheets of the Company and its subsidiaries, if any, as of the end of such quarter, and consolidated statements of income and consolidated statements of cash flows of the Company and its subsidiaries, if any, for such quarter prepared in accordance with GAAP, all in reasonable detail.

2.2 Confidentiality. Each Investor receiving any non-public information of the Company hereby agrees to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; provided, however, that notwithstanding the foregoing, an Investor may include summary financial information concerning the Company and general statements concerning the nature and progress of the Company's business in an Investor's reports to its affiliates.

3. Legend.

(a) Each certificate representing Shares of Common Stock held by the Investors shall be endorsed with the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT, (B) AN OPINION OF COUNSEL, REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (C) REASONABLE ASSURANCE HAVING BEEN PROVIDED TO THE COMPANY THAT SUCH OFFER, SALE, ASSIGNMENT OR TRANSFER IS BEING MADE PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT.

(b) The legend set forth above shall be removed, and the Company shall issue a certificate without such legend to the transferee of the Shares represented thereby, if, unless otherwise required by state securities laws, (i) such Shares have been sold under an effective registration statement under the Securities Act, (ii) in connection with a sale, assignment or other transfer, such holder provides the Company with an opinion of counsel, reasonably acceptable to the Company, to the effect that such sale, assignment or transfer is being made pursuant to an exemption from the registration requirements of the Securities Act, or (iii) such holder provides the Company with reasonable assurance that the Shares are being sold, assigned or transferred pursuant to Rule 144 or Rule 144A under the Securities Act.

4. Miscellaneous.

4.1 Governing Law. The parties hereby agree that any dispute which may arise between them arising out of or in connection with this Agreement shall be adjudicated only before a Federal court located in the State of Delaware and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of Delaware with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement or any acts or omissions relating to the registration of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth below or such other address as the undersigned shall furnish in writing to the other. The parties further agree that in the event of any dispute, action, suit or other proceeding arising out of or in connection with this Agreement brought by a Subscriber (or transferee), the Company (and each other defendant) shall recover all of such party's attorneys' fees and costs incurred in each and every action, suit or other proceeding, including any and all appeals or petitions therefrom. As used herein, attorney's fees shall be deemed to mean the full and actual costs of any investigation and of legal services actually performed in connection with the matters involved, calculated on the basis of the usual fee charged by the attorneys performing such services.

4.2 Waivers and Amendments. This Agreement may be terminated and any term of this Agreement may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and Investors holding at least a majority of the Registrable Securities then outstanding (the "Majority Investors"). Notwithstanding the foregoing, additional parties may be added as Investors under this Agreement with the written consent of the Company and the Majority Investors. No such amendment or waiver shall reduce the aforesaid percentage of the Registrable Securities, the holders of which are required to consent to any termination, amendment or waiver without the consent of the record holders of all of the Registrable Securities. Any termination, amendment or waiver effected in accordance with this Section 4.2 shall be binding upon each holder of Registrable Securities then outstanding, each future holder of all such Registrable Securities and the Company.

4.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

4.4 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement among the parties with regard to the subject matter hereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein.

4.5 Notices. All notices and other communications required or permitted under this Agreement shall be in writing and shall be delivered personally by hand or by overnight courier, mailed by United States first-class mail, postage prepaid, sent by facsimile or sent by electronic mail directed (a) if to an Investor, at such Investor's address, facsimile number or electronic mail address set forth in the Company's records, or at such other address, facsimile number or electronic mail address as such Investor may designate by ten (10) days' advance written notice to the other parties hereto or (b) if to the Company, to its address, facsimile number or electronic mail address set forth on its signature page to this Agreement and directed to the attention of the Chief Executive Officer, or at such other address, facsimile number or electronic mail address as the Company may designate by ten (10) days' advance written notice to the other parties hereto. All such notices and other communications shall be effective or deemed given upon delivery, on the date of mailing, upon confirmation of facsimile transfer or upon confirmation of electronic mail delivery.

4.6 Interpretation. The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The titles and subtitles used in this Agreement are used for convenience only and are not considered in construing or interpreting this Agreement.

4.7 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement, and the balance of the Agreement shall be interpreted as if such provision were so excluded, and shall be enforceable in accordance with its terms.

4.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

4.9 Telecopy Execution and Delivery. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day, month and year first set forth above.

"Company"

TRANSDEL PHARMACEUTICALS, INC.

By: _____

Name:

Title:

Address for notice:

4225 Executive Square
Suite 460
La Jolla, California 92037
Fax: (858) 457-5308

[COMPANY SIGNATURE PAGE TO REGISTATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day, month and year first set forth above.

"Investor"

_____

By: _____

Name

Title:

Address:

_____

_____

_____

Telephone: _____

Facsimile: _____

Email: _____

[INVESTOR SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

Schedule A
Investors

EXHIBIT 10.4

LOCK-UP AGREEMENT

_____, 2007

Ladies and Gentlemen:

The undersigned is a director, executive officer or beneficial owner of shares of capital stock, or securities convertible into or exercisable or exchangeable for the capital stock (each, a "Company Security") of Trans-Pharma Corporation, a Nevada corporation (the "Company"). The undersigned understands that the Company will merge with a wholly-owned subsidiary of Transdel Pharmaceuticals, Inc., a publicly traded Delaware company ("Parent"), concurrently with a private placement by Parent of up to $5,000,000 of units (the "Units") of the Parent, with each Unit consisting of 50,000 shares of common stock of Parent and a detachable transferable warrant to purchase 12,500 shares of common stock of Parent at a cash exercise price of $4.00 per share and cashless exercise price of $5.00 per share (the "Funding Transaction"). The undersigned understands that the Company, Parent and the investors in the Funding Transaction will proceed with the Funding Transaction in reliance on this Letter Agreement.

1. In recognition of the benefit that the Funding Transaction will confer upon the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees, for the benefit of the Company, Parent, and each investor in the Funding Transaction, that, during the period beginning on the closing of the Funding Transaction (the "Closing Date") and ending eighteen (18) months after such date (the "Lockup Period"), the undersigned will not, without the prior written consent of persons holding a majority of the Units at such time (the "Majority Investors"), directly or indirectly, (i) offer, sell, offer to sell, contract to sell, hedge, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or sell (or announce any offer, sale, offer of sale, contract of sale, hedge, pledge, sale of any option or contract to purchase, purchase of any option or contract of sale, grant of any option, right or warrant to purchase or other sale or disposition), or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future), any securities of the Parent into or for which a Company Security may be converted, exercised or exchanged, whether by operation of law, merger or otherwise (each, a "Parent Security"), beneficially owned, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by the undersigned on the date hereof or hereafter acquired or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Parent Security, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of any Parent Security (each of the foregoing, a "Prohibited Sale").

2. Notwithstanding the foregoing, the undersigned shall be permitted from time to time during the Lockup Period, without the prior written consent of any investor in the Funding Transaction, (i) to engage in transactions in connection with the undersigned's participation in Parent's stock option plans, (ii) to transfer all or any part of any Parent Security to any family member, for estate planning purposes, or to an affiliate thereof (as such term is defined in Rule 405 under the Securities Exchange Act of 1934, as amended), provided that such transferee agrees in writing with Parent to be bound hereby or (iii) to participate in any transaction in which holders of the common stock of Parent participate or have the opportunity to participate pro rata, including, without limitation, an underwritten offering of common stock, a merger, consolidation or binding share exchange involving Parent, a disposition of Parent's common stock in connection with the exercise of any rights, warrants or other securities distributed to Parent's stockholders, or a tender or exchange offer for the common stock, and no transaction contemplated by the foregoing clauses (i), (ii) or (iii) shall be deemed a Prohibited Sale for purposes of this Letter Agreement.

3. This Letter Agreement shall be governed by and construed in accordance with the laws of the Delaware.

4. This Letter Agreement will become a binding agreement among the undersigned as of the Closing Date. In the event that no closing of the Funding Transaction occurs, this Letter Agreement shall be null and void. This Letter Agreement (and the agreements reflected herein) may be terminated by the mutual agreement of Parent, the Majority Investors, and the undersigned, and if not sooner terminated, will terminate upon the expiration date of the Lockup Period. This Letter Agreement may be duly executed by facsimile and in any number of counterparts, each of which shall be deemed an original, and all of which together shall be deemed to constitute one and the same instrument. Signature pages from separate identical counterparts may be combined with the same effect as if the parties signing such signature page had signed the same counterpart. This Letter Agreement may be modified or waived only by a separate writing signed by each of the parties hereto expressly so modifying or waiving such agreement.

Very truly yours,

_____

Print Name:

Address: _____
Number of shares of Common Stock owned: _____
Certificate Numbers: _____

Accepted and Agreed to:

TRANSDEL PHARMACEUTICALS, INC.

By: _____

Name:

Title:

EXHIBIT 10.5

Trans-Pharma Corporation
4225 Executive Square, Suite 460
La Jolla, CA 92037

September 17, 2007

Mr. Dan Schreiber
Granite Financial Group, LLC
12220 El Camino Real, Suite 400
San Diego, CA 92130

RE: Selling Agreement

Dear Mr. Schreiber:

The undersigned, Trans-Pharma Corporation, a Nevada corporation ("Corporation"), by this letter confirms its agreement (the "Agreement") with Granite Financial Group, LLC, a Delaware limited liability company (the "Broker-Dealer"), regarding the Broker-Dealer acting as a placement agent in connection with an offering of up to $5.0 million of units consisting of shares of common stock and warrants to purchase common stock (the "Units") under the terms set forth in those certain Subscription Agreements, in the form attached hereto as Exhibit A, and all exhibits and supplements thereto (the "Offering Materials") prepared by Corporation and delivered to you for distribution to the offerees. The Units are to be offered on a "Best Efforts, Minimum-Maximum" basis with respect to all Units. The Units will be offered and sold in accordance with 17 CFR 203.506 ("Rule 506"), promulgated under Regulation D of the Securities Act 1933, as amended.

Upon execution and delivery of subscription documents (the "Subscription Documents"), which shall be in the form of the Subscription Documents included in the Offering Materials, the subscribers for Units shall, upon acceptance thereof by Corporation (which acceptance shall be in Corporation's sole discretion), become Unit Holders pursuant to the terms set forth in the Offering Materials. The offering of the Units shall begin when the Offering Materials are first made available to you by Corporation and shall continue until the termination date, and through the end of any extension, unless the offering has been terminated as of any earlier time (the "Subscription Period").

Section 1. Appointment of Agent. On the basis of the representations, warranties and covenants contained in this Agreement, but subject to the terms and conditions herein set forth, you are hereby appointed as non-exclusive selling agent of Corporation for the Units offered under the Offering Materials. The appointment shall continue until the earliest of (i) 120 days from the date of this Agreement, or (ii) the termination of the Subscription Period, or (iii) the sale of all of the Units, or (iv) the termination of the offering of Units by Corporation for any reason, whichever occurs first. Subject to the performance by Corporation of all of its obligations under this Agreement, and to the completeness and accuracy of all of its representations and warranties contained in this Agreement, you agree to use your best efforts during the Subscription Period to find subscribers for the Units.

Section 2. Definitions. Certain terms used herein are defined in the Offering Materials and shall have the same meanings given therein.

Section 3. Representations, Warranties and Covenants of Corporation. Corporation represents, warrants and covenants, to the best of its knowledge, that:

a. Corporation is a corporation duly and validly organized and in good standing under the laws of the State of Nevada and has full power and authority to conduct the business described in the Offering Materials.

b. Corporation will deliver to you a reasonable number of copies of the Offering Materials, and the information made available to each offeree pursuant to subsection 3(i) hereof shall be sufficient to comply with, and conform to, the requirements of Rule 506.

c. All action required to be taken by Corporation to offer and sell the Units to qualified subscribers has been or will be taken.

d. Upon payment of the subscription amount specified in the Subscription Documents, acceptance by Corporation of the subscriptions from qualified subscribers (which acceptance shall be at the sole discretion of Corporation), and delivery by the subscribers for Units of such additional documents as may reasonably be required by Corporation, such subscribers will become Unit Holders.

e. During the Subscription Period, the Offering Materials will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not materially misleading.

f. This Agreement has been duly and validly authorized, executed, and delivered by or on behalf of Corporation and constitutes a valid and binding agreement of Corporation.

g. Execution by Corporation of a subscriber’s Subscription Documents will be duly and validly authorized by or on behalf of Corporation and will constitute a valid and binding agreement of Corporation.

h. The execution and delivery of this Agreement and the incurrence of the obligations set forth herein and the consummation of the transactions contemplated in this Agreement and the Offering Materials will not constitute a breach or default under:

(i) any instruments by which Corporation is bound; or

(ii) any order, rule or regulation (applicable to Corporation) issued by any court, governmental body or administrative agency having jurisdiction over Corporation.

i. Corporation shall make available, during the Subscription Period and prior to the sale of any Units, to each purchaser or his purchaser representative(s) or both:

(i) such information (in addition to that contained in the Offering Materials) concerning the offering of Units, Corporation, and any other relevant matters, as Corporation possesses or can acquire without unreasonable effort or expense; and

(ii) the opportunity to ask questions of, and receive answers from, Corporation concerning the terms and conditions of the offering of the Units, and to obtain any additional information, to the extent Corporation possesses the same or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information furnished to the purchaser or his purchaser representative(s).

j. With respect to those activities undertaken by it, Corporation has endeavored to ensure that the offering and sale of Units complies, in all respects, with the requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the securities or "blue sky" laws of any state or jurisdiction in which an offer and/or sale takes place.

k. There is no litigation or proceeding at law or in equity before any federal or state authority against Corporation wherein an unfavorable decision, ruling, or finding would materially and adversely affect the business, operations or financial condition or income of Corporation or any proposed Corporation investment, and neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor the fulfillment of or compliance with the terms hereof will conflict with, or result in a breach of, any of the terms, provisions, or conditions of any agreement or instrument to which Corporation is a party.

l. Corporation will endeavor in good faith to qualify, or assist you in qualifying, the Units for offer and sale, or to establish, or assist you in establishing, the exemption of the offer and sale of the Units from qualification or registration under the applicable securities or "blue sky" laws of such jurisdictions as you may reasonably designate, and will promptly notify you, orally or in writing (but if orally then prompt written confirmation shall be delivered to you), as each jurisdiction is so qualified or as an exemption from registration or qualification is established therein; provided, however, that Corporation shall not be obligated to do business or to qualify as a dealer in any jurisdiction in which it is not so qualified.

m. Corporation will pay all expenses in connection with the printing and delivery to you in reasonable quantities of copies of the Offering Materials and the qualification of the Units under the securities or "blue sky" laws.

n. As compensation for your services, Corporation will pay you a sales commission equal in cash to (i) seven percent (7%) of the gross proceeds received by Corporation from the Units placed by you (the "**Cash Fee**") and (ii) three-year warrants to purchase a number of shares of common stock equal to three percent (3%) of the number of shares included within the Units placed by you; provided, however, that immediately prior to each closing of the offering of the Units you shall subscribe for that number of Units equal in value to the Cash Fee payable to you with respect to such closing and acknowledge that you will not be entitled to any sales commissions with respect to Units purchase by you using the Cash Fee pursuant to this Section 3(n).

o. If any event relating to or affecting Corporation shall occur during the Subscription Period, as a result of which it is necessary, in the opinion of your counsel and counsel to Corporation, to amend or supplement the Offering Materials so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, Corporation shall forthwith prepare and furnish to you a reasonable number of copies of an amendment or amendments of, or supplement or supplements to, the Offering Materials, which you shall promptly deliver to all offerees then being solicited. For purposes of this subsection o., Corporation will furnish such information with respect to Corporation as you may from time to time reasonably request.

p. Corporation will deliver to you such reports and documents as Corporation is required, under the terms of the Offering Materials or any document referred to therein, to furnish to its prospective investors.

Section 4. Representations, Warranties and Covenants of the Broker-Dealer. The Broker-Dealer represents, warrants and covenants, to the best of its knowledge, that:

a. It, or any person acting on its behalf, will not offer any of the Units for sale, or solicit any offers to subscribe for or buy any Units, or otherwise negotiate with any person with respect to the Units, on the basis of any communications or documents, except the Offering Materials, the information provided by Corporation pursuant to Section 3(i), or any other documents and any transmittal letter reasonably satisfactory in form and substance to Corporation and counsel to Corporation.

b. It, or any person acting on its behalf, shall not use any form of general solicitation or general advertising in the course of any offer or sale of the Units including, but not limited to:

(i) any advertisement, article, notice or other communication published in any newspaper, magazine, website, or similar media or broadcast over television or radio; and

(ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

c. It, or any person acting on its behalf, shall solely make offers to sell Units to, solicit offers to subscribe for or purchase any Units from, or otherwise negotiate with respect to the Units with, persons whom it has reasonable grounds to believe and does believe are "accredited investors" within the meaning of 17 CFR 230.501(a).

In making or soliciting such offers, or so negotiating, Broker-Dealer will comply with the provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the securities or "blue sky" laws of the jurisdiction in which it makes or solicits such offers, or so negotiates.

d. It will exercise reasonable care to assure that the purchasers are not underwriters within the meaning of Section 2(11) of the Securities Act of 1933, as amended. In that connection, it will:

(i) Make reasonable inquiry to determine that each purchaser is acquiring the Units for his own account; and

(ii) Obtain from the purchaser a signed written agreement (contained in the Subscription Documents) that the Units will not be sold without registration under the Securities Act of 1933, as amended, unless an opinion of counsel that an exemption therefrom is available, satisfactory in form and substance to Corporation or counsel, is delivered in accordance with such agreement.

e. It shall furnish Corporation with information in sufficient detail (in the form of the Investor Questionnaire, a copy of which is included in the Offering Materials), with respect to each purchaser of Units, in order to demonstrate to Corporation that such purchaser satisfies the requirements of Rule 506, as outlined in Section 4(c) above.

f. If a prospective purchaser uses or consults a purchaser representative (as that term is defined in 17 CFR 230.501(h)) in connection with the offering of the Units, it will obtain and deliver to Corporation, prior to the closing of the offering of the Units, the prospective purchaser's written acknowledgment that he has used such person(s) in connection with evaluating the merits and risks of the prospective investment and such representative's written consent so to act, as well as a description of the education and experience of such representative(s).

g. It will offer and sell the Units only in those jurisdictions in which it, or any other person or entity acting in its behalf, is properly registered, and it will comply with all laws, rules and regulations related to its activities on behalf of Corporation pursuant to this Agreement.

h. It is a securities broker-dealer registered and in good standing with the Securities and Exchange Commission and is a member of the NASD.

i. This Agreement has been duly and validly authorized, executed, and delivered by or on behalf of the Broker-Dealer and constitutes a valid and binding agreement of the Broker-Dealer.

Section 5. Conditions of the Obligations of Corporation. The obligations of Corporation under this Agreement are subject to the accuracy of and compliance with your representations, warranties and covenants set forth in Section 4, and to the performance by you of your obligations hereunder.

Section 6. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements by either Corporation or Broker-Dealer contained in this Agreement shall remain operative and in full force and effect, and shall survive the closing of the offering of the Units. Upon termination of this Agreement, Corporation shall have no further obligations to Broker-Dealer other than with respect to fees payable to Broker-Dealer as provided herein.

Section 7. Indemnification.

(a) Corporation agrees to indemnify, defend and hold Broker-Dealer harmless against any and all loss, liability, damage and expense whatsoever, whether or not resulting in any liability, that may be incurred under applicable securities laws, at common law, or otherwise and which is based upon or arises out of:

(1) any untrue statement or alleged untrue statement of a material fact contained in the Offering Materials or the omission or alleged omission from the Offering Materials of a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(2) the offer and/or sale by Corporation, or anyone acting on its behalf, of Units (unless due to the bad faith or gross negligence of the Broker-Dealer); or

(3) any breach of any representation, warranty or covenant made by Corporation in this Agreement.

(b) The Broker-Dealer agrees to indemnify, defend and hold Corporation and its officers, directors, shareholders and agents harmless against any and all loss, liability, damage and expense whatsoever, whether or not resulting in any liability, that may be incurred under applicable securities laws, at common law, or otherwise and which is based upon or arises out of:

(1) any violation by Broker-Dealer or its agents of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any state securities statutes, unless such violation is attributable to actions, misrepresentations or omissions of Corporation; or

(2) any breach of any representation, warranty or covenant made by Broker-Dealer in this Agreement.

(c) In any legal or regulatory action or claim brought against Corporation or Broker-Dealer or their agents, Corporation and the Broker-Dealer shall have the rights and duties set forth in this Section 7. The indemnification provisions included in this Section 7 shall include, but not be limited to, recovery of and payment of reasonable legal or other expenses incurred by Broker-Dealer or Corporation in connection with defending such actions and claims.

(d) Within fourteen (14) calendar days after a claim or action is brought or asserted against Corporation or the Broker-Dealer or both, which in the opinion of either is subject to the indemnification provisions contained in this Section 7, the party seeking indemnification (the "Indemnitee") shall notify, in writing, the party from whom indemnification is sought (the "Indemnitor") of the existence of the claim or action. Indemnitor shall assume the defense of the claim or action by employing counsel for the Indemnitee, and shall thereafter be responsible for the payment of all legal fees and expenses incurred in connection with such defense. In the event that a claim or action is brought or asserted against Corporation and the Broker-Dealer, jointly, Corporation and the Broker-Dealer shall make a good faith effort determine whether the claim or action can be defended jointly or if potential conflicts exist which require that separate legal counsel be employed for Broker-Dealer and Corporation. In such case, if Corporation and the Broker-Dealer seek indemnification from the other, each shall employ separate counsel to represent them and shall be responsible for the payment of all expenses associated with employment of such counsel, subject to the right of recovery of such expenses as set forth below in this subparagraph (d). **If either Corporation or Broker-Dealer seek indemnification from the other under the provisions of this Section 7, and the party from whom indemnification is sought declines to assume defense of the action or claim, the party seeking indemnification shall have a right of recovery against the party from whom indemnification is sought for all losses, liabilities, damages and expenses incurred in the defense of the action or claim, including all actual attorneys' fees and costs incurred, in the event that the defense of the action or claim is successful and there are no findings of wrongdoing on the part of the party seeking indemnification.**

Section 8. Relief. The Broker-Dealer agrees that a breach or threatened breach on its part of any agreement contained in this Agreement will cause such damage to Corporation as will be irreparable, and, for that reason, the Broker-Dealer further agrees that Corporation shall be entitled as a matter of right to an injunction, by any court of competent jurisdiction, restraining any further violation of such covenants by the Broker-Dealer or its employees, partners, officers or agents. The right of injunction shall be cumulative and in addition to whatever other remedies Corporation may have, including, specifically, recovery of damages. The Broker-Dealer also agrees to pay reasonable attorney's fees incurred by Corporation in successfully proving that the Broker-Dealer breached any of the terms of this Agreement.

