SCOLR Pharma, Inc.
Form DEF 14A
April 25, 2008

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United States
Securities and Exchange Commission
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 14a-12

SCOLR Pharma, Inc.
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registrant statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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SCOLR Pharma, Inc.
3625 132nd Avenue SE