Section 9. Notices. All communications under this Agreement shall be in writing, and, if sent to you, shall be mailed, delivered or telegraphed and confirmed to you at the address initially set forth above or as changed by you in a written notice to Corporation, or if sent to Corporation, shall be mailed, delivered or telegraphed and confirmed to it at the address set out in the letterhead above.

Section 10. Parties. This Agreement shall inure to the benefit of, and be binding upon, you, any person which controls you, and your successors, and upon Corporation and its representatives and successors. This Agreement and its conditions and provisions are for the sole and exclusive benefit of the parties and their representatives and successors, and for the benefit of no other person, firm or corporation.

Section 11. Relationship of Parties. It is not the intention of the parties to create, nor shall this Agreement be construed as creating, a partnership, joint venture, agency relationship or association other than as specifically set forth herein, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this Agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship other than as specifically set forth herein but rather shall be free to act on an arm's length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

Section 12. Entire Agreement. This Agreement evidences the entire agreement between Corporation and the Broker-Dealer, and represents a merger of all preceding agreements between the parties hereto pertaining to the subject matter hereof.

Section 13. Severability of Provisions. If one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof and any application thereof shall in no way be affected or impaired.

Section 14. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without regard to conflicts of laws or principles thereof. Each of the parties hereto agrees irrevocably consents to the jurisdiction and venue of the federal and state courts located in Las Vegas, Nevada.

Section 15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us one copy of this Agreement, whereupon this instrument will become a binding agreement upon you and Corporation in accordance with its terms.

Very truly yours,

TRANS-PHARMA CORPORATION,
a Nevada Corporation

By: /s/ Juliet Singh, Ph.D.
Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

The foregoing Agreement is hereby confirmed and accepted as of the date first set out above.

GRANITE FINANCIAL GROUP, LLC

By: /s/ Dan Schreiber
Name: Dan Schreiber
Title:

Address: 12220 El Camino Real, Suite 400
San Diego, CA 92130

EXHIBIT 10.6

Trans-Pharma Corporation
4225 Executive Square, Suite 460
La Jolla, CA 92037

September 17, 2007

Mr. Wilson Williams
WFG Investments, Inc.
12221 Merit Drive, Suite 300
Dallas, Texas 75251

RE: Selling Agreement

Dear Mr. Williams:

The undersigned, Trans-Pharma Corporation, a Nevada corporation ("Corporation"), by this letter confirms its agreement (the "Agreement") with WFG Investments, Inc., a Texas Corporation (the "Broker-Dealer"), regarding the Broker-Dealer acting as a placement agent in connection with an offering of up to $5.0 million of units consisting of shares of common stock and warrants to purchase common stock (the "Units") under the terms set forth in those certain Subscription Agreements, in the form attached hereto as Exhibit A, and all exhibits and supplements thereto (the "Offering Materials") prepared by Corporation and delivered to you for distribution to the offerees. The Units are to be offered on a "Best Efforts, Minimum- Maximum" basis with respect to all Units. The Units will be offered and sold in accordance with 17 CFR 203.506 ("Rule 506"), promulgated under Regulation D of the Securities Act 1933, as amended.

Upon execution and delivery of subscription documents (the "Subscription Documents"), which shall be in the form of the Subscription Documents included in the Offering Materials, the subscribers for Units shall, upon acceptance thereof by Corporation (which acceptance shall be in Corporation's sole discretion), become Unit Holders pursuant to the terms set forth in the Offering Materials. The offering of the Units shall begin when the Offering Materials are first made available to you by Corporation and shall continue until the termination date, and through the end of any extension, unless the offering has been terminated as of any earlier time (the "Subscription Period").

Section 1. Appointment of Agent. On the basis of the representations, warranties and covenants contained in this Agreement, but subject to the terms and conditions herein set forth, you are hereby appointed as non-exclusive selling agent of Corporation for the Units offered under the Offering Materials. The appointment shall continue until the earliest of (i) 120 days from the date of this Agreement, or (ii) the termination of the Subscription Period, or (iii) the sale of all of the Units, or (iv) the termination of the offering of Units by Corporation for any reason, whichever occurs first. Subject to the performance by Corporation of all of its obligations under this Agreement, and to the completeness and accuracy of all of its representations and warranties contained in this Agreement, you agree to use your best efforts during the Subscription Period to find subscribers for the Units.

Section 2. Definitions. Certain terms used herein are defined in the Offering Materials and shall have the same meanings given therein.

Section 3. Representations, Warranties and Covenants of Corporation. Corporation represents, warrants and covenants, to the best of its knowledge, that:

a. Corporation is a corporation duly and validly organized and in good standing under the laws of the State of Nevada and has full power and authority to conduct the business described in the Offering Materials.

b. Corporation will deliver to you a reasonable number of copies of the Offering Materials, and the information made available to each offeree pursuant to subsection 3(i) hereof shall be sufficient to comply with, and conform to, the requirements of Rule 506.

c. All action required to be taken by Corporation to offer and sell the Units to qualified subscribers has been or will be taken.

d. Upon payment of the subscription amount specified in the Subscription Documents, acceptance by Corporation of the subscriptions from qualified subscribers (which acceptance shall be at the sole discretion of Corporation), and delivery by the subscribers for Units of such additional documents as may reasonably be required by Corporation, such subscribers will become Unit Holders.

e. During the Subscription Period, the Offering Materials will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not materially misleading.

f. This Agreement has been duly and validly authorized, executed, and delivered by or on behalf of Corporation and constitutes a valid and binding agreement of Corporation.

g. Execution by Corporation of a subscriber’s Subscription Documents will be duly and validly authorized by or on behalf of Corporation and will constitute a valid and binding agreement of Corporation.

h. The execution and delivery of this Agreement and the incurrence of the obligations set forth herein and the consummation of the transactions contemplated in this Agreement and the Offering Materials will not constitute a breach or default under:

(i) any instruments by which Corporation is bound; or

(ii) any order, rule or regulation (applicable to Corporation) issued by any court, governmental body or administrative agency having jurisdiction over Corporation.

i. Corporation shall make available, during the Subscription Period and prior to the sale of any Units, to each purchaser or his purchaser representative(s) or both:

(i) such information (in addition to that contained in the Offering Materials) concerning the offering of Units, Corporation, and any other relevant matters, as Corporation possesses or can acquire without unreasonable effort or expense; and

(ii) the opportunity to ask questions of, and receive answers from, Corporation concerning the terms and conditions of the offering of the Units, and to obtain any additional information, to the extent Corporation possesses the same or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information furnished to the purchaser or his purchaser representative(s).

j. With respect to those activities undertaken by it, Corporation has endeavored to ensure that the offering and sale of Units complies, in all respects, with the requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the securities or "blue sky" laws of any state or jurisdiction in which an offer and/or sale takes place.

k. There is no litigation or proceeding at law or in equity before any federal or state authority against Corporation wherein an unfavorable decision, ruling, or finding would materially and adversely affect the business, operations or financial condition or income of Corporation or any proposed Corporation investment, and neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor the fulfillment of or compliance with the terms hereof will conflict with, or result in a breach of, any of the terms, provisions, or conditions of any agreement or instrument to which Corporation is a party.

l. Corporation will endeavor in good faith to qualify, or assist you in qualifying, the Units for offer and sale, or to establish, or assist you in establishing, the exemption of the offer and sale of the Units from qualification or registration under the applicable securities or "blue sky" laws of such jurisdictions as you may reasonably designate, and will promptly notify you, orally or in writing (but if orally then prompt written confirmation shall be delivered to you), as each jurisdiction is so qualified or as an exemption from registration or qualification is established therein; provided, however, that Corporation shall not be obligated to do business or to qualify as a dealer in any jurisdiction in which it is not so qualified.

m. Corporation will pay all expenses in connection with the printing and delivery to you in reasonable quantities of copies of the Offering Materials and the qualification of the Units under the securities or "blue sky" laws.

n. As compensation for your services, Corporation will pay you a sales commission equal to (i) seven percent (7%) of the gross proceeds received by Corporation from the Units placed by you and (ii) three-year warrants to purchase a number of shares of common stock equal to three percent (3%) of the number of shares included within the Units placed by you.

o. If any event relating to or affecting Corporation shall occur during the Subscription Period, as a result of which it is necessary, in the opinion of your counsel and counsel to Corporation, to amend or supplement the Offering Materials so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, Corporation shall forthwith prepare and furnish to you a reasonable number of copies of an amendment or amendments of, or supplement or supplements to, the Offering Materials, which you shall promptly deliver to all offerees then being solicited. For purposes of this subsection o., Corporation will furnish such information with respect to Corporation as you may from time to time reasonably request.

p. Corporation will deliver to you such reports and documents as Corporation is required, under the terms of the Offering Materials or any document referred to therein, to furnish to its prospective investors.

Section 4. Representations, Warranties and Covenants of the Broker-Dealer. The Broker-Dealer represents, warrants and covenants, to the best of its knowledge, that:

a. It, or any person acting on its behalf, will not offer any of the Units for sale, or solicit any offers to subscribe for or buy any Units, or otherwise negotiate with any person with respect to the Units, on the basis of any communications or documents, except the Offering Materials, the information provided by Corporation pursuant to Section 3(i), or any other documents and any transmittal letter reasonably satisfactory in form and substance to Corporation and counsel to Corporation.

b. It, or any person acting on its behalf, shall not use any form of general solicitation or general advertising in the course of any offer or sale of the Units including, but not limited to:

(i) any advertisement, article, notice or other communication published in any newspaper, magazine, website, or similar media or broadcast over television or radio; and

(ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

c. It, or any person acting on its behalf, shall solely make offers to sell Units to, solicit offers to subscribe for or purchase any Units from, or otherwise negotiate with respect to the Units with, persons whom it has reasonable grounds to believe and does believe are "accredited investors" within the meaning of 17 CFR 230.501(a).

In making or soliciting such offers, or so negotiating, Broker-Dealer will comply with the provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the securities or "blue sky" laws of the jurisdiction in which it makes or solicits such offers, or so negotiates.

d. It will exercise reasonable care to assure that the purchasers are not underwriters within the meaning of Section 2(11) of the Securities Act of 1933, as amended. In that connection, it will:

(i) Make reasonable inquiry to determine that each purchaser is acquiring the Units for his own account; and

(ii) Obtain from the purchaser a signed written agreement (contained in the Subscription Documents) that the Units will not be sold without registration under the Securities Act of 1933, as amended, unless an opinion of counsel that an exemption therefrom is available, satisfactory in form and substance to Corporation or counsel, is delivered in accordance with such agreement.

e. It shall furnish Corporation with information in sufficient detail (in the form of the Investor Questionnaire, a copy of which is included in the Offering Materials), with respect to each purchaser of Units, in order to demonstrate to Corporation that such purchaser satisfies the requirements of Rule 506, as outlined in Section 4(c) above.

f. If a prospective purchaser uses or consults a purchaser representative (as that term is defined in 17 CFR 230.501(h)) in connection with the offering of the Units, it will obtain and deliver to Corporation, prior to the closing of the offering of the Units, the prospective purchaser's written acknowledgment that he has used such person(s) in connection with evaluating the merits and risks of the prospective investment and such representative's written consent so to act, as well as a description of the education and experience of such representative(s).

g. It will offer and sell the Units only in those jurisdictions in which it, or any other person or entity acting in its behalf, is properly registered, and it will comply with all laws, rules and regulations related to its activities on behalf of Corporation pursuant to this Agreement.

h. It is a securities broker-dealer registered and in good standing with the Securities and Exchange Commission and is a member of the NASD.

i. This Agreement has been duly and validly authorized, executed, and delivered by or on behalf of the Broker-Dealer and constitutes a valid and binding agreement of the Broker-Dealer.

Section 5. Conditions of the Obligations of Corporation. The obligations of Corporation under this Agreement are subject to the accuracy of and compliance with your representations, warranties and covenants set forth in Section 4, and to the performance by you of your obligations hereunder.

Section 6. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements by either Corporation or Broker-Dealer contained in this Agreement shall remain operative and in full force and effect, and shall survive the closing of the offering of the Units. Upon termination of this Agreement, Corporation shall have no further obligations to Broker-Dealer other than with respect to fees payable to Broker-Dealer as provided herein.

Section 7. Indemnification.

(a) Corporation agrees to indemnify, defend and hold Broker-Dealer harmless against any and all loss, liability, damage and expense whatsoever, whether or not resulting in any liability, that may be incurred under applicable securities laws, at common law, or otherwise and which is based upon or arises out of:

(1) any untrue statement or alleged untrue statement of a material fact contained in the Offering Materials or the omission or alleged omission from the Offering Materials of a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(2) the offer and/or sale by Corporation, or anyone acting on its behalf, of Units (unless due to the bad faith or gross negligence of the Broker-Dealer); or

(3) any breach of any representation, warranty or covenant made by Corporation in this Agreement.

(b) The Broker-Dealer agrees to indemnify, defend and hold Corporation and its officers, directors, shareholders and agents harmless against any and all loss, liability, damage and expense whatsoever, whether or not resulting in any liability, that may be incurred under applicable securities laws, at common law, or otherwise and which is based upon or arises out of:

(1) any violation by Broker-Dealer or its agents of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any state securities statutes, unless such violation is attributable to actions, misrepresentations or omissions of Corporation; or

(2) any breach of any representation, warranty or covenant made by Broker-Dealer in this Agreement.

(c) In any legal or regulatory action or claim brought against Corporation or Broker-Dealer or their agents, Corporation and the Broker-Dealer shall have the rights and duties set forth in this Section 7. The indemnification provisions included in this Section 7 shall include, but not be limited to, recovery of and payment of reasonable legal or other expenses incurred by Broker-Dealer or Corporation in connection with defending such actions and claims.

(d) Within fourteen (14) calendar days after a claim or action is brought or asserted against Corporation or the Broker-Dealer or both, which in the opinion of either is subject to the indemnification provisions contained in this Section 7, the party seeking indemnification (the "Indemnitee") shall notify, in writing, the party from whom indemnification is sought (the "Indemnitor") of the existence of the claim or action. Indemnitor shall assume the defense of the claim or action by employing counsel for the Indemnitee, and shall thereafter be responsible for the payment of all legal fees and expenses incurred in connection with such defense. In the event that a claim or action is brought or asserted against Corporation and the Broker-Dealer, jointly, Corporation and the Broker-Dealer shall make a good faith effort determine whether the claim or action can be defended jointly or if potential conflicts exist which require that separate legal counsel be employed for Broker-Dealer and Corporation. In such case, if Corporation and the Broker-Dealer seek indemnification from the other, each shall employ separate counsel to represent them and shall be responsible for the payment of all expenses associated with employment of such counsel, subject to the right of recovery of such expenses as set forth below in this subparagraph (d). **If either Corporation or Broker-Dealer seek indemnification from the other under the provisions of this Section 7, and the party from whom indemnification is sought declines to assume defense of the action or claim, the party seeking indemnification shall have a right of recovery against the party from whom indemnification is sought for all losses, liabilities, damages and expenses incurred in the defense of the action or claim, including all actual attorneys' fees and costs incurred, in the event that the defense of the action or claim is successful and there are no findings of wrongdoing on the part of the party seeking indemnification.**

Section 8. Relief. The Broker-Dealer agrees that a breach or threatened breach on its part of any agreement contained in this Agreement will cause such damage to Corporation as will be irreparable, and, for that reason, the Broker-Dealer further agrees that Corporation shall be entitled as a matter of right to an injunction, by any court of competent jurisdiction, restraining any further violation of such covenants by the Broker-Dealer or its employees, partners, officers or agents. The right of injunction shall be cumulative and in addition to whatever other remedies Corporation may have, including, specifically, recovery of damages. The Broker-Dealer also agrees to pay reasonable attorney's fees incurred by Corporation in successfully proving that the Broker-Dealer breached any of the terms of this Agreement.

Section 9. Notices. All communications under this Agreement shall be in writing, and, if sent to you, shall be mailed, delivered or telegraphed and confirmed to you at the address initially set forth above or as changed by you in a written notice to Corporation, or if sent to Corporation, shall be mailed, delivered or telegraphed and confirmed to it at the address set out in the letterhead above.

Section 10. Parties. This Agreement shall inure to the benefit of, and be binding upon, you, any person which controls you, and your successors, and upon Corporation and its representatives and successors. This Agreement and its conditions and provisions are for the sole and exclusive benefit of the parties and their representatives and successors, and for the benefit of no other person, firm or corporation.

Section 11. Relationship of Parties. It is not the intention of the parties to create, nor shall this Agreement be construed as creating, a partnership, joint venture, agency relationship or association other than as specifically set forth herein, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this Agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship other than as specifically set forth herein but rather shall be free to act on an arm's length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

Section 12. Entire Agreement. This Agreement evidences the entire agreement between Corporation and the Broker-Dealer, and represents a merger of all preceding agreements between the parties hereto pertaining to the subject matter hereof.

Section 13. Severability of Provisions. If one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof and any application thereof shall in no way be affected or impaired.

Section 14. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without regard to conflicts of laws or principles thereof. Each of the parties hereto agrees irrevocably consents to the jurisdiction and venue of the federal and state courts located in Las Vegas, Nevada.

Section 15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us one copy of this Agreement, whereupon this instrument will become a binding agreement upon you and Corporation in accordance with its terms.

Very truly yours,

TRANS-PHARMA CORPORATION,
a Nevada Corporation

By: /s/ Juliet Singh, Ph.D.
Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

The foregoing Agreement is hereby confirmed and accepted as of the date first set out above.

WFG INVESTMENTS, INC.

By: /s/ Wilson Williams
Wilson Williams, President

Address: 12221 Merit Drive, Suite 300
Dallas, Texas 75251

EXHIBIT 10.7

Trans-Pharma Corporation
4225 Executive Square, Suite 460
La Jolla, CA 92037

September 17, 2007

Mr. Joel Padowitz, Chief Executive Officer
Palladium Capital Advisors, LLC
230 Park Avenue
Suite 539
New York, NY 10169

RE: Selling Agreement

Dear Mr. Padowitz:

The undersigned, Trans-Pharma Corporation, a Nevada corporation ("Corporation"), by this letter confirms its agreement (the "Agreement") with Palladium Capital Advisors, LLC (the "Broker-Dealer" or “you”), regarding the Broker-Dealer acting as a placement agent in connection with an offering of up to $5.0 million of units consisting of shares of common stock and warrants to purchase common stock (the "Units") under the terms set forth in those certain Subscription Agreements, in the form attached hereto as Exhibit A, and all exhibits and supplements thereto (the "Offering Materials") prepared by Corporation and delivered to you for distribution to the offerees. The Units are to be offered on a "Best Efforts, Minimum- Maximum" basis with respect to all Units. The Units will be offered and sold in accordance with 17 CFR 203.506 ("Rule 506"), promulgated under Regulation D of the Securities Act 1933, as amended.

Upon execution and delivery of subscription documents (the "Subscription Documents"), which shall be in the form of the Subscription Documents included in the Offering Materials, the subscribers for Units shall, upon acceptance thereof by Corporation (which acceptance shall be in Corporation’s sole discretion), become Unit Holders pursuant to the terms set forth in the Offering Materials. The offering of the Units shall begin when the Offering Materials are first made available to you by Corporation and shall continue until the termination date, and through the end of any extension, unless the offering has been terminated as of any earlier time (the "Subscription Period").

Section 1. Appointment of Agent. On the basis of the representations, warranties and covenants contained in this Agreement, but subject to the terms and conditions herein set forth, you are hereby appointed as non-exclusive selling agent of Corporation for the Units offered under the Offering Materials. The appointment shall continue until the earliest of (i) 120 days from the date of this Agreement, or (ii) the termination of the Subscription Period, or (iii) the sale of all of the Units, or (iv) the termination of the offering of Units by Corporation for any reason, whichever occurs first. Subject to the performance by Corporation of all of its obligations under this Agreement, and to the completeness and accuracy of all of its representations and warranties contained in this Agreement, you agree to use your best efforts during the Subscription Period to find subscribers for the Units.

Section 2. Definitions. Certain terms used herein are defined in the Offering Materials and shall have the same meanings given therein.

Section 3. Representations, Warranties and Covenants of Corporation. Corporation represents, warrants and covenants, to the best of its knowledge, that:

a. Corporation is a corporation duly and validly organized and in good standing under the laws of the State of Nevada and has full power and authority to conduct the business described in the Offering Materials.

b. Corporation will deliver to you a reasonable number of copies of the Offering Materials, and the information made available to each offeree pursuant to subsection 3(i) hereof shall be sufficient to comply with, and conform to, the requirements of Rule 506.

c. All action required to be taken by Corporation to offer and sell the Units to qualified subscribers has been or will be taken.

d. Upon payment of the subscription amount specified in the Subscription Documents, acceptance by Corporation of the subscriptions from qualified subscribers (which acceptance shall be at the sole discretion of Corporation), and delivery by the subscribers for Units of such additional documents as may reasonably be required by Corporation, such subscribers will become Unit Holders.

e. All information and financial statements provided to potential purchasers describing Corporation, the transaction contemplated hereunder and/or Corporation's business, operations, assets, liabilities and receivables, including but not limited to the Offering Materials (collectively, the "Materials"), will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not materially misleading. Corporation acknowledges and agrees that you will be using, and relying upon, Corporation to furnish you with the Materials, and you will be using, and relying upon, such Materials supplied by Corporation, its officers, agents, and others and any other publicly available information without any independent investigation or verification thereof or independent appraisal by you of Corporation or its business or assets. You do not assume responsibility for the accuracy or completeness of the Materials, including but not limited to any disclosure materials related to the transaction contemplated hereunder. Corporation shall keep you fully informed of any events that might have a material effect on the financial condition of Corporation.

f. This Agreement has been duly and validly authorized, executed, and delivered by or on behalf of Corporation and constitutes a valid and binding agreement of Corporation.

g. Execution by Corporation of a subscriber's Subscription Documents will be duly and validly authorized by or on behalf of Corporation and will constitute a valid and binding agreement of Corporation.

h. The execution and delivery of this Agreement and the incurrence of the obligations set forth herein and the consummation of the transactions contemplated in this Agreement and the Offering Materials will not constitute a breach or default under:

(i) any instruments by which Corporation is bound; or

(ii) any order, rule or regulation (applicable to Corporation) issued by any court, governmental body or administrative agency having jurisdiction over Corporation.

i. Corporation shall make available, during the Subscription Period and prior to the sale of any Units, to each purchaser or his purchaser representative(s) or both:

(i) such information (in addition to that contained in the Offering Materials) concerning the offering of Units, Corporation, and any other relevant matters, as Corporation possesses or can acquire without unreasonable effort or expense; and

(ii) the opportunity to ask questions of, and receive answers from, Corporation concerning the terms and conditions of the offering of the Units, and to obtain any additional information, to the extent Corporation possesses the same or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information furnished to the purchaser or his purchaser representative(s).

j. With respect to those activities undertaken by it, Corporation has endeavored to ensure that the offering and sale of Units complies, in all respects, with the requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the securities or "blue sky" laws of any state or jurisdiction in which an offer and/or sale takes place.

k. There is no litigation or proceeding at law or in equity before any federal or state authority against Corporation wherein an unfavorable decision, ruling, or finding would materially and adversely affect the business, operations or financial condition or income of Corporation or any proposed Corporation investment, and neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor the fulfillment of or compliance with the terms hereof will conflict with, or result in a breach of, any of the terms, provisions, or conditions of any agreement or instrument to which Corporation is a party.

l. Corporation will endeavor in good faith to qualify, or assist you in qualifying, the Units for offer and sale, or to establish, or assist you in establishing, the exemption of the offer and sale of the Units from qualification or registration under the applicable securities or "blue sky" laws of such jurisdictions as you may reasonably designate, and will promptly notify you, orally or in writing (but if orally then prompt written confirmation shall be delivered to you), as each jurisdiction is so qualified or as an exemption from registration or qualification is established therein; provided, however, that Corporation shall not be obligated to do business or to qualify as a dealer in any jurisdiction in which it is not so qualified.

m. Corporation will pay all expenses in connection with the printing and delivery to you in reasonable quantities of copies of the Offering Materials and the qualification of the Units under the securities or "blue sky" laws.

n. As compensation for your services, Corporation will pay you a sales commission equal to (i) seven percent (7%) of the gross proceeds received by Corporation from the Units placed by you (the “Cash Fee”) and (ii) three-year warrants to purchase a number of shares of common stock equal to three percent (3%) of the number of shares included within the Units placed by you; provided, however, that immediately prior to each closing of the offering of the Units you shall subscribe for that number of Units equal in value to the Cash Fee payable to you with respect to such closing and acknowledge that you will not be entitled to any sales commissions with respect to Units purchased by you using any portion of the Cash Fee pursuant to this Section 3(n).

o. If at any time prior to the completion of a transaction an event occurs which would cause the Materials (as supplemented or amended) to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, Corporation will notify you immediately of such event. If any event relating to or affecting Corporation shall occur during the Subscription Period, as a result of which it is necessary, in the opinion of your counsel and counsel to Corporation, to amend or supplement the Offering Materials so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, Corporation shall forthwith prepare and furnish to you a reasonable number of copies of an amendment or amendments of, or supplement or supplements to, the Offering Materials, which you shall promptly deliver to all offerees then being solicited. For purposes of this subsection o., Corporation will furnish such information with respect to Corporation as you may from time to time reasonably request.

p. Corporation will deliver to you such reports and documents as Corporation is required, under the terms of the Offering Materials or any document referred to therein, to furnish to its prospective investors.

Section 4. Representations, Warranties and Covenants of the Broker-Dealer. The Broker-Dealer represents, warrants and covenants, to the best of its knowledge, that:

a. It, or any person acting on its behalf, will not offer any of the Units for sale, or solicit any offers to subscribe for or buy any Units, or otherwise negotiate with any person with respect to the Units, on the basis of any communications or documents, except the Offering Materials, the information provided by Corporation pursuant to Section 3(i), or any other documents and any transmittal letter reasonably satisfactory in form and substance to Corporation and counsel to Corporation.

b. It, or any person acting on its behalf, shall not use any form of general solicitation or general advertising in the course of any offer or sale of the Units including, but not limited to:

(i) any advertisement, article, notice or other communication published in any newspaper, magazine, website, or similar media or broadcast over television or radio; and

(ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

c. It, or any person acting on its behalf, shall solely make offers to sell Units to, solicit offers to subscribe for or purchase any Units from, or otherwise negotiate with respect to the Units with, persons whom it has reasonable grounds to believe and does believe are "accredited investors" within the meaning of 17 CFR 230.501(a).

In making or soliciting such offers, or so negotiating, Broker-Dealer will comply with the provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the securities or "blue sky" laws of the jurisdiction in which it makes or solicits such offers, or so negotiates.

d. It will exercise reasonable care to assure that the purchasers are not underwriters within the meaning of Section 2(11) of the Securities Act of 1933, as amended. In that connection, it will:

(i) Make reasonable inquiry to determine that each purchaser is acquiring the Units for his own account; and

(ii) Assist Corporation to obtain from the purchaser a signed written agreement (contained in the Subscription Documents) that the Units will not be sold without registration under the Securities Act of 1933, as amended, unless an opinion of counsel that an exemption therefrom is available, satisfactory in form and substance to Corporation or counsel, is delivered in accordance with such agreement.

e. It will assist Corporation to have the purchaser(s) furnish Corporation with information in sufficient detail (in the form of the Investor Questionnaire, a copy of which is included in the Offering Materials), with respect to each purchaser of Units, in order to demonstrate to Corporation that such purchaser satisfies the requirements of Rule 506, as outlined in Section 4(c) above.

f. If a prospective purchaser uses or consults a purchaser representative (as that term is defined in 17 CFR 230.501(h)) in connection with the offering of the Units, it will assist Corporation to obtain from the prospective purchaser, prior to the closing of the offering of the Units, the prospective purchaser's written acknowledgment that he has used such person(s) in connection with evaluating the merits and risks of the prospective investment and such representative's written consent so to act, as well as a description of the education and experience of such representative(s).

g. It will offer and sell the Units only in those jurisdictions in which it, or any other person or entity acting in its behalf, is properly registered, and it will comply with all laws, rules and regulations related to its activities on behalf of Corporation pursuant to this Agreement.

h. It is a securities broker-dealer registered and in good standing with the Securities and Exchange Commission and is a member of the NASD.

i. This Agreement has been duly and validly authorized, executed, and delivered by or on behalf of the Broker-Dealer and constitutes a valid and binding agreement of the Broker-Dealer.

Section 5. Conditions of the Obligations of Corporation. The obligations of Corporation to pay fees or issue warrants under this Agreement are subject to the accuracy of and compliance with your representations, warranties and covenants set forth in Section 4, and to the performance by you of your obligations hereunder.

Section 6. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements by either Corporation or Broker-Dealer contained in this Agreement shall remain operative and in full force and effect, and shall survive the closing of the offering of the Units. Upon termination of this Agreement, Corporation shall have no further obligations to Broker-Dealer other than with respect to fees payable to Broker-Dealer as provided herein and the provisions of indemnification set forth in Annex A, which shall survive the termination or expiration of this Agreement.

Section 7. Indemnification.

(a) Corporation agrees to provide indemnification as set forth in Annex A attached hereto and made a part hereof.

(b) The Broker-Dealer agrees to indemnify, defend and hold Corporation and its officers, directors, shareholders and agents harmless against any and all loss, liability, damage and expense whatsoever, in an amount up to but in no event exceeding the Cash Fee actually received by to the Broker-Dealer hereunder, whether or not resulting in any liability, that may be incurred under applicable securities laws, at common law, or otherwise and which is based upon or arises out of:

(1) any violation by Broker-Dealer or its agents of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any state securities statutes, unless such violation is attributable to actions, misrepresentations or omissions of Corporation; or

(2) any breach of any representation, warranty or covenant made by Broker-Dealer in this Agreement.

Section 8. Relief. The Broker-Dealer agrees that a breach or threatened breach on its part of any agreement contained in this Agreement will cause such damage to Corporation as will be irreparable, and, for that reason, the Broker-Dealer further agrees that Corporation shall be entitled as a matter of right to an injunction, by any court of competent jurisdiction, restraining any further violation of such covenants by the Broker-Dealer or its employees, partners, officers or agents. The right of injunction shall be cumulative and in addition to whatever other remedies Corporation may have, including, specifically, recovery of damages. The Broker-Dealer also agrees to pay reasonable attorney's fees incurred by Corporation in successfully proving that the Broker-Dealer breached any of the terms of this Agreement.

Section 9. Notices. All communications under this Agreement shall be in writing, and, if sent to you, shall be mailed, delivered or telegraphed and confirmed to you at the address initially set forth above or as changed by you in a written notice to Corporation, or if sent to Corporation, shall be mailed, delivered or telegraphed and confirmed to it at the address set out in the letterhead above.

Section 10. Parties. This Agreement shall inure to the benefit of, and be binding upon, you, any person which controls you, and your successors, and upon Corporation and its representatives and successors. This Agreement and its conditions and provisions are for the sole and exclusive benefit of the parties and their representatives and successors, and for the benefit of no other person, firm or corporation.

Section 11. Relationship of Parties. It is not the intention of the parties to create, nor shall this Agreement be construed as creating, a partnership, joint venture, agency relationship or association other than as specifically set forth herein, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this Agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship other than as specifically set forth herein but rather shall be free to act on an arm's length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

Section 12. Entire Agreement. This Agreement evidences the entire agreement between Corporation and the Broker-Dealer, and represents a merger of all preceding agreements between the parties hereto pertaining to the subject matter hereof.

Section 13. Severability of Provisions. If one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof and any application thereof shall in no way be affected or impaired.

Section 14. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without regard to conflicts of laws or principles thereof. Each of the parties hereto agrees irrevocably consents to the jurisdiction and venue of the federal and state courts located in Las Vegas, Nevada.

Section 15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 16. Publication. Upon a closing of a transaction contemplated hereunder, you may place advertisements in financial and other newspapers and journals (whether in print or on the internet), and publicize on your own website and/or marketing materials, at your own expense, describing your services to Corporation hereunder with the Corporation's prior written consent .

[SIGNATURE PAGE AND ANNEX A FOLLOW]

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us one copy of this Agreement, whereupon this instrument will become a binding agreement upon you and Corporation in accordance with its terms.

Very truly yours,

TRANS-PHARMA CORPORATION,
a Nevada Corporation

By: /s/ Juliet Singh, Ph.D.
Name: Juliet Singh, Ph.D.
Title: Chief Executive Officer

The foregoing Agreement is hereby confirmed and accepted as of the date first set out above.

PALLADIUM CAPITAL ADVISORS, LLC

By: /s/ Joel Padowitz
Name: Joel Padowitz
Title: Chief Executive Officer

Address: 230 Park Avenue, Suite 539
New York, NY 10169

Annex A

Indemnification Provisions

Corporation agrees that it will indemnify and hold harmless the Broker-Dealer, its affiliates, and their respective directors, members, officers, employees, agents, representatives and controlling persons (collectively the "Broker-Dealer" and each such entity or person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint or several, as incurred, to which such Indemnified Party may become subject, and related to or arising out of the engagement of the Broker-Dealer hereunder, the activities performed or omitted by or on behalf of an Indemnified Party pursuant to this Agreement, the transactions contemplated thereby or the Broker-Dealer's role in connection therewith; *provided* that Corporation will not be liable to the extent that any loss, claim, damage or liability is found in a final judgment (not subject to further appeal) by a court to have resulted primarily from actions taken or omitted to be taken by the Broker-Dealer in bad faith or from the Broker-Dealer's gross negligence or willful misconduct in performing the services described above. Corporation also agrees to reimburse any Indemnified Party for all expenses (including reasonable counsel fees and disbursements) as they are incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim, or any action, investigation, suit or proceeding arising therefrom, whether or not such Indemnified Party is a party, whether or not liability resulted and whether or not such claim, action or proceeding is initiated or brought by or on behalf of Corporation. Corporation also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to Corporation or its security holders or creditors related to or arising out of the engagement of the Broker-Dealer pursuant to, or the performance by the Broker-Dealer of the services contemplated by, this Agreement except to the extent that any loss, claim, damage or liability is found in a final judgment (not subject to further appeal) by a court to have resulted primarily from actions taken or omitted to be taken by the Broker-Dealer in bad faith or from the Broker-Dealer's gross negligence or willful misconduct.

If the indemnification provided for in this Agreement is for any reason held unenforceable, Corporation agrees to contribute to the losses, claims, damages and liabilities, as incurred by any Indemnified Person, for which such indemnification is held unenforceable in such proportion as is appropriate to reflect the relative benefits to Corporation, on the one hand, and the Broker-Dealer, on the other hand, of the transaction contemplated hereby (whether or not the transaction is consummated). Corporation agrees that for the purposes of this paragraph the relative benefits to Corporation and the Broker-Dealer of the transaction shall be deemed to be in the same proportion that the total value of the transaction or contemplated transaction by Corporation as a result of or in connection with the proposed transaction bears to the fee paid or to be paid to the Broker-Dealer under this Agreement; *provided* that, to the extent permitted by applicable law, in no event shall the Indemnified Parties be required to contribute an aggregate amount in excess of the aggregate fees actually paid to the Broker-Dealer under this Agreement.

Promptly after receipt by an Indemnified Party of notice of any claim or the commencement of any action, suit or proceeding with respect to which an Indemnified Party may be entitled to indemnity hereunder, such Indemnified Party will notify Corporation in writing of such claim or of the commencement of such action or proceeding, and Corporation will assume the defense of such action, suit or proceeding and will employ counsel satisfactory to the Indemnified Parties and will pay the fees and disbursements of such counsel, as incurred. Notwithstanding the preceding sentence, any Indemnified Party will be entitled to employ counsel separate from counsel for Corporation and from any other party in such action, which counsel shall be approved by the Corporation, which approval shall not be unreasonably withheld or delayed, if such Indemnified Party reasonably determines that a conflict of interest exists which makes representation by counsel chosen by Corporation not advisable or if such Indemnified Party reasonably determines that Corporation's assumption of the defense does not adequately represent its interest. In such event, the fees and disbursements of such separate counsel will be paid by Corporation. Notwithstanding anything herein to the contrary, in no event shall Corporation be liable for the fees and disbursements of more than one counsel (in addition to local counsel) for all Indemnified Parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

Corporation agrees that, without the Broker-Dealer's prior written consent, it will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provision of this Agreement (whether or not the Broker-Dealer or any other Indemnified Party is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding. The Broker-Dealer agrees that, without Corporation's prior written consent, it will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provision of this Agreement (whether or not Corporation is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding.

In the event any Indemnified Party is requested or required to appear as a witness in any action, suit or proceeding brought by or on behalf of or against Corporation or any affiliate or any participant in a transaction covered hereby in which such Indemnified Party is not named as a defendant, Corporation agrees to reimburse the Broker-Dealer and such Indemnified Party for all reasonable disbursements incurred by them in connection with such Indemnified Party's appearing and preparing to appear as a witness, including, without limitation, the reasonable fees and disbursements of their legal counsel, and to compensate the Broker-Dealer and such Indemnified Party in an amount to be mutually agreed upon.

In the event that any amounts due under these indemnification provisions contained in this Annex A are not paid within thirty days after written notice of such event giving rise to the indemnification obligations, such amounts shall bear interest at a rate of 1.5% per month or at the highest rate permitted under the laws of the State of Nevada, whichever rate is lower.

The provisions of Annex A shall be in addition to any liability which Corporation may otherwise have. These provisions shall be governed by the law of the State of Nevada and shall be operative, in full force and in full effect, regardless of any termination or expiration of this agreement.

PALLADIUM CAPITAL ADVISORS, LLC	TRANS-PHARMA CORPORATION
By: /s/ Joel Padowitz	By: /s/ Juliet Singh, Ph.D.
Joel Padowitz	Juliet Singh, Ph.D.
Chief Executive Officer	Chief Executive Officer

EXHIBIT 10.8

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of September __, 2007, is made by and between Transdel Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and _____ (the "Indemnitee").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors, officers or agents of corporations unless they are protected by comprehensive liability insurance or indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors, officers and other agents.

B. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors, officers and agents with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take.

C. Plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors, officers and other agents.

D. The Company believes that it is unfair for its directors, officers and agents and the directors, officers and agents of its subsidiaries to assume the risk of huge judgments and other expenses which may occur in cases in which the director, officer or agent received no personal profit and in cases where the director, officer or agent was not culpable.

E. The Company recognizes that the issues in controversy in litigation against a director, officer or agent of a corporation such as the Company or its subsidiaries are often related to the knowledge, motives and intent of such director, officer or agent, that he is usually the only witness with knowledge of the essential facts and exculpating circumstances regarding such matters, and that the long period of time which usually elapses before the trial or other disposition of such litigation often extends beyond the time that the director, officer or agent can reasonably recall such matters; and may extend beyond the normal time for retirement for such director, officer or agent with the result that he, after retirement or in the event of his death, his spouse, heirs, executors or administrators, may be faced with limited ability and undue hardship in maintaining an adequate defense, which may discourage such a director, officer or agent from serving in that position.

F. Based upon their experience as business managers, the Board of Directors of the Company (the "Board") has concluded that, to retain and attract talented and experienced individuals to serve as directors, officers and agents of the Company and its subsidiaries and to encourage such individuals to take the business risks necessary for the success of the Company and its subsidiaries, it is necessary for the Company to contractually indemnify its directors, officers and agents and the directors, officers and agents of its subsidiaries, and to assume for itself maximum liability for expenses and damages in connection with claims against such directors, officers and agents in connection with their service to the Company and its subsidiaries, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its subsidiaries and the Company's stockholders.

G. Section 145 of the General Corporation Law of Delaware, under which the Company is organized ("Section 145"), empowers the Company to indemnify its directors, officers, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive.

H. The Company desires and has requested the Indemnitee to serve or continue to serve as a director, officer or agent of the Company and/or one or more subsidiaries of the Company free from undue concern for claims for damages arising out of or related to such services to the Company and/or one or more subsidiaries of the Company.

I. Indemnitee is willing to serve, or to continue to serve, the Company and/or one or more subsidiaries of the Company, provided that he is furnished the indemnity provided for herein.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Agent. For the purposes of this Agreement, "agent" of the Company means any person who is or was a director, officer, employee or other agent of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or was a director, officer, employee or agent of another enterprise at the request of, for the convenience of, or to represent the interests of such predecessor corporation.

(b) Expenses. For purposes of this Agreement, "expenses" include all out-of-pocket costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements), actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement or Section 145 or otherwise; provided, however, that "expenses" shall not include any judgments.

(c) Proceeding. For the purposes of this Agreement, "proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, or investigative.

(d) Subsidiary. For purposes of this Agreement, "subsidiary" means any corporation of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more other subsidiaries, or by one or more other subsidiaries.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company, so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as he tenders his resignation in writing; provided, however, that nothing contained in this Agreement is intended to create any right to continued employment by Indemnitee.

3. Liability Insurance.

(a) Maintenance of D&O Insurance. The Company hereby covenants and agrees that, so long as the Indemnitee shall continue to serve as an agent of the Company and thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that the Indemnitee was an agent of the Company, the Company, subject to Section 3(c), shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") in reasonable amounts from established and reputable insurers.

(b) Rights and Benefits. In all policies of D&O Insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director; or of the Company's officers, if the Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, if the Indemnitee is not a director or officer but is a key employee.

(c) Limitation on Required Maintenance of D&O Insurance. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company.

4. Mandatory Indemnification. Subject to Section 8 below, the Company shall indemnify the Indemnitee as follows:

(a) Successful Defense. To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding (including, without limitation, an action by or in the right of the Company) to which the Indemnitee was a party by reason of the fact that he is or was an agent of the Company at any time, against all expenses of any type whatsoever actually and reasonably incurred by him in connection with the investigation, defense or appeal of such proceeding.

(b) Third Party Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(c) Derivative Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement, or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders; except that no indemnification under this subsection 4(c) shall be made in respect to any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction unless and only to the extent that the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the court shall deem proper.

(d) Actions where Indemnitee is Deceased. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, and if prior to, during the pendency or after completion of such proceeding Indemnitee becomes deceased, the Company shall indemnify the Indemnitee's heirs, executors and administrators against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred to the extent Indemnitee would have been entitled to indemnification pursuant to Sections 4(a), 4(b), or 4(c) above were Indemnitee still alive.

(e) Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) for which payment is actually made to or on behalf of Indemnitee under a valid and collectible insurance policy of D&O Insurance, or under a valid and enforceable indemnity clause, by-law or agreement.

5. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a proceeding, but not entitled, however, to indemnification for all of the total amount hereof, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion hereof to which the Indemnitee is not entitled.

6. Mandatory Advancement of Expenses. Subject to Section 8(a) below, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall be determined ultimately that the Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to the Indemnitee within twenty (20) days following delivery of a written request therefor by the Indemnitee to the Company. In the event that the Company fails to pay expenses as incurred by the Indemnitee as required by this paragraph, Indemnitee may seek mandatory injunctive relief from any court having jurisdiction to require the Company to pay expenses as set forth in this paragraph. If Indemnitee seeks mandatory injunctive relief pursuant to this paragraph, it shall not be a defense to enforcement of the Company's obligations set forth in this paragraph that Indemnitee has an adequate remedy at law for damages.

7. Notice and Other Indemnification Procedures.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof.

(b) If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7(a) hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event the Company shall be obligated to pay the expenses of any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding, provided that (i) the Indemnitee shall have the right to employ his counsel in any such proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company, (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

8. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Claims Initiated by Indemnitee. To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the General Corporation Law of Delaware or (iv) the proceeding is brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145;

(b) Lack of Good Faith. To indemnify the Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by the Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous; or

(c) Unauthorized Settlements. To indemnify the Indemnitee under this Agreement for any amounts paid in settlement of a proceeding unless the Company consents to such settlement, which consent shall not be unreasonably withheld.

9. Non-exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to action in his official capacity and to action in another capacity while occupying his position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

10. Enforcement. Any right to indemnification or advances granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. Indemnitee, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under this Agreement (other than an action brought to enforce a claim for expenses pursuant to Section 6 hereof, provided that the required undertaking has been tendered to the Company) that Indemnitee is not entitled to indemnification because of the limitations set forth in Sections 4 and 8 hereof. Neither the failure of the Corporation (including its Board of Directors or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including its Board of Directors or its stockholders) that such indemnification is improper, shall be a defense to the action or create a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise.

11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

12. Survival of Rights.

(a) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an agent of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Indemnitee was serving in the capacity referred to herein.

(b) The Company shall require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

13. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to the Indemnitee to the fullest extent permitted by law including those circumstances in which indemnification would otherwise be discretionary.

14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 13 hereof.

15. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

17. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

COMPANY:
Transdel Pharmaceuticals, Inc.

By: _____
Name: _____
Title: _____

INDEMNITEE:

_____
Address: _____
_____

EXHIBIT 10.9

ASSIGNMENT OF EMPLOYMENT AGREEMENT

ASSIGNMENT OF EMPLOYMENT AGREEMENT (this "Agreement"), dated as of September 17, 2007, by and among Trans-Pharma Corporation, a Nevada corporation ("Trans-Pharma"), Transdel Pharmaceuticals, Inc., a Delaware corporation ("Transdel"), and Juliet Singh, PhD ("Executive").

WHEREAS, Trans-Pharma and Executive have entered into that certain Employment Agreement, dated as of June 27, 2007 (the "Employment Agreement");

WHEREAS, Trans-Pharma and Executive wish to assign Trans-Pharma's obligations, right, title, interest in, to and under the Employment Agreement to Transdel and Transdel agrees to assume and accept such assignments and Executive consents to such assignment.

NOW THEREFORE, Trans-Pharma, Transdel and Executive agree as follows:

1. Assignment and Assumption. Trans-Pharma does hereby assign (the "Assignment") unto Transdel all of its obligations, right, title, interest in, to and under the Employment Agreement. Each of the undersigned consents to the Assignment.

2. Ratification. Except as assigned hereby, nothing herein contained shall otherwise modify, reduce, amend or otherwise supplement the terms and provisions of the Employment Agreement, which shall remain in full force and effect in accordance with its terms.

3. Governing Law. This Agreement shall be governed by, and be construed in accordance with, the laws of the State of California.

4. Counterparts. This Agreement may be executed in one or more counterparts and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but both of which together shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Trans-Pharma, Transdel, and Executive have executed this Agreement as of the date first written above.

Trans-Pharma Corporation

By: /s/ Juliet Singh, Ph.D.
Name: Juliet Singh, PhD
Title: Chief Executive Officer

Transdel Pharmaceuticals, Inc.

By: /s/ John T. Lomoro
Name: John T. Lomoro
Title: Chief Financial Officer

Executive:

/s/ Juliet Singh, Ph.D.
Juliet Singh, PhD

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made effective as of June 27, 2007 ("Effective Date"), by and between Trans-Pharma Corporation ("Company") and Dr. Juliet Singh ("Executive").

PRELIMINARY STATEMENT

A. WHEREAS, The Company and the Executive desire to enter into this Agreement to provide for Executive's employment by the Company, upon the terms and conditions set forth herein.

The parties hereby agree as follows:

1. Duties.

1.1. Position. Executive shall serve as Chief Executive Officer and President, and serve on the Company Board of Directors, and shall have the duties and responsibilities incident to such position and such other duties as may be determined in consultation with the Company's Board of Directors ("Board of Directors"). Executive shall perform faithfully, cooperatively and diligently all of her job duties and responsibilities and agrees to and shall devote her full time, attention and effort to the business of the Company and other assignments as directed by the Company's Board of Directors. The Executive will report directly to the Board of Directors

1.2. Best Efforts. Executive will expend her best efforts on behalf of the Company in connection with her employment and will abide by all policies and decisions made by Company, as well as all applicable federal, state and local laws, regulations or ordinances.

2. Employment Term. The term of Executive's employment under this Agreement shall commence as of the Effective Date and shall continue until terminated by either the Executive or the Company ("Term").

3. Compensation.

3.1. Base Salary. As compensation for Executive's performance of her duties hereunder, Company shall pay to Executive an initial base salary of One Hundred and Ninety-Five Thousand Dollars ($195,000), starting on the Effective Date hereof, ("Annual Base Salary"), payable in accordance with the normal payroll practices of Company, less required deductions for state and federal withholding tax, social security and all other employment taxes and payroll deductions. Executive's Annual Base Salary shall be eligible for an increase based upon the recommendation of the Board of Directors.

3.2. Annual Bonus and Equity Plan. The Executive shall be eligible to receive an annual bonus and participate in the Company's Equity Plan, which basis will be determined by mutual agreement between the Executive and the Board of Directors.

4. Health and Welfare Benefit Plans. The Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under health and welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical prescription, dental disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent generally applicable to employees of the Company.

5. Customary Benefits. Executive shall be entitled to all customary and usual fringe benefits and shall be entitled to participate in all savings and retirement plans, practices, policies and programs generally applicable to employees of the Company that are in effect during the Employment Term, subject to the terms and conditions of Company's benefit plan documents, as applicable.

6. Business Expenses. Executive shall be entitled to receive prompt reimbursement for all reasonable, out-of-pocket business expenses incurred in the performance of her duties on behalf of Company.

7. Vacation. Executive shall be entitled to paid vacation, personal and sick days each calendar year, in accordance with the Company's plans, policies and programs then in effect.

8. Indemnification. In connection with the execution of the Agreement, the Company will also enter into a customary indemnification agreement with Executive.

9. Termination. The Executive's employment hereunder may be terminated under the following circumstances (without impairing the Executive's rights under benefit plans, arrangements and Company policies and procedures).

9.1 Termination upon Death or Permanent Disability. The Executive's Term of employment shall automatically terminate in the event of the death or permanent disability of Executive. For purposes of this Agreement, "permanent disability" shall mean the inability to perform services hereunder for a period of six consecutive months.

9.2. Termination by Company for Cause. The Company shall have the option to terminate the Term (a) for cause in the event the Executive engages in grossly negligent conduct or willful misconduct in connection with the execution of her duties hereunder which materially and adversely affect the Company, after written notice by the Company to the Executive of the specific nonperformance of her duties hereunder, provided the nonperformance continues uncorrected for a period of thirty days after written notice thereof by the Company to the Executive specifically identifying the manner in which the Company believes the Executive has not performed her duties. For purposes of this Section 9.2, no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by her not in good faith and without reasonable belief that her act or omission was in the best interests of the Company.

9.3. Severance. If the Company terminates Executive's employment other than for cause pursuant to Section 9.2, Executive shall be entitled to receive a continuation of her then Annual Base Salary plus health care insurance coverage for a period of one (1) year from said date of termination, with such base salary continuation to be at the rate set forth in Section 3.1, or, if greater, the rate of the Executive's current Annual Base Salary at the date of Termination.

Nothing herein shall derogate from the Executive's rights under employee benefit plans, programs and arrangements under applicable law.

9.4. Constructive Discharge. Any significant reduction or adverse change in the nature or scope of the Executive's authority, duties, status or position contemplated by Section 1.1 hereof, including an involuntary relocation, or a reduction in the base salary and/or benefits of the Executive from those provided for in Sections 4 and 5 hereof as they may from time to time be in effect, will be the basis for the Executive's termination of this Agreement by giving at least thirty days prior notice to the Company, and in such event the termination will be treated as a termination by the Company without cause under Section 9.3.

9.5. Benefits upon Termination for Cause or Voluntary Termination by Executive. In the event the Company properly terminates Executive's employment under this Agreement for cause pursuant to Section 9.2 or Executive voluntarily resigns from her employment during the Term:

(a) base salary shall be prorated as of the date of termination and said prorated amount shall be paid to Executive,

(b) all stock options or stock appreciation rights granted to Executive shall be governed by the instruments granting such rights; and

(c) the Company shall (i) make such other and further payment to Executive, her designated beneficiaries and her dependents as may be provided pursuant to the terms of any employee benefit plans, fringe benefit plans, and all other compensation and/bonus plans, programs and structures, in which the Executive is a participant at the time of termination of her employment with the Company, and (ii) promptly reimburse the Executive for any then un-reimbursed out-of-pocket expenses pursuant to Section 6.

9.6. Confidentiality and Proprietary Rights. Executive agrees to continue to abide by the Company's Information and Inventions Agreement.

10. Section 409A of the U.S. Internal Revenue Code.

10.1. Good Faith Intention. The Company and Executive intend in good faith that this Agreement comply with the applicable requirements of Section 409A of the Code and that this Agreement be construed, interpreted and administered in accordance with such intent.

11. Attorney's Fees. If litigation shall be instituted to enforce or interpret any provision of this Agreement hereof, the prevailing party will reimburse the other party for his/her reasonable attorney's fees and disbursements incurred in such proceeding.

12. General Provisions.

12.1. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, personal representatives and successors, including any successor of the company by reason of any dissolution, merger, consolidation, sale of assets or other reorganization of the Company.

12.2. Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege; and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (i) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (ii) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

12.3. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

124. Headings. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement.

12.5. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the United States and the State of California, without reference to its conflicts of laws principles.

12.6. Counterparts. This Agreement may be executed in one or more counterparts, all of which when fully executed and delivered by all parties hereto and taken together shall constitute a single agreement, binding against each of the parties.

12.7. Survival. Sections 8, 9, 10, 11 and, 12 of this Agreement shall survive Executive's employment by Company.

12.8. Notices. All notices, consents, waivers and other communications under this Agreement shall be in writing and will be deemed to have been duly given when (i) delivered by hand (with written confirmation of receipt); (ii) sent by facsimile (with written confirmation of receipt); or (iii) when received by the addressee, if sent by a nationally recognized overnight delivery service, return

If to Executive:

Dr. Juliet Singh
P.O. Box 2191
Rancho Santa Fe, CA 92067

If to the Company:

Dr. Jeffrey Abrams
Member of the Board of Directors
Trans-Pharma Corporation
4225 Executive Square, Suite 460
La Jolla, CA 92037

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

Dated: June 27, 2007

EXECUTIVE

/s/ Juliet Singh, Ph.D.
Dr. Juliet Singh

Dated: June 27, 2007

TRANS-PHARMA CORPORATION.

By: /s/ Jeffrey Abrams
Name: Dr. Jeffrey Abrams
Title: Director

[Signature Page to Employment Agreement]

EXHIBIT 10.11

TRANSDEL PHARMACEUTICALS, INC.

2007 INCENTIVE STOCK AND AWARDS PLAN

1. **Purpose of the Plan.**

This 2007 Incentive Stock and Awards Plan (the "Plan") is intended as an incentive, to retain in the employ of and as directors, officers, consultants, advisors and employees to Transdel Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and any Subsidiary of the Company, within the meaning of Section 424(f) of the United States Internal Revenue Code of 1986, as amended (the "Code"), persons of training, experience and ability, to attract new directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage the sense of proprietorship and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries.

It is further intended that certain options granted pursuant to the Plan shall constitute incentive stock options within the meaning of Section 422 of the Code (the "Incentive Options") while certain other options granted pursuant to the Plan shall be nonqualified stock options (the "Nonqualified Options"). Incentive Options and Nonqualified Options are hereinafter referred to collectively as "Options."

The Company intends that the Plan meet the requirements of Rule 16b-3 ("Rule 16b-3") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that transactions of the type specified in subparagraphs (c) to (f) inclusive of Rule 16b-3 by officers and directors of the Company pursuant to the Plan will be exempt from the operation of Section 16(b) of the Exchange Act. Further, the Plan is intended to satisfy the performance-based compensation exception to the limitation on the Company's tax deductions imposed by Section 162(m) of the Code with respect to those Options for which qualification for such exception is intended. In all cases, the terms, provisions, conditions and limitations of the Plan shall be construed and interpreted consistent with the Company's intent as stated in this Section 1.

2. **Administration of the Plan.**

The Board of Directors of the Company (the "Board") shall appoint and maintain as administrator of the Plan a Committee (the "Committee") consisting of two or more directors who are (i) "Independent Directors" (as such term is defined under the rules of the NASDAQ Stock Market), (ii) "Non-Employee Directors" (as such term is defined in Rule 16b-3) and (iii) "Outside Directors" (as such term is defined in Section 162(m) of the Code), which shall serve at the pleasure of the Board. The Committee, subject to Sections 3, 5 and 6 hereof, shall have full power and authority to designate recipients of Options and restricted stock ("Restricted Stock") and to determine the terms and conditions of the respective Option and Restricted Stock agreements (which need not be identical) and to interpret the provisions and supervise the administration of the Plan. The Committee shall have the authority, without limitation, to designate which Options granted under the Plan shall be Incentive Options and which shall be Nonqualified Options. To the extent any Option does not qualify as an Incentive Option, it shall constitute a separate Nonqualified Option.

Subject to the provisions of the Plan, the Committee shall interpret the Plan and all Options and Restricted Stock granted under the Plan, shall make such rules as it deems necessary for the proper administration of the Plan, shall make all other determinations necessary or advisable for the administration of the Plan and shall correct any defects or supply any omission or reconcile any inconsistency in the Plan or in any Options or Restricted Stock granted under the Plan in the manner and to the extent that the Committee deems desirable to carry into effect the Plan or any Options or Restricted Stock. The act or determination of a majority of the Committee shall be the act or determination of the Committee and any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority of the Committee at a meeting duly held for such purpose. Subject to the provisions of the Plan, any action taken or determination made by the Committee pursuant to this and the other Sections of the Plan shall be conclusive on all parties.

In the event that for any reason the Committee is unable to act or if the Committee at the time of any grant, award or other acquisition under the Plan does not consist of two or more Non-Employee Directors, or if there shall be no such Committee, or if the Board otherwise determines to administer the Plan, then the Plan shall be administered by the Board, and references herein to the Committee (except in the proviso to this sentence) shall be deemed to be references to the Board, and any such grant, award or other acquisition may be approved or ratified in any other manner contemplated by subparagraph (d) of Rule 16b-3; provided, however, that grants to the Company's Chief Executive Officer or to any of the Company's other four most highly compensated officers that are intended to qualify as performance-based compensation under Section 162(m) of the Code may only be granted by the Committee.

3. **Designation of Optionees and Grantees.**

The persons eligible for participation in the Plan as recipients of Options (the "Optionees") or Restricted Stock (the "Grantees" and together with Optionees, the "Participants") shall include directors, officers and employees of, and consultants and advisors to, the Company or any Subsidiary; provided that Incentive Options may only be granted to employees of the Company and any Subsidiary. In selecting Participants, and in determining the number of shares to be covered by each Option or award of Restricted Stock granted to Participants, the Committee may consider any factors it deems relevant, including, without limitation, the office or position held by the Participant or the Participant's relationship to the Company, the Participant's degree of responsibility for and contribution to the growth and success of the Company or any Subsidiary, the Participant's length of service, promotions and potential. A Participant who has been granted an Option or Restricted Stock hereunder may be granted an additional Option or Options, or Restricted Stock if the Committee shall so determine.

4. **Stock Reserved for the Plan.**

Subject to adjustment as provided in Section 8 hereof, a total of 1,500,000 shares of the Company's common stock, par value $0.001 per share (the "Stock"), shall be subject to the Plan. The maximum number of shares of Stock that may be subject to Options granted under the Plan to any individual in any calendar year shall conform to any requirements applicable to performance-based compensation under Section 162(m) of the Code, if qualification as performance-based compensation under Section 162(m) of the Code is intended. The shares of Stock subject to the Plan shall consist of unissued shares, treasury shares or previously issued shares held by any Subsidiary of the Company, and such number of shares of Stock shall be and is hereby reserved for such purpose. Any of such shares of Stock that may remain unissued and that are not subject to outstanding Options at the termination of the Plan shall cease to be reserved for the purposes of the Plan, but until termination of the Plan the Company shall at all times reserve a sufficient number of shares of Stock to meet the requirements of the Plan. Should any Option or award of Restricted Stock expire or be canceled prior to its exercise or vesting in full or should the number of shares of Stock to be delivered upon the exercise or vesting in full of an Option or award of Restricted Stock be reduced for any reason, the shares of Stock theretofore subject to such Option or Restricted Stock may be subject to future Options or Restricted Stock under the Plan, except where such reissuance is inconsistent with the provisions of Section 162(m) of the Code where qualification as performance-based compensation under Section 162(m) of the Code is intended.

5. **Terms and Conditions of Options.**

Options granted under the Plan shall be subject to the following conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Option Price. The purchase price of each share of Stock purchasable under an Incentive Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value (as defined below) of such share of Stock on the date the Option is granted; provided, however, that with respect to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, the purchase price per share of Stock shall be at least 110% of the Fair Market Value per share of Stock on the date of grant. The purchase price of each share of Stock purchasable under a Nonqualified Option shall not be less than 100% of the Fair Market Value of such share of Stock on the date the Option is granted. The exercise price for each Option shall be subject to adjustment as provided in Section 8 below. "Fair Market Value" means the closing price on the final trading day immediately prior to the grant of the Stock on the principal securities exchange on which shares of Stock are listed (if the shares of Stock are so listed), or on the NASDAQ Stock Market or OTC Bulletin Board (if the shares of Stock are regularly quoted on the NASDAQ Stock Market or OTC Bulletin Board, as the case may be), or, if not so listed, the mean between the closing bid and asked prices of publicly traded shares of Stock in the over the counter market, or, if such bid and asked prices shall not be available, as reported by any nationally recognized quotation service selected by the Company, or as determined by the Committee in a manner consistent with the provisions of the Code. Anything in this Section 5(a) to the contrary notwithstanding, in no event shall the purchase price of a share of Stock be less than the minimum price permitted under the rules and policies of any national securities exchange on which the shares of Stock are listed.

(b) Option Term. The term of each Option shall be fixed by the Committee, but no Option shall be exercisable more than ten years after the date such Option is granted and in the case of an Incentive Option granted to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, no such Incentive Option shall be exercisable more than five years after the date such Incentive Option is granted.

(c) Exercisability. Subject to Section 5(j) hereof, Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant; provided, however, that in the absence of any Option vesting periods designated by the Committee at the time of grant, Options shall vest and become exercisable as to one-third of the total number of shares subject to the Option on each of the first, second and third anniversaries of the date of grant; and provided further that no Options shall be exercisable until such time as any vesting limitation required by Section 16 of the Exchange Act, and related rules, shall be satisfied if such limitation shall be required for continued validity of the exemption provided under Rule 16b-3(d)(3).

Upon the occurrence of a "Change in Control" (as hereinafter defined), the Committee may accelerate the vesting and exercisability of outstanding Options, in whole or in part, as determined by the Committee in its sole discretion. In its sole discretion, the Committee may also determine that, upon the occurrence of a Change in Control, each outstanding Option shall terminate within a specified number of days after notice to the Optionee thereunder, and each such Optionee shall receive, with respect to each share of Company Stock subject to such Option, an amount equal to the excess of the Fair Market Value of such shares immediately prior to such Change in Control over the exercise price per share of such Option; such amount shall be payable in cash, in one or more kinds of property (including the property, if any, payable in the transaction) or a combination thereof, as the Committee shall determine in its sole discretion.

For purposes of the Plan, unless otherwise defined in an employment agreement between the Company and the relevant Optionee, a Change in Control shall be deemed to have occurred if:

(i) a tender offer (or series of related offers) shall be made and consummated for the ownership of 50% or more of the outstanding voting securities of the Company, unless as a result of such tender offer more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to the commencement of such offer), any employee benefit plan of the Company or its Subsidiaries, and their affiliates;

(ii) the Company shall be merged or consolidated with another corporation, unless as a result of such merger or consolidation more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to such transaction), any employee benefit plan of the Company or its Subsidiaries, and their affiliates;

(iii) the Company shall sell substantially all of its assets to another corporation that is not wholly owned by the Company, unless as a result of such sale more than 50% of such assets shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to such transaction), any employee benefit plan of the Company or its Subsidiaries and their affiliates; or

(iv) a Person (as defined below) shall acquire 50% or more of the outstanding voting securities of the Company (whether directly, indirectly, beneficially or of record), unless as a result of such acquisition more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to the first acquisition of such securities by such Person), any employee benefit plan of the Company or its Subsidiaries, and their affiliates.

Notwithstanding the foregoing, if Change of Control is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Change of Control shall have the meaning ascribed to it in such employment agreement.

For purposes of this Section 5(c), ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(I)(i) (as in effect on the date hereof) under the Exchange Act. In addition, for such purposes, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof; provided, however, that a Person shall not include (A) the Company or any of its Subsidiaries; (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries; (C) an underwriter temporarily holding securities pursuant to an offering of such securities; or (D) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company.

(d) Method of Exercise. Options to the extent then exercisable may be exercised in whole or in part at any time during the option period, by giving written notice to the Company specifying the number of shares of Stock to be purchased, accompanied by payment in full of the purchase price, in cash, or by check or such other instrument as may be acceptable to the Committee. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may be made at the election of the Optionee (i) in the form of Stock owned by the Optionee (based on the Fair Market Value of the Stock which is not the subject of any pledge or security interest, (ii) in the form of shares of Stock withheld by the Company from the shares of Stock otherwise to be received with such withheld shares of Stock having a Fair Market Value equal to the exercise price of the Option, or (iii) by a combination of the foregoing, such Fair Market Value determined by applying the principles set forth in Section 5(a), provided that the combined value of all cash and cash equivalents and the Fair Market Value of any shares surrendered to the Company is at least equal to such exercise price and except with respect to (ii) above, such method of payment will not cause a disqualifying disposition of all or a portion of the Stock received upon exercise of an Incentive Option. An Optionee shall have the right to dividends and other rights of a stockholder with respect to shares of Stock purchased upon exercise of an Option at such time as the Optionee (i) has given written notice of exercise and has paid in full for such shares, and (ii) has satisfied such conditions that may be imposed by the Company with respect to the withholding of taxes.

(e) Non-transferability of Options. Options are not transferable and may be exercised solely by the Optionee during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution. The Committee, in its sole discretion, may permit a transfer of a Nonqualified Option to (i) a trust for the benefit of the Optionee, (ii) a member of the Optionee's immediate family (or a trust for his or her benefit) or (iii) pursuant to a domestic relations order. Any attempt to transfer, assign, pledge or otherwise dispose of, or to subject to execution, attachment or similar process, any Option contrary to the provisions hereof shall be void and ineffective and shall give no right to the purported transferee.

(f) Termination by Death. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of death, the Option may thereafter be exercised, to the extent then exercisable (or on such accelerated basis as the Committee shall determine at or after grant), by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or until the expiration of the stated term of such Option as provided under the Plan, whichever period is shorter.

(g) Termination by Reason of Disability. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of Disability (as defined below), then any Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of termination due to Disability (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after ninety (90) days after the date of such termination of employment or service (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or the expiration of the stated term of such Option, whichever period is shorter; provided, however, that, if the Optionee dies within such ninety (90) day period, any unexercised Option held by such Optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or for the stated term of such Option, whichever period is shorter. "Disability" shall mean an Optionee's total and permanent disability; *provided*, that if Disability is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Disability shall have the meaning ascribed to it in such employment agreement

(h) Termination by Reason of Retirement. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of Normal or Early Retirement (as such terms are defined below), any Option held by such Optionee may thereafter be exercised to the extent it was exercisable at the time of such Retirement (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after ninety (90) days after the date of such termination of employment or service (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or the expiration of the stated term of such Option, whichever date is earlier; provided, however, that, if the Optionee dies within such ninety (90) day period, any unexercised Option held by such Optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or for the stated term of such Option, whichever period is shorter.

For purposes of this paragraph (h), "Normal Retirement" shall mean retirement from active employment with the Company or any Subsidiary on or after the normal retirement date specified in the applicable Company or Subsidiary pension plan or if no such pension plan, age 65, and "Early Retirement" shall mean retirement from active employment with the Company or any Subsidiary pursuant to the early retirement provisions of the applicable Company or Subsidiary pension plan or if no such pension plan, age 55.

(i) Other Terminations. Unless otherwise determined by the Committee upon grant, if any Optionee's employment with or service to the Company or any Subsidiary is terminated by such Optionee for any reason other than death, Disability, Normal or Early Retirement or Good Reason (as defined below), the Option shall thereupon terminate, except that the portion of any Option that was exercisable on the date of such termination of employment or service may be exercised for the lesser of ninety (90) days after the date of termination (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or the balance of such Option's term, which ever period is shorter. The transfer of an Optionee from the employ of or service to the Company to the employ of or service to a Subsidiary, or vice versa, or from one Subsidiary to another, shall not be deemed to constitute a termination of employment or service for purposes of the Plan.

(i) In the event that the Optionee's employment or service with the Company or any Subsidiary is terminated by the Company or such Subsidiary for "cause" any unexercised portion of any Option shall immediately terminate in its entirety. For purposes hereof, unless otherwise defined in an employment agreement between the Company and the relevant Optionee, "Cause" shall exist upon a good-faith determination by the Board, following a hearing before the Board at which an Optionee was represented by counsel and given an opportunity to be heard, that such Optionee has been accused of fraud, dishonesty or act detrimental to the interests of the Company or any Subsidiary of Company or that such Optionee has been accused of or convicted of an act of willful and material embezzlement or fraud against the Company or of a felony under any state or federal statute; provided, however, that it is specifically understood that "Cause" shall not include any act of commission or omission in the good-faith exercise of such Optionee's business judgment as a director, officer or employee of the Company, as the case may be, or upon the advice of counsel to the Company. Notwithstanding the foregoing, if Cause is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Cause shall have the meaning ascribed to it in such employment agreement.

(ii) In the event that an Optionee is removed as a director, officer or employee by the Company at any time other than for "Cause" or resigns as a director, officer or employee for "Good Reason" the Option granted to such Optionee may be exercised by the Optionee, to the extent the Option was exercisable on the date such Optionee ceases to be a director, officer or employee. Such Option may be exercised at any time within one (1) year after the date the Optionee ceases to be a director, officer or employee (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof), or the date on which the Option otherwise expires by its terms; which ever period is shorter, at which time the Option shall terminate; provided, however, if the Optionee dies before the Options terminate and are no longer exercisable, the terms and provisions of Section 5(f) shall control. For purposes of this Section 5(i), and unless otherwise defined in an employment agreement between the Company and the relevant Optionee, Good Reason shall exist upon the occurrence of the following:

(A) the assignment to Optionee of any duties inconsistent with the position in the Company that Optionee held immediately prior to the assignment;

(B) a Change of Control resulting in a significant adverse alteration in the status or conditions of Optionee's participation with the Company or other nature of Optionee's responsibilities from those in effect prior to such Change of Control, including any significant alteration in Optionee's responsibilities immediately prior to such Change in Control; and

(C) the failure by the Company to continue to provide Optionee with benefits substantially similar to those enjoyed by Optionee prior to such failure.

Notwithstanding the foregoing, if Good Reason is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Good Reason shall have the meaning ascribed to it in such employment agreement.

(j) Limit on Value of Incentive Option. The aggregate Fair Market Value, determined as of the date the Incentive Option is granted, of Stock for which Incentive Options are exercisable for the first time by any Optionee during any calendar year under the Plan (and/or any other stock option plans of the Company or any Subsidiary) shall not exceed $100,000.

6. **Terms and Conditions of Restricted Stock.**

Restricted Stock may be granted under this Plan aside from, or in association with, any other award and shall be subject to the following conditions and shall contain such additional terms and conditions (including provisions relating to the acceleration of vesting of Restricted Stock upon a Change of Control), not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Grantee rights. A Grantee shall have no rights to an award of Restricted Stock unless and until Grantee accepts the award within the period prescribed by the Committee and, if the Committee shall deem desirable, makes payment to the Company in cash, or by check or such other instrument as may be acceptable to the Committee. After acceptance and issuance of a certificate or certificates, as provided for below, the Grantee shall have the rights of a stockholder with respect to Restricted Stock subject to the non-transferability and forfeiture restrictions described in Section 6(d) below.

(b) Issuance of Certificates. The Company shall issue in the Grantee's name a certificate or certificates for the shares of Common Stock associated with the award promptly after the Grantee accepts such award.

(c) Delivery of Certificates. Unless otherwise provided, any certificate or certificates issued evidencing shares of Restricted Stock shall not be delivered to the Grantee until such shares are free of any restrictions specified by the Committee at the time of grant.

(d) Forfeitability, Non-transferability of Restricted Stock. Shares of Restricted Stock are forfeitable until the terms of the Restricted Stock grant have been satisfied. Shares of Restricted Stock are not transferable until the date on which the Committee has specified such restrictions have lapsed. Unless otherwise provided by the Committee at or after grant, distributions in the form of dividends or otherwise of additional shares or property in respect of shares of Restricted Stock shall be subject to the same restrictions as such shares of Restricted Stock.

(e) Change of Control. Upon the occurrence of a Change in Control as defined in Section 5(c), the Committee may accelerate the vesting of outstanding Restricted Stock, in whole or in part, as determined by the Committee, in its sole discretion.

(f) Termination of Employment. Unless otherwise determined by the Committee at or after grant, in the event the Grantee ceases to be an employee or otherwise associated with the Company for any other reason, all shares of Restricted Stock theretofore awarded to him which are still subject to restrictions shall be forfeited and the Company shall have the right to complete the blank stock power. The Committee may provide (on or after grant) that restrictions or forfeiture conditions relating to shares of Restricted Stock will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

7. **Term of Plan.**

No Option or award of Restricted Stock shall be granted pursuant to the Plan on or after the date which is ten years from the effective date of the Plan, but Options and awards of Restricted Stock theretofore granted may extend beyond that date.

8. **Capital Change of the Company.**

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Stock, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Plan and in the number and option price of shares subject to outstanding Options granted under the Plan, to the end that after such event each Optionee's proportionate interest shall be maintained (to the extent possible) as immediately before the occurrence of such event. The Committee shall, to the extent feasible, make such other adjustments as may be required under the tax laws so that any Incentive Options previously granted shall not be deemed modified within the meaning of Section 424(h) of the Code. Appropriate adjustments shall also be made in the case of outstanding Restricted Stock granted under the Plan.

The adjustments described above will be made only to the extent consistent with continued qualification of the Option under Section 422 of the Code (in the case of an Incentive Option) and Section 409A of the Code.

9. **Purchase for Investment/Conditions.**

Unless the Options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Company has determined that such registration is unnecessary, each person exercising or receiving Options or Restricted Stock under the Plan may be required by the Company to give a representation in writing that he is acquiring the securities for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. The Committee may impose any additional or further restrictions on awards of Options or Restricted Stock as shall be determined by the Committee at the time of award.

10. **Taxes.**

(a) The Company may make such provisions as it may deem appropriate, consistent with applicable law, in connection with any Options or Restricted Stock granted under the Plan with respect to the withholding of any taxes (including income or employment taxes) or any other tax matters.

(b) If any Grantee, in connection with the acquisition of Restricted Stock, makes the election permitted under Section 83(b) of the Code (that is, an election to include in gross income in the year of transfer the amounts specified in Section 83(b)), such Grantee shall notify the Company of the election with the Internal Revenue Service pursuant to regulations issued under the authority of Code Section 83(b).

(c) If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition within ten (10) days hereof.

11. **Effective Date of Plan.**

The Plan shall be effective on September ___, 2007; provided, however, that if, and only if, certain options are intended to qualify as Incentive Stock Options, the Plan must subsequently be approved by majority vote of the Company's stockholders no later than September ___, 2008, and further, that in the event certain Option grants hereunder are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the requirements as to stockholder approval set forth in Section 162(m) of the Code are satisfied.

12. **Amendment and Termination.**

The Board may amend, suspend, or terminate the Plan, except that no amendment shall be made that would impair the rights of any Participant under any Option or Restricted Stock theretofore granted without the Participant's consent, and except that no amendment shall be made which, without the approval of the stockholders of the Company would:

(a) materially increase the number of shares that may be issued under the Plan, except as is provided in Section 8;

(b) materially increase the benefits accruing to the Participants under the Plan;

(c) materially modify the requirements as to eligibility for participation in the Plan;

(d) decrease the exercise price of an Incentive Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof or the exercise price of a Nonqualified Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof; or

(e) extend the term of any Option beyond that provided for in Section 5(b).

(f) except as otherwise provided in Sections 5(d) and 8 hereof, reduce the exercise price of outstanding Options or effect repricing through cancellations and re-grants of new Options.

Subject to the forgoing, the Committee may amend the terms of any Option theretofore granted, prospectively or retrospectively, but no such amendment shall impair the rights of any Optionee without the Optionee's consent.

It is the intention of the Board that the Plan comply strictly with the provisions of Section 409A of the Code and Treasury Regulations and other Internal Revenue Service guidance promulgated thereunder (the "Section 409A Rules") and the Committee shall exercise its discretion in granting awards hereunder (and the terms of such awards), accordingly. The Plan and any grant of an award hereunder may be amended from time to time (without, in the case of an award, the consent of the Participant) as may be necessary or appropriate to comply with the Section 409A Rules.

13. **Government Regulations.**

The Plan, and the grant and exercise of Options or Restricted Stock hereunder, and the obligation of the Company to sell and deliver shares under such Options and Restricted Stock shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies, national securities exchanges and interdealer quotation systems as may be required.

14. **General Provisions.**

(a) Certificates. All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, or other securities commission having jurisdiction, any applicable Federal or state securities law, any stock exchange or interdealer quotation system upon which the Stock is then listed or traded and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) Employment Matters. Neither the adoption of the Plan nor any grant or award under the Plan shall confer upon any Participant who is an employee of the Company or any Subsidiary any right to continued employment or, in the case of a Participant who is a director, continued service as a director, with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees, the service of any of its directors or the retention of any of its consultants or advisors at any time.

(c) Limitation of Liability. No member of the Committee, or any officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

(d) Registration of Stock. Notwithstanding any other provision in the Plan, no Option may be exercised unless and until the Stock to be issued upon the exercise thereof has been registered under the Securities Act and applicable state securities laws, or are, in the opinion of counsel to the Company, exempt from such registration in the United States. The Company shall not be under any obligation to register under applicable federal or state securities laws any Stock to be issued upon the exercise of an Option granted hereunder in order to permit the exercise of an Option and the issuance and sale of the Stock subject to such Option, although the Company may in its sole discretion register such Stock at such time as the Company shall determine. If the Company chooses to comply with such an exemption from registration, the Stock issued under the Plan may, at the direction of the Committee, bear an appropriate restrictive legend restricting the transfer or pledge of the Stock represented thereby, and the Committee may also give appropriate stop transfer instructions with respect to such Stock to the Company's transfer agent.

15. **Non-Uniform Determinations.**

The Committee's determinations under the Plan, including, without limitation, (i) the determination of the Participants to receive awards, (ii) the form, amount and timing of such awards, (iii) the terms and provisions of such awards and (ii) the agreements evidencing the same, need not be uniform and may be made by it selectively among Participants who receive, or who are eligible to receive, awards under the Plan, whether or not such Participants are similarly situated.

16. **Governing Law.**

The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable federal law.

EXHIBIT 10.12

TRANSDEL PHARMACEUTICALS, INC.
2007 INCENTIVE STOCK AND AWARDS PLAN

FORM OF
INCENTIVE STOCK OPTION AGREEMENT

This INCENTIVE STOCK OPTION AGREEMENT (the "Option Agreement"), dated as of the __ day of _____, 20__ (the "Grant Date"), is between Transdel Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and _____ (the "Optionee"), a key employee of the Company or of a Subsidiary of the Company (a "Related Corporation"), pursuant to the Transdel Pharmaceuticals, Inc. 2007 Incentive Stock and Awards Plan (the "Plan").

WHEREAS, the Company desires to give the Optionee the opportunity to purchase shares of common stock of the Company, par value $0.001 ("Common Shares") in accordance with the provisions of the Plan, a copy of which is attached hereto;

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Option. The Company hereby grants to the Optionee the right and option (the "Option") to purchase all or any part of an aggregate of ____ Common Shares. The Option is in all respects limited and conditioned as hereinafter provided, and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding options). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Option Agreement. The Option granted hereunder is intended to be an incentive stock option ("ISO") meeting the requirements of the Plan and section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and not a nonqualified stock option ("NQSO").

2. Exercise Price. The exercise price of the Common Shares covered by this Option shall be $_____ per share. It is the determination of the committee administering the Plan (the "Committee") that on the Grant Date the exercise price was not less than the greater of (i) 100% (110% for an Optionee who owns more than 10% of the total combined voting power of all shares of stock of the Company or of a Related Corporation - a "More-Than-10% Owner") of the "Fair Market Value" (as defined in the Plan) of a Common Share, or (ii) the par value of a Common Share.

3. Term. Unless earlier terminated pursuant to any provision of the Plan or of this Option Agreement, this Option shall expire on _____ __, 20__ (the "Expiration Date"). This Option shall not be exercisable on or after the Expiration Date.

4. Exercise of Option. The Optionee shall have the right to purchase from the Company, on and after the following dates, the following number of Common Shares, provided the Optionee has not terminated his or her service as of the applicable vesting date:

Date Installment Becomes Exercisable	Number of Common Shares		
			Shares
	an additional		Shares
	an additional		Shares
	an additional		Shares

The Committee may accelerate any exercise date of the Option, in its discretion, if it deems such acceleration to be desirable. Once the Option becomes exercisable, it will remain exercisable until it is exercised or until it terminates.

5. Method of Exercising Option. Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by written notice to the Company at its principal office. The form of such notice is attached hereto and shall state the election to exercise the Option and the number of whole shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; and shall be accompanied by payment of the full exercise price of such shares. Only full shares will be issued.

[The Committee should select which of the following methods of payment will be permitted:]

The exercise price shall be paid to the Company -

(a) in cash, or by certified check, bank draft, or postal or express money order;

(b) through the delivery of Common Shares previously acquired by the Optionee;

(c) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount necessary to pay the exercise price of the Option;

(d) in Common Shares newly acquired by the Optionee upon exercise of the Option (which shall constitute a disqualifying disposition with respect to this ISO);

(e) in any combination of (a), (b), (c), or (d) above.

[In the event the exercise price is paid, in whole or in part, with Common Shares, the portion of the exercise price so paid shall be equal to the Fair Market Value of the Common Shares surrendered on the date of exercise.]

Upon receipt of notice of exercise and payment, the Company shall deliver a certificate or certificates representing the Common Shares with respect to which the Option is so exercised. The Optionee shall obtain the rights of a shareholder upon receipt of a certificate(s) representing such Common Shares.

Such certificate(s) shall be registered in the name of the person so exercising the Option (or, if the Option is exercised by the Optionee and if the Optionee so requests in the notice exercising the Option, shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship), and shall be delivered as provided above to, or upon the written order of, the person exercising the Option. In the event the Option is exercised by any person after the death or disability (as determined in accordance with Section 22(e)(3) of the Code) of the Optionee, the notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Common Shares that are purchased upon exercise of the Option as provided herein shall be fully paid and non-assessable.

Upon exercise of the Option, Optionee shall be responsible for all employment and income taxes then or thereafter due (whether Federal, State or local), and if the Optionee does not remit to the Company sufficient cash (or, with the consent of the Committee, Common Shares) to satisfy all applicable withholding requirements, the Company shall be entitled to satisfy any withholding requirements for any such tax by disposing of Common Shares at exercise, withholding cash from Optionee's salary or other compensation or such other means as the Committee considers appropriate to the fullest extent permitted by applicable law. Nothing in the preceding sentence shall impair or limit the Company's rights with respect to satisfying withholding obligations under Section 10 of the Plan.

6. Non-Transferability of Option. This Option is not assignable or transferable, in whole or in part, by the Optionee other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee or, in the event of his or her disability, by his or her guardian or legal representative.

7. Termination of Employment by Optionee. If the Optionee's employment with the Company and all Related Corporations is terminated by the Optionee for any reason (other than death or disability or with Good Reason) prior to the Expiration Date, this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment by the Optionee at any time prior to the earlier of (i) the Expiration Date, or (ii) ninety (90) days after such termination of employment. Any part of the Option that was not exercisable immediately before the Optionee's termination of employment shall terminate at that time.

8. Disability. If the Optionee becomes disabled (as determined in accordance with section 22(e)(3) of the Code) during his or her employment and, prior to the Expiration Date, the Optionee's employment is terminated as a consequence of such disability, this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment by the Optionee or by the Optionee's legal representative at any time prior to the earlier of (i) the Expiration Date or (ii) ninety (90) days after such termination of employment. Any part of the Option that was not exercisable immediately before the Optionee's termination of employment shall terminate at that time.

9. Termination of Employment by Company without Cause or by Optionee with Good Reason. If the Optionee's employment with the Company and all Related Corporations is terminated by the Company for any reason other than Cause (or is terminated by the Optionee for Good Reason) prior to the Expiration Date, this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment by the Optionee at any time prior to the earlier of (i) the Expiration Date, or (ii) one year after such termination of employment. Any part of the Option that was not exercisable immediately before the Optionee's termination of employment shall terminate at that time.

10. Death. If the Optionee dies during his or her employment and prior to the Expiration Date, or if the Optionee's employment is terminated for any reason (as described in Paragraphs 7, 8 and 9) and the Optionee dies following his or her termination of employment but prior to the earliest of (i) the Expiration Date, or (ii) the expiration of the period determined under Paragraph 7, 8 or 9 (as applicable to the Optionee) this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of his or her death by the Optionee's estate, personal representative or beneficiary who acquired the right to exercise this Option by bequest or inheritance or by reason of the Optionee's death, at any time prior to the earlier of (i) the Expiration Date or (ii) one year after the date of the Optionee's death. Any part of the Option that was not exercisable immediately before the Optionee's death shall terminate at that time.

11. Termination for Cause. If the Optionee's employment with the Company and all Related Corporations is terminated by the Company for Cause prior to the Expiration Date, any unexercised portion of this Option shall immediately terminate at that time.

12. Disqualifying Disposition of Option Shares. The Optionee agrees to give written notice to the Company, at its principal office, if a "disposition" of the Common Shares acquired through exercise of the Option granted hereunder occurs at any time within two years after the Grant Date or within one year after the transfer to the Optionee of such shares. Optionee acknowledges that if such disposition occurs, the Optionee generally will recognize ordinary income as of the date the Option was exercised in an amount equal to the lesser of (i) the Fair Market Value of the Common Shares on the date of exercise minus the exercise price, or (ii) the amount realized on disposition of such shares minus the exercise price. If requested by the Company at the time of and in the case of any such disposition, Optionee shall pay to the Company an amount sufficient to satisfy the Company's federal, state and local withholding tax obligations with respect to such disposition. The provisions of this Section 12 shall apply, whether or not the Optionee is in the employ of the Company at the time of the relevant disposition. For purposes of this Paragraph, the term "disposition" shall have the meaning assigned to such term by section 424(c) of the Code.

13. Securities Matters. (a) If, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Common Shares subject to the Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of Common Shares hereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board of Directors. The Company shall be under no obligation to apply for or to obtain such listing, registration or qualification, or to satisfy such condition. The Committee shall inform the Optionee in writing of any decision to defer or prohibit the exercise of an Option. During the period that the effectiveness of the exercise of an Option has been deferred or prohibited, the Optionee may, by written notice, withdraw the Optionee's decision to exercise and obtain a refund of any amount paid with respect thereto.

(b) The Company may require: (i) the Optionee (or any other person exercising the Option in the case of the Optionee's death or Disability) as a condition of exercising the Option, to give written assurances, in substance and form satisfactory to the Company, to the effect that such person is acquiring the Common Shares subject to the Option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to make such other representations or covenants; and (ii) that any certificates for Common Shares delivered in connection with the exercise of the Option bear such legends, in each case as the Company deems necessary or appropriate, in order to comply with federal and applicable state securities laws, to comply with covenants or representations made by the Company in connection with any public offering of its Common Shares or otherwise. The Optionee specifically understands and agrees that the Common Shares, if and when issued upon exercise of the Option, may be "restricted securities," as that term is defined in Rule 144 under the Securities Act of 1933 and, accordingly, the Optionee may be required to hold the shares indefinitely unless they are registered under such Securities Act of 1933, as amended, or an exemption from such registration is available.

(c) The Optionee shall have no rights as a shareholder with respect to any Common Shares covered by the Option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate to the Optionee for such Common Shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

14. Governing Law. This Option Agreement shall be governed by the applicable Code provisions to the maximum extent possible. Otherwise, the laws of the State of Delaware (without reference to the principles of conflict of laws) shall govern the operation of, and the rights of the Optionee under, the Plan and Options granted thereunder.

IN WITNESS WHEREOF, the Company has caused this Incentive Stock Option Agreement to be duly executed by its duly authorized officer, and the Optionee has hereunto set his or her hand and seal, all as of the _____ day of August, 2007.

TRANSDEL PHARMACEUTICALS, INC.

By: _____

Name:

Title:

_____

Optionee

TRANSDEL PHARMACEUTICALS, INC.
2007 Incentive Stock and Awards Plan

Notice of Exercise of Incentive Stock Option

I hereby exercise the incentive stock option granted to me pursuant to the Incentive Stock Option Agreement dated as of August __, 2007, by Transdel Pharmaceuticals, Inc. (the "Company"), with respect to the following number of shares of the Company's common stock ("Shares"), par value $0.001 per Share, covered by said option:

Number of Shares to be purchased: _____

Purchase price per Share: $_____

Total purchase price: $_____

___ A. Enclosed is cash or my certified check, bank draft, or postal or express money order in the amount of $_____ in full/partial **[circle one]** payment for such Shares;

and/or

___ B. Enclosed is/are _____ Share(s) with a total fair market value of $_____ on the date hereof in full/partial **[circle one]** payment for such Shares;

and/or

___ C. I have provided notice to _____ **[insert name of broker]**, a broker, who will render full/partial **[circle one]** payment for such Shares. **[Optionee should attach to the notice of exercise provided to such broker a copy of this Notice of Exercise and irrevocable instructions to pay to the Company the full/partial (as elected above) exercise price.]**

and/or

___ D. I elect to satisfy the payment for Shares purchased hereunder by having the Company withhold newly acquired Shares pursuant to the exercise of the Option. I understand that this will result in a "disqualifying disposition," as described in Section 12 of my Incentive Stock Option Agreement.

Please have the certificate or certificates representing the purchased Shares registered in the following name or names* :
_____ _____; and sent to _____.

DATED: _____ ___, 20__

_____
Optionee's Signature

* Certificates may be registered in the name of the Optionee alone or in the joint names (with right of survivorship) of the Optionee and his or her spouse.

EXHIBIT 10.13

TRANSDEL PHARMACEUTICALS, INC.
2007 INCENTIVE STOCK AND AWARD PLAN

FORM OF
NONQUALIFIED STOCK OPTION AGREEMENT

This NONQUALIFIED STOCK OPTION AGREEMENT (the "Option Agreement"), dated as of the ___ day of _____, 20__ (the "Grant Date"), is between Transdel Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and _____ (the "Optionee"), a **[choose one]** [key employee, director, advisor and/or consultant] of the Company or of a Subsidiary of the Company (a "Related Corporation"), pursuant to the Transdel Pharmaceuticals, Inc. 2007 Incentive Stock and Awards Plan (the "Plan").

WHEREAS, the Company desires to give the Optionee the opportunity to purchase shares of common stock of the Company, par value $0.001 ("Common Shares") in accordance with the provisions of the Plan, a copy of which is attached hereto;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Option. The Company hereby grants to the Optionee the right and option (the "Option") to purchase all or any part of an aggregate of _____ Common Shares. The Option is in all respects limited and conditioned as hereinafter provided, and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding options). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Option Agreement. The Option granted hereunder is intended to be a nonqualified stock option ("NQSO") and not an incentive stock option ("ISO") as such term is defined in section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Exercise Price. The exercise price of the Common Shares covered by this Option shall be $1.00 per share. It is the determination of the committee administering the Plan (the "Committee") that on the Grant Date the exercise price was not less than the greater of (i) 100% of the "Fair Market Value" (as defined in the Plan) of a Common Share, or (ii) the par value of a Common Share.

3. Term. Unless earlier terminated pursuant to any provision of the Plan or of this Option Agreement, this Option shall expire on _____ __, 20__ (the "Expiration Date"). This Option shall not be exercisable on or after the Expiration Date.

4. Exercise of Option. The Optionee shall have the right to purchase from the Company, on and after the following dates, the following number of Common Shares, provided the Optionee has not terminated his or her service as of the applicable vesting date:

Date Installment Becomes Exercisable	Number of Option Shares
	_____ Shares
	an additional _____ Shares
	an additional _____ Shares
	an additional _____ Shares

The Committee may accelerate any exercise date of the Option, in its discretion, if it deems such acceleration to be desirable. Once the Option becomes exercisable, it will remain exercisable until it is exercised or until it terminates.

5. Method of Exercising Option. Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by written notice to the Company at its principal office. The form of such notice is attached hereto and shall state the election to exercise the Option and the number of whole shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; and shall be accompanied by payment of the full exercise price of such shares. Only full shares will be issued.

[The Committee should select which of the following methods of payment will be permitted:]

The exercise price shall be paid to the Company -

(a) in cash, or by certified check, bank draft, or postal or express money order;

(b) through the delivery of Common Shares;

(c) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount necessary to pay the exercise price of the Option;

(d) in Common Shares newly acquired by the Optionee upon the exercise of the Option; or

(e) in any combination of (a), (b), (c), or (d) above.

[In the event the exercise price is paid, in whole or in part, with Common Shares, the portion of the exercise price so paid shall be equal to the Fair Market Value of the Common Shares surrendered on the date of exercise.]

Upon receipt of notice of exercise and payment, the Company shall deliver a certificate or certificates representing the Common Shares with respect to which the Option is so exercised. The Optionee shall obtain the rights of a shareholder upon receipt of a certificate(s) representing such Common Shares.

Such certificate(s) shall be registered in the name of the person so exercising the Option (or, if the Option is exercised by the Optionee and if the Optionee so requests in the notice exercising the Option, shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship) and shall be delivered as provided above to, or upon the written order of, the person exercising the Option. In the event the Option is exercised by any person or persons after the death or disability (as determined in accordance with section 22(e)(3) of the Code) of the Optionee, the notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option. All Common Shares that are purchased upon exercise of the Option as provided herein shall be fully paid and non-assessable.

Upon exercise of the Option, Optionee shall be responsible for all employment and income taxes then or thereafter due (whether Federal, State or local), and if the Optionee does not remit to the Company sufficient cash (or, with the consent of the Committee, Common Shares to satisfy all applicable withholding requirements, the Company shall be entitled to satisfy any withholding requirements for any such tax by disposing of Common Shares at exercise, withholding cash from Optionee's salary or other compensation or such other means as the Committee considers appropriate to the fullest extent permitted by applicable law. Nothing in the preceding sentence shall impair or limit the Company's rights with respect to satisfying withholding obligations under Section 10 of the Plan.

6. Transferability of Option. This Option is not assignable or transferable, in whole or in part, by the Optionee other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee or, in the event of his or her disability, by his or her guardian or legal representative.

7. Termination of Service by Optionee. If the Optionee's service with the Company and all Related Corporations is terminated by the Optionee for any reason other than death or disability prior to the Expiration Date, this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of service by the Optionee at any time prior to the earlier of (i) the Expiration Date or (ii) ninety (90) days after the date of such termination of service. **[The Plan provides for this period as a default. The Committee may provide for different exercise periods in any particular NQSO.]** Any part of the Option that was not exercisable immediately before the Optionee's termination of service shall terminate at that time.

8. Disability. If the Optionee becomes disabled (as determined in accordance with section 22(e)(3) of the Code) during his or her service and, prior to the Expiration Date, the Optionee's service is terminated as a consequence of such disability, this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of service by the Optionee or by the optionee's legal representative, at any time prior to the earlier of (i) the Expiration Date or (ii) ninety (90) days after such termination of service. Any part of the Option that was not exercisable immediately before the Optionee's termination of service shall terminate at that time.

9. Termination of Service by Company without Cause or by Optionee with Good Reason. If the Optionee's service with the Company and all Related Corporations is terminated by the Company for any reason other than Cause (or is terminated by the Optionee for Good Reason) prior to the Expiration Date, this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment by the Optionee at any time prior to the earlier of (i) the Expiration Date, or (ii) one year after such termination of service. Any part of the Option that was not exercisable immediately before the Optionee's termination of employment shall terminate at that time.

10. Death. If the Optionee dies during his or her service and prior to the Expiration Date, or if the Optionee's service is terminated for any reason (as described in Paragraphs 7, 8 and 9) and the Optionee dies following his or her termination of service but prior to the earlier of the Expiration Date or the expiration of the period determined under Paragraph 7, 8 or 9 (as applicable to the Optionee), this Option may be exercised, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of his or her death by the Optionee's estate, personal representative or beneficiary who acquired the right to exercise this Option by bequest or inheritance or by reason of the Optionee's death, at any time prior to the earlier of (i) the Expiration Date or (ii) one year after the date of the Optionee's death. Any part of the Option that was not exercisable immediately before the Optionee's death shall terminate at that time.

11. Termination for Cause. If the Optionee's service with the Company and all Related Corporations is terminated by the Company for Cause prior to the Expiration Date, any unexercised portion of this Option shall immediately terminate at that time.

12. Securities Matters. (a) If, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Common Shares subject to the Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of Common Shares hereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board of Directors. The Company shall be under no obligation to apply for or to obtain such listing, registration or qualification, or to satisfy such condition. The Committee shall inform the Optionee in writing of any decision to defer or prohibit the exercise of an Option. During the period that the effectiveness of the exercise of an Option has been deferred or prohibited, the Optionee may, by written notice, withdraw the Optionee's decision to exercise and obtain a refund of any amount paid with respect thereto.

(b) The Company may require: (i) the Optionee (or any other person exercising the Option in the case of the Optionee's death or Disability) as a condition of exercising the Option, to give written assurances, in substance and form satisfactory to the Company, to the effect that such person is acquiring the Common Shares subject to the Option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to make such other representations or covenants; and (ii) that any certificates for Common Shares delivered in connection with the exercise of the Option bear such legends, in each case as the Company deems necessary or appropriate, in order to comply with federal and applicable state securities laws, to comply with covenants or representations made by the Company in connection with any public offering of its Common Shares or otherwise. The Optionee specifically understands and agrees that the Common Shares, if and when issued upon exercise of the Option, may be "restricted securities," as that term is defined in Rule 144 under the Securities Act of 1933 and, accordingly, the Optionee may be required to hold the shares indefinitely unless they are registered under such Securities Act of 1933, as amended, or an exemption from such registration is available.

(c) The Optionee shall have no rights as a shareholder with respect to any Common Shares covered by the Option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate to the Optionee for such Common Shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

13. Governing Law. This Option Agreement shall be governed by the applicable Code provisions to the maximum extent possible. Otherwise, the laws of the State of Delaware (without reference to the principles of conflict of laws) shall govern the operation of, and the rights of the Optionee under, the Plan and Options granted thereunder.

IN WITNESS WHEREOF, the Company has caused this Nonqualified Stock Option Agreement to be duly executed by its duly authorized officer, and the Optionee has hereunto set his or her hand and seal, all as of the ____ day of _____, 2007.

Transdel Pharmaceuticals, Inc.

By: _____

Name:

Title:

_____

Optionee

TRANSDEL PHARMACEUTICALS, INC.
2007 INCENTIVE STOCK AND AWARDS PLAN

Notice of Exercise of Nonqualified Stock Option

I hereby exercise the nonqualified stock option granted to me pursuant to the Nonqualified Stock Option Agreement dated as of _____ __, 2007, by Transdel Pharmaceuticals, Inc. (the "Company"), with respect to the following number of shares of the Company's common stock ("Shares"), par value $0.001 per Share, covered by said option:

Number of Shares to be purchased: _____

Purchase price per Share: $_____

Total purchase price: $_____

___ A. Enclosed is cash or my certified check, bank draft, or postal or express money order in the amount of $_____ in full/partial **[circle one]** payment for such Shares;

and/or

___ B. Enclosed is/are _ Share(s) with a total fair market value of $_ on the date hereof in full/partial **[circle one]** payment for such Shares;

and/or

___ C. I have provided notice to _ [**insert name of broker]**, a broker, who will render full/partial **[circle one]** payment for such Shares. **[Optionee should attach to the notice of exercise provided to such broker a copy of this Notice of Exercise and irrevocable instructions to pay to the Company the full exercise price.]**

and/or

___ D. I elect to satisfy the payment for Shares purchased hereunder by having the Company withhold newly acquired Shares pursuant to the exercise of the Option.

Please have the certificate or certificates representing the purchased Shares registered in the following name or names* : _____; and sent to _____.

DATED:_____, 20__

_____
Optionee's Signature

*Certificates may be registered in the name of the Optionee alone or in the joint names (with right of survivorship) of the Optionee and his or her spouse.

Webb & Company, P.A.
Certified Public Accountants

September 21, 2007

Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

RE: Transdel Pharmaceuticals, Inc.
(f/k/a Bywater Resources, Inc.)
File Ref. No. 333-135970

We have read the statements of Transdel Pharmaceuticals, Inc. (f/k/a Bywater Resources, Inc.) pertaining to our firm included under Item 4.01 of Form 8-K dated September 21, 2007 and agree with such statements as they pertain to our firm.

Regards,

Webb & Company, P.A.

WEBB & COMPANY, P.A.
Certified Public Accountants

1501 Corporate Drive, Suite 150 • Boynton Beach, FL 33426
Telephone: (561) 752-1721 • Fax (561) 734-8562
www.cpawebb.com

EXIHIBIT 21.1

Subsidiaries of Transdel Pharmaceuticals, Inc.

The subsidiaries of Transdel Pharmaceuticals, Inc. (the "Registrant") as of September 19, 2007, are listed below:

Subsidiary	Ownership	Jurisdiction
1. Trans-Pharma Corporation.	100% owned by Registrant	Nevada

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

For The Years Ended December 31, 2006 and 2005 and
For The Period From July 24, 1998 (Inception) Through December 31, 2006

with

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
THEREON

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

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KMJ | Corbin & Company
Business Advisors Tax and Audit

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Trans-Pharma Corporation

We have audited the accompanying balance sheet of Trans-Pharma Corporation (a development stage company) (the "Company") as of December 31, 2006 and the related statements of operations, stockholders' deficit and cash flows for each of the years in the two-year period then ended, and the period from July 24, 1998 (inception) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trans-Pharma Corporation (a development stage company) as of December 31, 2006 and the results of its operations and its cash flows for each of the years in the two-year period then ended, and the period from July 24, 1998 (inception) to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred recurring operating losses, has a deficit accumulated during the development stage and has not recognized any revenue as of December 31, 2006. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that may result form the outcome of this uncertainty.

KMJ Corbin & Company LLP

Irvine, California
July 27, 2007, except for Note 7, as to which the date is September 11, 2007

p **949 296 9700** f **949 296 9701** 2603 Main Street, Suite 600 Irvine CA 92614 kmjpartnerscpa.com
p **760 431 5465** f **760 431 5466** 2768 Loker Avenue West Suite 101 Carlsbad CA 92010

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEET

	December 31, 2006
ASSETS	
Current assets:	
Cash	$ 542
Prepaid expenses	5,696
	$ 6,238
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 173,692
Accrued interest	12,251
Notes payable to stockholders	226,300
Total current liabilities	412,243
Commitments and contingencies	
Stockholders' deficit:	
Common stock, $0.001 par value; 100,000,000 shares authorized, 24,200,000 shares outstanding	24,200
Additional paid-in capital	2,362,800
Deficit accumulated during the development stage	(2,793,005)
Total stockholders' deficit	(406,005)
	$ 6,238

See report of independent registered public accounting firm and accompanying notes to financial statements

STATEMENTS OF OPERATIONS

	For The Years Ended December 31,		For The Period From July 24, 1998 (Inception) Through December 31,
	2006	**2005**	**2006**
Operating expenses:			
Payroll and related	$ 400,000	$ 400,000	$ 2,300,000
Selling, general and administrative	175,180	136,423	481,937
Operating loss	(575,180)	(536,423)	(2,781,937)
Other income (expense):			
Interest expense	(9,052)	(3,199)	(12,251)
Interest income	-	-	1,183
Total other expense, net	(9,052)	(3,199)	(11,068)
Net loss	$ (584,232)	$ (539,622)	$ (2,793,005)
Basic and diluted loss per common share	$ (0.03)	$ (0.05)	$ (2,793,005)
Weighted average common shares outstanding	22,967,123	10,549,597	

See report of independent registered public accounting firm and accompanying notes to financial statements

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF STOCKHOLDERS' DEFICIT

For The Years Ended December 31, 2006 and 2005 and
For The Period From July 24, 1998 (Inception) Through December 31, 2006

	Common Stock		Additional Paid-in	Deficit Accumulated During the	Total Stockholders'
	Shares	Amount	Capital	Development Stage	Deficit
Balance, July 24, 1998 (Inception)	-	$ -	$ -	$ -	$ -
Estimated fair value of services contributed by stockholders	-	-	100,000	-	100,000
Net loss	-	-	-	(100,000)	(100,000)
Balance, December 31, 1998	-	-	100,000	(100,000)	-
Estimated fair value of services contributed by stockholders	-	-	200,000	-	200,000
Net loss	-	-	-	(204,000)	(204,000)
Balance, December 31, 1999	-	-	300,000	(304,000)	(4,000)
Issuance of common stock for cash	6,000,000	6,000	-	-	6,000
Estimated fair value of services contributed by stockholders	-	-	200,000	-	200,000
Net loss	-	-	-	(213,092)	(213,092)
Balance, December 31, 2000	6,000,000	6,000	500,000	(517,092)	(11,092)
Estimated fair value of services contributed by stockholders	-	-	200,000	-	200,000
Net loss	-	-	-	(208,420)	(208,420)
Balance, December 31, 2001	6,000,000	6,000	700,000	(725,512)	(19,512)

Continued…

STATEMENTS OF STOCKHOLDERS' DEFICIT - CONTINUED

For The Years Ended December 31, 2006 and 2005 and
For The Period From July 24, 1998 (Inception) Through December 31, 2006

	Common Stock		Additional Paid-in	Deficit Accumulated During the	Total Stockholders'
	Shares	Amount	Capital	Development Stage	Deficit
Estimated fair value of services contributed by stockholders	-	-	200,000	-	200,000
Net loss	-	-	-	(228,217)	(228,217)
Balance, December 31, 2002	6,000,000	6,000	900,000	(953,729)	(47,729)
Estimated fair value of services contributed by stockholders	-	-	200,000	-	200,000
Net loss	-	-	-	(207,196)	(207,196)
Balance, December 31, 2003	6,000,000	6,000	1,100,000	(1,160,925)	(54,925)
Estimated fair value of services contributed by stockholders	-	-	400,000	-	400,000
Net loss	-	-	-	(508,226)	(508,226)
Balance, December 31, 2004	6,000,000	6,000	1,500,000	(1,669,151)	(163,151)
Capital contributions	-	-	14,200	-	14,200
Issuance of common stock for cash	15,700,000	15,700	-	-	15,700
Exercise of stock options	100,000	100	-	-	100
Estimated fair value of services contributed by stockholders	-	-	400,000	-	400,000
Net loss	-	-	-	(539,622)	(539,622)
Balance, December 31, 2005	21,800,000	21,800	1,914,200	(2,208,773)	(272,773)

Continued…

STATEMENTS OF STOCKHOLDERS' DEFICIT - CONTINUED

For The Years Ended December 31, 2006 and 2005 and
For The Period From July 24, 1998 (Inception) Through December 31, 2006

	Common Stock		Additional Paid-in	Deficit Accumulated During the	Total Stockholders'
	Shares	Amount	Capital	Development Stage	Deficit
Capital contributions	-	-	48,600	-	48,600
Exercise of stock options	2,400,000	2,400	-	-	2,400
Estimated fair value of services contributed by stockholders	-	-	400,000	-	400,000
Net loss	-	-	-	(584,232)	(584,232)
Balance, December 31, 2006	24,200,000	$ 24,200	$ 2,362,800	$ (2,793,005)	$ (406,005)

See report of independent registered public accounting firm and accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,		For The Period From July 24, 1998 (Inception) Through December 31,
	2006	**2005**	**2006**
Cash flows from operating activities:			
Net loss	$ (584,232)	$ (539,622)	$ (2,793,005)
Adjustments to reconcile net loss to net cash used in operating activities:			
Estimated fair value of contributed services	400,000	400,000	2,300,000
Changes in operating assets and liabilities:			
Prepaid expenses	(1,998)	981	(5,696)
Accounts payable	121,516	46,650	173,692
Accrued interest	9,052	3,199	12,251
Net cash used in operating activities	(55,662)	(88,792)	(312,758)
Cash flows from financing activities:			
Proceeds from notes payable to stockholders	-	30,000	226,300
Capital contributions	48,600	14,200	62,800
Proceeds from purchase of common stock	-	15,700	21,700
Proceeds from exercise of stock options	2,400	100	2,500
Net cash provided by financing activities	51,000	60,000	313,300
Net change in cash	(4,662)	(28,792)	542
Cash, beginning of period	5,204	33,996	-
Cash, end of period	$ 542	$ 5,204	$ 542
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ -	$ -	
Cash paid during the year for income taxes	$ -	$ -	
Non-cash financing activity:			
Conversion of advances to notes payable to stockholders	$ -	$ 196,300	

See report of independent registered public accounting firm and accompanying notes to financial statements

NOTE 1 — ORGANIZATION AND NATURE OF OPERATIONS

Organization and Nature of Operations

Trans-Pharma Corporation (the "Company") was formed as a C Corporation under the laws of the State of Nevada on July 24, 1998 ("Inception"). The Company is based in San Diego, California.

The Company is in the pharmaceutical industry and holds a U.S. patent that covers the Transdel™ technology for transdermal drug delivery. The patent was contributed by the founders upon formation of the Company. The Company's lead topical drug candidate, Ketotransdel™, utilizes the proprietary Transdel™ cream formulation to facilitate the passage of ketoprofen, a non-steroidal anti-inflammatory drug ("NSAID"), through the epidermis and into underlying tissues. Ketotransdel™ provides an alternative to oral administration of cyclooxygenase-2 selective NSAIDs ("COX-2 inhibitors") and non-selective NSAIDs, which when administered orally are associated with increased risk of adverse cardiovascular events, gastrointestinal and other adverse complications. The Company has successfully completed a clinical trial for acute soft-tissue pain and soreness with Ketotransdel™. The Company presently intends to conduct additional clinical studies and pharmacological and toxicological studies of Ketotransdel™. The Company plans to obtain approval from the Food and Drug Administration ("FDA") in order to market and distribute this product.

At present, all of the clinical, manufacturing and pharmacological and toxicological work will be managed by third party contractors and consultants. The Company will be exploring marketing or distribution arrangements or corporate partner arrangements to market and distribute its products. The Company is evaluating whether it is feasible to continue outsourcing significant business functions such as clinical trials, manufacturing and sales and marketing or if building its own infrastructure to carry out these functions is necessary or desirable. The Company has not generated any revenues and the Company does not anticipate that it will generate any revenues until one or more of its drug candidates are approved by the FDA and effective sales and marketing support is in place. The FDA approval process is highly uncertain and the Company cannot estimate when it will generate revenues, if at all.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements, the Company has incurred recurring operating losses, had negative operating cash flows of $55,662 and $88,792 in 2006 and 2005, respectively, and has not recognized any revenue since Inception. In addition, the Company had a deficit accumulated during the development stage of $2,793,005 and negative working capital of $406,005 at December 31, 2006. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Company's continuation as a going concern is dependent on its ability to obtain additional financing to fund operations, implement its business model, and ultimately, to attain profitable operations. The Company intends to raise additional financing to fund its operations. However, there is no assurance that sufficient financing will be available or, if available, on terms that would be acceptable to the Company.

Subsequent to December 31, 2006, the Company sold 25,700,000 shares of common stock for proceeds of $25,700 and issued convertible notes to various lenders for an aggregate of $1,500,000 (see Note 7).

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Development Stage Enterprise

The Company is a development stage company as defined in Statement of Financial Accounting Standards (“SFAS”) No. 7, *Accounting and Reporting by Development Stage Enterprises*. The Company is devoting substantially all of its present efforts to establish a new business, and its planned principal operations have not yet commenced. All losses accumulated since inception have been considered as part of the Company’s development stage activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management are, among others, the valuation of contributed services, stock options, warrants and deferred taxes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash. The Company maintains its cash balances at high-quality institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $100,000. At times, the Company’s cash balances may exceed the amount insured by the FDIC. At December 31, 2006, the Company had no cash balances which exceeded the insured limit.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Instruments

The fair values of the Company's cash, accounts payable and accrued expenses approximate carrying values due to their short maturities. The Company cannot determine the estimated fair value of notes payable to stockholders as the transactions originated with related parties and instruments similar to the notes payable could not be located.

Revenue Recognition

The Company will recognize revenues in accordance to the Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition*, as amended by SAB No. 104. SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) will be based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or for which services have not been rendered or are subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or services have been rendered or no refund will be required.

As of December 31, 2006, the Company had not generated any revenues and the Company does not anticipate that it will generate any revenues until one or more of its drug candidates are approved by the FDA and effective sales and marketing support are in place. The FDA approval process is highly uncertain and the Company cannot estimate when it will generate revenues at this time.

Income Taxes

The Company determines its income taxes under the asset and liability method in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under the asset and liability method, deferred income tax assets and liabilities are calculated and recorded based upon the future tax consequences of temporary differences by applying enacted statutory tax rates applicable to future periods for differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Generally, deferred income taxes are classified as current or non-current in accordance with the classification of the related asset or liability. Those not related to an asset or liability, are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse. Valuation allowances are provided for significant deferred income tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic and Diluted Loss per Common Share

Basic loss per share is calculated by dividing net loss by the weighted average common shares outstanding during the period. Diluted net loss per share reflects the potential dilution to basic loss per share that could occur upon conversion or exercise of securities, options or other such items to common shares using the treasury stock method, based upon the weighted average fair value of the Company's common shares during the period. During the years ended December 31, 2006 and 2005, the Company did not have any potentially dilutive securities and no common stock equivalents were considered in the calculation of the weighted average number of shares outstanding because they would be anti-dilutive.

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004) ("SFAS No. 123(R)"), *Share-Based Payment*, to provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), and supersedes Accounting Principles Board Opinion ("APB") No. 25. SFAS No. 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in APB No. 25, as long as the footnotes to financial statements disclosed what net income (loss) would have been had the preferable fair-value-based method been used. There would have been no effect to the Company's net loss had it been accounting for its stock based compensation under SFAS No. 123 during 2005.

SFAS No. 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's statement of operations, reduced for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company adopted SFAS No. 123(R) in 2006. As a result of the adoption, the Company did not record any fair value-based compensation expense for options granted or vested during 2006.

Prior to the adoption of SFAS No. 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB No. 25 as allowed under SFAS No. 123. Under the intrinsic value method, stock-based compensation expense would be recognized in the Company's statements of operations for option grants to employees below the fair market value of the underlying stock at the date of grant.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

SFAS No. 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash flows. Due to the Company's loss position, there were no such tax benefits during the year ended December 31, 2006.

Prior to the adoption of SFAS No. 123(R), those benefits would have been reported as operating cash flows had the Company received any tax benefits related to stock option exercises.

Description of 2005 Stock Plan

The Company's stock option plan provides for grant of options to employees and directors of the Company to purchase the Company's shares, as determined by management and the board of directors, at the fair value of such shares on the grant date. The options generally vest upon grant date and have a ten-year term. As of December 31, 2006, the Company is authorized to issue up to 5,000,000 shares under this plan and has approximately 2,400,000 shares available for future issuances.

Summary of Assumptions and Activity

The fair value of stock-based awards to employees and directors is calculated using the Black-Scholes option pricing model even though the model was developed to estimate the fair value of freely tradeable, fully transferable options without vesting restrictions, which differ significantly from the Company's stock options. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate selected to value any particular grant is based on the U.S. Treasury rate that corresponds to the pricing term of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of publicly filing companies who are comparable to the Company and in a similar line of business. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods. The fair value of options granted during 2006 and 2005 was estimated using the following weighted-average assumptions:

	2006	2005
Stock options:		
Expected term (in years)	10.0	10.0
Expected volatility	85%	85%
Risk-free interest rate	5.23%	4.50%
Dividend yield	-	-

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A summary of option activity as of December 31, 2006 and changes during each of the two years then ended, is presented below:

	December 31, 2006			
		Weighted-Average		
	Shares	Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding and exercisable at January 1, 2005	-	$ -		
Options granted	350,000	0.001		
Options forfeited	-	-		
Options exercised	(100,000)	0.001		
Options outstanding and exercisable at December 31, 2005	250,000	0.001		
Options granted	2,250,000	0.001		
Options forfeited	-	-		
Options exercised	(2,400,000)	0.001		
Options outstanding and exercisable at December 31, 2006	100,000	$ 0.001	8.6	$ -

The weighted-average grant date fair value of options granted during 2006 and 2005 was $0. Upon the exercise of options, the Company issues new shares from its authorized shares.

As of December 31, 2006, there was $0 of total unrecognized compensation cost related to employee and director stock option compensation arrangements.

Recent Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company is subject to the provisions of FIN 48 as of January 1, 2007. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FIN 48. The cumulative effect, if any, of applying FIN 48 is to be reported as an adjustment to the opening balance of retained earnings in the year of adoption. The Company did not record a cumulative effect adjustment related to the adoption of FIN 48. Tax years since 1998 remain subject to examination by the major tax jurisdictions in which the Company is subject to tax. The Company's policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after December 15, 2007. The Company plans to adopt SFAS No. 157 beginning in the first quarter of 2008. The Company is currently evaluating the impact, if any, that adoption of SFAS No. 157 will have on its operating income (loss) or net income (loss).

On February 15, 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions in SFAS No. 159 are elective; however, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. The fair value option established by SFAS No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157, *Fair Value Measurements*. The adoption of this pronouncement is not expected to have material effect on the Company's financial statements.

Other recent accounting pronouncements issued by the FASB (including the Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3 —NOTES PAYABLE TO STOCKHOLDERS

In August 2005, the Company issued seven convertible promissory notes in the aggregate amount of $226,300 to various stockholders. The convertible notes bore interest at 4% per annum and were to mature on August 25, 2010 (the "Maturity Date"). If prior to the Maturity Date, the Company sells shares of its common stock for aggregate gross proceeds of not less than $1,000,000 ("Financing"), the Company shall cause the entire outstanding principal amount and accrued interest to convert into common stock at a conversion price equal to the per share offering price of the common stock sold in the Financing.

In connection with the issuance of the notes payable to stockholders, the Company granted warrants that are exercisable into an aggregate of 226,300 shares of the Company's common stock. The warrants were determined to have an insignificant fair value (see Note 5).

Interest expense on these notes was $9,052, $3,199, and $12,251 for the years ended December 31, 2006 and 2005 and the period from Inception to December 31, 2006, respectively.

NOTE 3 —NOTES PAYABLE TO STOCKHOLDERS, continued

Subsequent to December 31, 2006, the notes payable with interest were forgiven and the related warrants to stockholders were forfeited (see Note 7).

NOTE 4 — INCOME TAXES

At December 31, 2006, the Company has available for federal and state income tax purposes a net operating loss carryforwards of approximately $495,000, expiring through the year 2025, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company, it is more likely than not that the benefits will not be realized.

Pursuant to Internal Revenue Code Sections 382 and 383, the use of the Company's net operating loss and credit carryforwards may be limited if a cumulative change in ownership of more than 50% occurs within a three-year period. The annual limitation may result in the expiration of net operating losses and credits before utilization.

Deferred tax assets consist primarily of the tax effect of net operating loss carryforwards. The Company has provided a full valuation allowance on the deferred tax assets because of the uncertainty regarding realizability. The valuation allowance increased approximately $20,000 and $15,000 during the years ended December 31, 2006 and 2005 respectively.

Components of deferred tax assets as of December 31, 2006 are as follows:

Non-current:	
Net operating loss carry forward	$ 195,000
Valuation allowance	(195,000)
Net deferred asset	$ -

NOTE 5 — STOCKHOLDER S' DEFICIT

Common Stock and Capital Contributions

During the year ended December 31, 2006, the Company completed the following transactions:

- Issued 2,400,000 shares of common stock under stock options at a strike price of $0.001 per share for proceeds of $2,400.

- Received additional capital contributions of $48,600 made by the Company's stockholders.

NOTE 5 — STOCKHOLDER S' DEFICIT, continued

- Recorded capital contributions of $400,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded as payroll and related in the accompanying statements of operations.

During the year ended December 31, 2005, the Company completed the following transactions:

- Sold 15,700,000 shares of common stock at a price of $0.001 per share for proceeds of $15,700.

- Issued 100,000 shares of common stock under stock options at a strike price of $0.001 per share for proceeds of $100.

- Received additional capital contributions of $14,200 from the Company's stockholders.

- Recorded capital contributions of $400,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded as payroll and related in the accompanying statements of operations.

During the year ended December 31, 2004, the Company completed the following transactions:

- Recorded capital contributions of $400,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

During the year ended December 31, 2003, the Company completed the following transactions:

- Recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

During the year ended December 31, 2002, the Company completed the following transactions:

- Recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

During the year ended December 31, 2001, the Company completed the following transactions:

- Recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

NOTE 5 — STOCKHOLDER S' DEFICIT, continued

During the year ended December 31, 2000, the Company completed the following transactions:

- Sold 6,000,000 shares of common stock at a price of $0.001 per share for proceeds of $6,000.

- Recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

During the year ended December 31, 1999, the Company completed the following transactions:

- Recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

During the period ended December 31, 1998, the Company completed the following transactions:

- Recorded capital contributions of $100,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders.

Warrants

In connection with the convertible notes payable issued in August 2005 (see Note 3), the Company granted warrants to purchase 226,300 shares of common stock. The warrants vested upon grant, have a weighted-average exercise price of $0.001 per share, and expire in August 2010. The weighted-average grant date fair value of warrants granted during 2005 was $0.

The following summarizes the warrant activity during 2006 and 2005:

	Total Shares	Weighted-Average Exercise Price
Outstanding—December 31, 2004	—	—
Granted	226,300	$ 0.001
Exercised	—	—
Canceled	—	—
Outstanding—December 31, 2005	226,300	$ 0.001
Granted	—	—
Exercised	—	—
Canceled	—	—
Outstanding—December 31, 2006	226,300	$ 0.001

NOTE 5 — STOCKHOLDER S' DEFICIT, continued

The fair value of warrants granted was estimated using the following weighted-average assumptions:

	2005
Expected term (in years)	5.0
Expected volatility	85%
Risk-free interest rate	4.50%
Dividend yield	-

Subsequent to December 31, 2006, all warrants were cancelled (see Note 7).

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Nevada. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheet.

Litigation

The Company is, from time to time, involved in various legal and other proceedings which arise in the ordinary course of operating its business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not materially affect the financial position or results of operations of the Company.

NOTE 7 - SUBSEQUENT EVENTS

In May 2007, the holders of the convertible notes payables and warrant agreements entered into on August 25, 2005 forgave the amounts due and forfeited the related warrants (see Note 3). In connection with the forgiveness, the Company will record additional paid in capital of approximately $241,000.

On May 24, 2007, the Company entered into a mutual release agreement with a vendor, settling a balance of $170,914. In accordance with the mutual release agreement, the Company paid $81,000 and recognized a gain of $89,914

NOTE 7 - SUBSEQUENT EVENTS, continued

The Company issued 25,700,000 shares of common stock for cash at a price of $0.001 per share for proceeds of $25,700, which includes the issuance of 200,000 shares upon the exercise of warrants for $200 of proceeds (see below), and received capital contributions in the aggregate amount of approximately $106,000 subsequent to December 31, 2006.

Recorded capital contributions of $175,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded as payroll and related in the accompanying statements of operations.

On February 27, 2007, the Company granted a warrant to purchase 200,000 shares of common stock in connection with services rendered. The warrant vested upon grant, had an exercise price of $0.001 per share, and expired in February 2012. In April 2007, the warrant was exercised.

In May and June 2007, the Company issued convertible notes payable to various lenders for an aggregate amount of $1,500,000 (collectively, the “2007 Notes”). Each of the 2007 Notes bears interest at 7% per annum and matures on December 16, 2007 ("Maturity Date"). If prior to the Maturity Date, the Company merges with another company ("Pubco") that has a security approved for quotation on the OTC Bulletin Board ("Pubco Merger") or other trading market and Pubco simultaneously sells shares of its common stock for aggregate gross proceeds of not less than $2,500,000 ("Pubco Financing"), the Company shall cause the entire outstanding principal amount and accrued interest to convert into Pubco common stock at a conversion price equal to one-half of the per share offering price of the Pubco common stock sold in Pubco Financing. In the event of a Pubco Merger and Pubco Financing, the Company would record a debt discount of $1,500,000, which would be amortized immediately to interest expense upon the conversion of the 2007 Notes. If a Pubco Merger has not occurred by the Maturity Date, then at the option of the lender, each of the 2007 Notes shall convert into a pro rata portion of such number of shares of the Company's common stock that represents 15% of the Company's outstanding common stock on the Maturity Date. The 2007 Notes are not convertible until the earlier of the Pubco Merger and Pubco Financing or the Maturity Date.

The Company entered into a lab agreement with DPT Laboratories (“DPT”) during May 2007 to produce the product Ketopfofen Cream. The agreement required the Company to pay DPT $50,000 upon signature, $150,000 after two weeks of the project start date, and $100,000 after fourteen weeks of the project start date. In May and July 2007, the Company paid and expensed, in the aggregate, $200,000 related to this agreement.

In July 2007, the Company commenced a private offering (the “Offering”) for a minimum of 30 units and a maximum of 50 units of a to be identified publicly-traded company (“Pubco”) that would acquire all of the capital stock and business of the Company. Each unit is comprised of 50,000 shares of Pubco’s common stock and a detachable redeemable warrant to purchase 12,500 shares of Pubco’s common stock with a cash exercise price of $4.00 per share and a cashless exercise price of $5.00 per share, for a per unit purchase of $100,000.

NOTE 7 - SUBSEQUENT EVENTS, continued

Immediately prior to the initial closing of the Offering by Pubco, a wholly-owned subsidiary of Pubco will be merged with the Company in a transaction, intended to be tax-free, commonly referred to as a reverse merger. As a result, the Company will become a wholly-owned subsidiary of Pubco and all of the outstanding common stock of the Company will be converted into stock of Pubco. Immediately after the merger, the officers and directors of Pubco will resign and the management of the Company will control such positions; therefore, effecting a change of control. As a result, the transaction will be recorded as a reverse merger whereby the Company will be considered to be the accounting acquirer as it will retain control of Pubco after the merger.

Effective August 21, 2007, the Company issued 50,000 shares of common stock in connection with the exercise of stock options at a price of $0.001 per share for proceeds of $50. Also, 50,000 stock options previously held were forfeited.

On August 22, 2007, the Company awarded and the Board of Directors approved issuing 1,250,000 shares of restricted stock to an officer of the Company. The restricted stock will 100% vest eighteen months following the consummation of a merger of the Company with a publicly traded company or a subsidiary of a publicly traded company.

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

For The Six Months Ended June 30, 2007 and 2006 (Unaudited) and
For The Period From July 24, 1998 (Inception) Through June 30, 2007 (Unaudited)

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

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TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEET
(Unaudited)

	June 30, 2007
ASSETS	
Current assets:	
Cash	$ 1,398,870
Prepaid expenses	37,022
	$ 1,435,892
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 146,969
Accrued interest	7,738
Accrued payroll	28,571
Notes payable	1,500,000
Total current liabilities	1,683,278
Stockholders' deficit:	
Common stock, $0.001 par value; 100,000,000 shares authorized, 49,900,000 shares outstanding	49,900
Additional paid-in capital	2,885,408
Deficit accumulated during the development stage	(3,182,694)
Total stockholders' deficit	(247,386)
	$ 1,435,892

See accompanying notes to financial statements

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS
(Unaudited)

	Six Months Ended June 30,		For The Period From July 24, 1998 (Inception) Through June 30,
	2007	**2006**	**2007**
Operating expenses:			
Payroll and related	$ 203,571	$ 200,000	$ 2,503,571
Selling, general and administrative	265,144	79,432	747,081
Operating loss	(468,715)	(279,462)	(3,250,652)
Other income (expense):			
Interest expense	(10,888)	(4,526)	(23,139)
Interest income	-	-	1,183
Gain on forgiveness of liabilities	89,914	-	89,914
Total other income (expense), net	79,026	(4,526)	67,958
Net loss	$ (389,689)	$ (283,958)	$ (3,182,694)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	
Weighted average common shares outstanding	41,097,883	21,802,210	

See accompanying notes to financial statements

TRANS-PHARMA CORPORATION
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,		For The Period From July 24, 1998 (Inception) Through June 30,
	2007	**2006**	**2007**
Cash flows from operating activities:			
Net loss	$ (389,689)	$ (283,958)	$ (3,182,694)
Adjustments to reconcile net loss to net cash used in operating activities:			
Estimated fair value of contributed services	175,000	200,000	2,475,000
Gain on forgiveness of liabilities	(89,914)	-	(89,914)
Changes in operating assets and liabilities:			
Prepaid expenses	(31,326)	2,060	(37,022)
Accounts payable	63,191	38,303	236,883
Accrued interest	10,888	4,526	23,139
Accrued payroll	28,571	-	28,571
Net cash used in operating activities	(233,279)	(39,069)	(546,037)
Cash flows from financing activities:			
Proceeds from notes payable to stockholders	-	-	226,300
Proceeds from notes payable	1,500,000	-	1,500,000
Capital contributions	105,907	44,600	168,707
Proceeds from purchase of common stock and exercise of warrant	25,700	-	47,400
Proceeds from exercise of stock options	-	400	2,500
Net cash provided by financing activities	1,631,607	45,000	1,944,907
Net increase in cash	1,398,328	5,931	1,398,870
Cash, beginning of period	542	5,204	-
Cash, end of period	$ 1,398,870	$ 11,135	$ 1,398,870
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ -	$ -	
Cash paid during the period for income taxes	$ -	$ -	
Supplemental schedule of non-cash financing activities:			
Forgiveness of notes payable and accrued interest to shareholders	$ 241,701	$ -	

NOTE 1 — ORGANIZATION AND NATURE OF OPERATIONS

Management's Representation

The accompanying unaudited financial statements have been prepared by Trans-Pharma Corporation (the "Company") in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. These principles are consistent in all material respects with those applied in the Company's audited financial statements and pursuant to the instructions to Form 10-QSB and Item 310(b) of Regulation S-B promulgated by the United States Securities and Exchange Commission ("SEC"). Interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (all of which are of a normal recurring nature) necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods indicated. Interim results of operations are not necessarily indicative of the results to be expected for the full year or any other interim periods. These unaudited financial statements should be read in conjunction with the audited financial statements and footnotes thereto for the year ended December 31, 2006.

Organization and Nature of Operations

The Company was formed as a C Corporation under the laws of the State of Nevada on July 24, 1998 ("Inception"). The Company is based in San Diego, California.

The Company is in the pharmaceutical industry and holds a U.S. patent that covers the Transdel™ technology for transdermal drug delivery. The patent was contributed by the founders upon formation of the Company. The Company's lead topical drug candidate, Ketotransdel™, utilizes the proprietary Transdel™ cream formulation to facilitate the passage of ketoprofen, a non-steroidal anti-inflammatory drug ("NSAID"), through the epidermis and into underlying tissues. Ketotransdel™ provides an alternative to oral administration of cyclooxygenase-2 selective NSAIDs ("COX-2 inhibitors") and non-selective NSAIDs, which when administered orally are associated with increased risk of adverse cardiovascular events, gastrointestinal and other adverse complications. The Company has successfully completed a clinical trial for acute soft-tissue pain and soreness with Ketotransdel™. The Company presently intends to conduct additional clinical studies and pharmacological and toxicological studies of Ketotransdel™. The Company plans to obtain approval from the Food and Drug Administration ("FDA") in order to market and distribute this product.

At present, all of the clinical, manufacturing and pharmacological and toxicological work will be managed by third party contractors and consultants. The Company will be exploring marketing or distribution arrangements or corporate partner arrangements to market and distribute its products. The Company is evaluating whether it is feasible to continue outsourcing significant business functions such as clinical trials, manufacturing and sales and marketing or if building its own infrastructure to carry out these functions is necessary or desirable. The Company has not generated any revenues and the Company does not anticipate that it will generate any revenues until one or more of its drug candidates are approved by the FDA and effective sales and marketing support is in place. The FDA approval process is highly uncertain and the Company cannot estimate when it will generate revenues, if at all.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred recurring operating losses, had negative operating cash flows and has not recognized any revenues since Inception. In addition, the Company had a deficit accumulated during the development stage of $3,182,694 and negative working capital of $247,386 at June 30, 2007. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent on its ability to obtain additional financing to fund operations, implement its business model, and ultimately, to attain profitable operations. The Company intends to raise additional financing to fund its operations. However, there is no assurance that sufficient financing will be available or, if available, on terms that would be acceptable to the Company.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Development Stage Enterprise

The Company is a development stage company as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, *Accounting and Reporting by Development Stage Enterprises*. The Company is devoting substantially all of its present efforts to establish a new business, and its planned principal operations have not yet commenced. All losses accumulated since inception have been considered as part of the Company's development stage activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management are, among others, the valuation of contributed services, stock options, warrants and deferred taxes. Actual results could differ from those estimates.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash. The Company maintains its cash balances at high-quality institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $100,000. At times, the Company's cash balances may exceed the amount insured by the FDIC. At June 30, 2007, the Company had $1,298,870 in excess of the insured limit.

Revenue Recognition

The Company will recognize revenues in accordance to the Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition*, as amended by SAB No. 104. SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) will be based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or for which services have not been rendered or are subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or services have been rendered or no refund will be required.

As of June 30, 2007, the Company had not generated any revenues and the Company does not anticipate that it will generate any revenues until one or more of its drug candidates are approved by the FDA and effective sales and marketing support are in place. The FDA approval process is highly uncertain and the Company cannot estimate when it will generate revenues at this time.

Basic and Diluted Loss per Common Share

Basic loss per share is calculated by dividing net loss by the weighted average common shares outstanding during the period. Diluted net loss per share reflects the potential dilution to basic loss per share that could occur upon conversion or exercise of securities, options or other such items to common shares using the treasury stock method, based upon the weighted average fair value of the Company's common shares during the period. There are no potentially dilutive shares as of June 30, 2007. All potentially dilutive shares, approximately 226,000,000 as of June 30, 2006, have been excluded from diluted loss per share as their effect would be anti-dilutive for the period then ended.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004) ("SFAS No. 123(R)"), *Share-Based Payment*, to provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), and supersedes Accounting Principles Board Opinion ("APB") No. 25. SFAS No. 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in APB No. 25, as long as the footnotes to financial statements disclosed what net income (loss) would have been had the preferable fair-value-based method been used.

SFAS No. 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's statement of operations. The Company adopted SFAS No. 123(R) in 2006. As a result of the adoption, the Company did not record any fair value-based compensation expense for the options granted or vested during 2006.

Prior to the adoption of SFAS No. 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB No. 25 as allowed under SFAS No. 123. Under the intrinsic value method, stock-based compensation expense would be recognized in the Company's statements of operations, other than for option grants to employees below the fair market value of the underlying stock at the date of grant.

SFAS No. 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash flows. Due to the Company's loss position, there were no such tax benefits during the quarters ended June 30, 2007 and 2006.

Prior to the adoption of SFAS No. 123(R) those benefits would have been reported as operating cash flows had the Company received any tax benefits related to stock option exercises.

Description of 2005 Stock Plan

The Company's stock option plan provides for grant of options to employees and directors of the Company to purchase the Company's shares, as determined by management and the board of directors, at the fair value of such shares on the grant date. The options generally vest upon grant date and have a ten-year term. As of June 30, 2007, the Company is authorized to issue up to 5,000,000 shares under this plan and has approximately 2,400,000 shares available for future issuances.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Summary of Assumptions and Activity

The fair value of stock-based awards to employees and directors is calculated using the Black-Scholes option pricing model even though the model was developed to estimate the fair value of freely tradeable, fully transferable options without vesting restrictions, which differ significantly from the Company's stock options. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate selected to value any particular grant is based on the U.S. Treasury rate that corresponds to the pricing term of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of publicly filing companies who are comparable to the Company and in a similar line of business. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods.

A summary of option activity as of June 30, 2007 and changes during the six months then ended, is presented below:

	June 30, 2007			
		Weighted-Average		
	Shares	Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2007	100,000	$ 0.001		
Options granted	-	$ -		
Options forfeited	-	$ -		
Options exercised	-	$ -		
Options outstanding and exercisable at June 30, 2007	100,000	$ 0.001	8.1	$ -

As of June 30, 2007, there was no unrecognized compensation cost related to employee and director stock option compensation expense.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recent Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN No. 48"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN No. 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company is subject to the provisions of FIN No. 48 as of January 1, 2007. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FIN No. 48. The cumulative effect, if any, of applying FIN No. 48 is to be reported as an adjustment to the opening balance of retained earnings in the year of adoption. The Company did not record a cumulative effect adjustment related to the adoption of FIN No. 48. Tax years since 1992 remain subject to examination by the major tax jurisdictions in which the Company is subject to tax. The Company's policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after December 15, 2007. The Company plans to adopt SFAS No. 157 beginning in the first quarter of 2008. The Company is currently evaluating the impact, if any, that adoption of SFAS No. 157 will have on its operating income (loss) or net earnings (loss).

On February 15, 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115.* SFAS No. 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions in SFAS No. 159 are elective; however, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. The fair value option established by SFAS No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of FASB Statement No. 157, *Fair Value Measurements*. The adoption of this pronouncement is not expected to have material effect on the Company's financial statements.

Other recent accounting pronouncements issued by the FASB (including the Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3 —NOTES PAYABLE

In August 2005, the Company issued seven convertible promissory notes in the aggregate amount of $226,300 to various stockholders (collectively the "Stockholders' Notes"). The Stockholders' Notes bore interest at 4% per annum and were to mature on August 25, 2010.

In connection with the issuance of the Stockholders' Notes, the Company granted warrants that were exercisable into an aggregate 226,300 shares of the Company's common stock. The warrants were determined to have an insignificant fair value (see Note 4).

In May 2007, the holders of the Stockholders' Notes and related warrants forgave the amounts due and forfeited the related warrants. In connection with the forgiveness, the Company recorded additional paid-in capital of $241,701 equal to the value of the Stockholders' Notes and related accrued interest.

Interest expense on the Stockholders' Notes was $3,150, $4,526 and $15,401 for the six months ended June 30, 2007 and 2006 and the period from Inception to June 30, 2007, respectively.

In May and June 2007, the Company issued convertible notes payable to various lenders for an aggregate amount of $1,500,000 (collectively, the "2007 Notes"). Each of the 2007 Notes bears interest at 7% per annum and matures on December 16, 2007 ("Maturity Date"). If prior to the Maturity Date, the Company merges with another company ("Pubco") that has a security approved for quotation on the OTC Bulletin Board ("Pubco Merger") or other trading market and Pubco simultaneously sells shares of its common stock for aggregate gross proceeds of not less than $2,500,000 ("Pubco Financing"), the Company shall cause the entire outstanding principal amount and accrued interest to convert into Pubco common stock at a conversion price equal to one-half of the per share offering price of the Pubco common stock sold in Pubco Financing. In the event of a Pubco Merger and Pubco Financing, the Company would record a debt discount of $1,500,000, which would be amortized immediately to interest expense upon the conversion of the 2007 Notes. If a Pubco Merger has not occurred by the Maturity Date, then at the option of the lender, each of the 2007 Notes shall convert into a pro rata portion of such number of shares of the Company's common stock that represents 15% of the Company's outstanding common stock on the Maturity Date. The 2007 Notes are not convertible until the earlier of the Pubco Merger and Pubco Financing or the Maturity Date.

Interest expense on the 2007 Notes was $7,738 for the six months ended June 30, 2007 and the period from Inception to June 30, 2007.

NOTE 4 — STOCKHOLDER S' DEFICIT

Common Stock and Capital Contributions

For the period ended June 30, 2007, the Company completed the following transactions:

- Issued 25,700,000 shares of common stock at a price of $0.001 per share for proceeds of $25,700, which includes the issuance of 200,000 shares upon the exercise of warrants (see below).

- Received additional capital contributions of $105,907 from the Company's stockholders.

- Recorded capital contributions of $175,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded as payroll and related in the accompanying statements of operations.

- Recorded additional paid-in capital of $241,701 in connection with the forgiveness of notes payable and interest to shareholders (see Note 3).

For the period ended June 30, 2006, the Company completed the following transactions:

- Issued 400,000 shares of common stock in connection with the exercise of stock options at a price of $0.001 per share for proceeds of $400.

- Received additional capital contributions of $44,600 made by the Company's stockholders.

- Recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded as payroll and related in the accompanying statements of operations.

Warrants

On February 27, 2007, the Company granted a warrant to purchase 200,000 shares of common stock in connection with services rendered. Based on the Black-Scholes option pricing model, the warrant had an insignificant value. The warrant vested upon grant, had an exercise price of $0.001 per share and expired in February 2012. In April 2007, the Company issued 200,000 shares of common stock for proceeds of $200 upon exercise of the warrant.

NOTE 4 — STOCKHOLDER S' DEFICIT, continued

The following summarizes the warrant activity during the six months ended June 30, 2007:

	Total Shares	Weighted-Average Exercise Price
Outstanding—January 1, 2007	226,300	$ 0.001
Granted	200,000	$ 0.001
Exercised	(200,000)	$ 0.001
Canceled	(226,300)	—
Outstanding—June 30, 2007	—	—

The fair value of warrants granted was estimated using the following weighted-average assumptions:

	2007
Expected term (in years)	5.0
Expected volatility	85%
Risk-free interest rate	4.46%
Dividend yield	-

NOTE 5 — COMMITMENTS AND CONTINGENCIES

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Nevada. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheet.

Litigation

The Company is, from time to time, involved in various legal and other proceedings which arise in the ordinary course of operating its business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not materially affect the financial position or results of operations of the Company.

NOTE 5 — COMMITMENTS AND CONTINGENCIES, continued

DPT Laboratories

The Company entered into a lab agreement with DPT Laboratories ("DPT") during May 2007 to produce the product Ketopfofen Cream. The agreement required the Company to pay DPT $50,000 upon signature, $150,000 after two weeks of the project start date, and $100,000 after fourteen weeks of the project start date. In June and July 2007, the Company remitted $50,000 and $150,000 due under the DPT agreement.

NOTE 6 — SUBSEQUENT EVENTS

In July 2007, the Company commenced a private offering (the "Offering") for a minimum of 30 units and a maximum of 50 units of a to be identified publicly-traded company ("Pubco") that would acquire all of the capital stock and business of the Company. Each unit is comprised of 50,000 shares of Pubco's common stock and a detachable redeemable warrant to purchase 12,500 shares of Pubco's common stock with a cash exercise price of $4.00 per share and a cashless exercise price of $5.00 per share, for a per unit purchase of $100,000.

Immediately prior to the initial closing of the Offering by Pubco, a wholly-owned subsidiary of Pubco will be merged with the Company in a transaction, intended to be tax-free, commonly referred to as a reverse merger. As a result, the Company will become a wholly-owned subsidiary of Pubco and all of the outstanding common stock of the Company will be converted into stock of Pubco. Immediately after the merger, the officers and directors of Pubco will resign and the management of the Company will control such positions; therefore, effecting a change of control. As a result, the transaction will be recorded as a reverse merger whereby the Company will be considered to be the accounting acquirer as it will retain control of Pubco after the merger.

Effective August 21, 2007, the Company issued 50,000 shares of common stock in connection with the exercise of stock options at a price of $0.001 per share for proceeds of $50. Also, 50,000 stock options previously held were forfeited.

On August 22, 2007, the Company awarded and the Board of Directors approved issuing 1,250,000 shares of restricted stock to an officer of the Company. The restricted stock will 100% vest eighteen months following the consummation of a merger of the Company with a publicly traded company or a subsidiary of a publicly traded company.

EXHIBIT 99.3

Transdel Pharmaceuticals, Inc.

Unaudited Pro Forma Combined Financial Statements

Transdel Pharmaceuticals, Inc.

Introduction to Unaudited Pro Forma Combined Financial Statements

The following unaudited pro forma combined balance sheet is presented to illustrate the estimated effects of the merger of Trans-Pharma Corporation ("Trans-Pharma") into a newly formed subsidiary of Transdel Pharmaceuticals, Inc (the "Merger"), where Trans-Pharma would become a wholly-owned subsidiary of Transdel Pharmaceuticals, Inc. ("Transdel").

We have derived our unaudited combined balance sheet as of June 30, 2007 from Trans-Pharma's and Transdel's financial statements at June 30, 2007 (unaudited) and May 31, 2007, respectively. A pro forma combined statement of operations is not presented as during the year ended May 31, 2007, Transdel incurred an insignificant amount of expenses and providing effect of the Merger as of January 1, 2007 would not materially change Trans-Pharma's results of the unaudited six months ended June 30, 2007 (except for the $1.5 million recognition of interest expense related to debt discount on the convertible notes payable) or the year-ended December 31, 2006.

The unaudited pro forma combined balance sheet as of June 30, 2007 assumes the Merger was consummated on June 30, 2007. The information presented in the unaudited pro forma combined balance sheet does not purport to represent what our financial position or results of operations would have been had the Merger occurred as of the date indicated, nor is it indicative of our future financial position or results of operations for any period. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined.

The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma combined balance sheet should be read in conjunction with the accompanying notes and assumptions and the historical financial statements and related notes of Trans-Pharma and Transdel.

Transdel Pharmaceuticals, Inc.

Proforma Combined Balance Sheet

As of June 30, 2007 (unaudited)

	Trans-Pharma Corporation June 30, 2007 (unaudited)	Transdel Pharmaceuticals, Inc. May 31, 2007 (audited)	Pro Forma Adjustments	Pro Forma Balances June 30, 2007
Assets				
Current assets:				
Cash	$ 1,398,870	$ 16,982	$ 3,819,185 (1)	$ 5,235,037
Prepaid expenses	37,022	8,250	(8,250) (2)	37,022
Total Assets	$ 1,435,892	$ 25,232	$ 3,810,935	$ 5,272,059
Liabilities and Stockholders' Deficit				
Current liabilities:				
Accounts payable	$ 146,969	$ -	$ -	$ 146,969
Accrued expenses	-	3,880	(3,880) (2)	-
Accrued interest	7,738	-	(7,738) (3)	-
Accrued payroll	28,571	-	-	28,571
Notes payable	1,500,000	-	(1,500,000) (3)	-
Total current liabilities	1,683,278	3,880	(1,511,618)	175,540
Stockholders' Deficit				
Common stock	49,900	1,600	(38,298) (4)	13,202
Additional paid in capital	2,885,408	79,600	6,801,003 (5)	9,766,011
Deficit accumulated during the development stage	(3,182,694)	(59,848)	(1,440,152) (6)	(4,682,694)
Total Stockholders' Deficit	(247,386)	21,352	5,322,553	5,096,519
Total Liabilities and Stockholders' Deficit	$ 1,435,892	$ 25,232	$ 3,810,935	$ 5,272,059

Transdel Pharmaceuticals, Inc.

Notes to Unaudited Pro Forma Combined Balance Sheet

As of June 30, 2007 (unaudited)

Note 1. Merger Transaction

On September 17, 2007, Transdel Pharmaceuticals, Inc., a Delaware corporation ("Transdel"), entered into an Agreement of Merger and Plan of Reorganization (the "Merger Agreement") by and among Transdel, Trans-Pharma Corporation, a privately held Nevada corporation ("Trans-Pharma"), and Trans-Pharma Acquisition Corp., a newly formed, wholly-owned Delaware subsidiary of Transdel ("Acquisition Sub"). Upon closing of the Merger transaction contemplated under the Merger Agreement (the "Merger"), Acquisition Sub merged with and into Trans-Pharma, and Trans-Pharma, as the surviving corporation, became a wholly-owned subsidiary of Transdel.

Pursuant to the terms and conditions of the Merger Agreement:

- At the closing of the Merger, each share of Trans-Pharma's common stock issued and outstanding immediately prior to the closing of the Merger was exchanged for the right to receive 0.15625 of one share of Transdel's common stock. As of June 30, 2007, 7,797,000 shares of Transdel's common stock, would have been issued to the holders of Trans-Pharma's common stock.

- Immediately following the closing of the Merger, $1.5 million of convertible notes of Trans-Pharma (the "Notes"), plus all unpaid accrued interest, were assumed by Transdel and subsequently converted into 1,507,738 shares (as of June 30, 2007) of Transdel's common stock.

- Immediately following the closing of the Merger, under the terms of an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations ("Split-Off Agreement"), Transdel transferred all of its pre-Merger assets and liabilities to its wholly-owned subsidiary, Bywater Resources Holdings, Inc. ("SplitCo"). Thereafter pursuant to a Split-Off Agreement, Transdel transferred all of its outstanding capital stock of SplitCo to a major stockholder of Transdel in exchange for cancellation of 5,550,007 shares of Transdel's common stock held by such stockholder (the "Split-Off"), which left 1,849,993 shares of Transdel's common stock held by existing stockholders of Transdel. (Prior to the Merger, Transdel completed a 0.4625 for 1 reverse common stock split that reduced the outstanding shares from 16.0 million to 7.4 million). These shares constituted the part of Transdel's "public float" prior to the Merger that will continue to represent the shares of Transdel's common stock eligible for resale without further registration by the holders thereof.

- In connection with the closing of the Merger, Transdel issued 40.94 units in a private placement (the "Private Placement"), consisting of an aggregate of 2,046,834 shares of Transdel's common stock and five-year warrants to purchase an aggregate of an additional 511,708 shares of common stock at an initial cash exercise price of $4.00 per share and an initial cashless exercise price of $5.00 per share, at $100,000 per unit. Also, additional warrants to purchase 33,750 shares of common stock were issued to placement agents in connection with the Private Placement.

Note 2. Pro Forma Adjustments

(1)

Issuance of common stock, less commissions and expenses of $257,500	$	3,836,167
To reflect the distribution of certain assets and liabilities upon closing of the Merger		(16,982)
	$	3,819,185

(2) – To reflect the distribution of certain assets and liabilities upon closing of the Merger.

(3) – To reflect the conversion of notes payable and accrued interest into common stock.

(4)

To reflect change in par value of Transdel common stock to $0.001 from $0.0001 for 16,000,000 shares	$	14,400
To reflect the Transdel reverse stock split (1 for .4625 shares) which occurred prior to closing of the Merger resulting in the reduction of 8,600,000 shares		(8,600)
To reflect the cancellation of 5,550,007 shares upon the closing of the Merger.		(5,550)
To reflect the issuance of common stock related to the conversion of notes payable and accrued interest		1,508
Issuance of common stock, 2,046,834 shares		2,047
Conversion of Trans-Pharma common stock to Transdel common stock (49,900,000 - 7,796,875 (49,900,000 shares x 0.15625) = 42,103,125 shares)		(42,103)
	$	(38,298)

Note 2. Pro Forma Adjustments (continued)

(5)

To reflect change in par value of Transdel common stock to $0.001 from $0.0001 for 16,000,000 shares	$	(14,400)
To reflect the Transdel reverse stock split (1 for .4625 shares) which occurred prior to closing of Merger resulting in the reduction of 8,600,000 shares		8,600
To reflect the cancellation of 5,550,007 shares upon the closing of the Merger.		5,550
To reflect the distribution of certain assets and liabilities of Transdel upon closing of the Merger.		(21,352)
Issuance of common stock, 2,046,834 shares with gross proceeds of $4,093,667 less commissions and expenses of $257,500		3,834,120
To recapitalize Transdel's retained earnings for the Merger		(59,848)
To reflect the issuance of common stock related to the conversion of notes payable and accrued interest (Notes and accrued interest of $1,507,738 less par value of $1,508)		1,506,230
Recognition of interest expense related to debt discount on the convertible notes payable		1,500,000
Conversion of Trans-Pharma common stock to Transdel common stock (49,900,000 - 7,796,875 (49,900,000 shares x 0.15625) = 42,103,125 shares)		42,103
	$	6,801,003

(6)

Recapitalize Transdel's retained earnings for the Merger	$	59,848
Recognition of interest expense related to debt discount on the convertible notes payable		(1,500,000)
	$	(1,440,152)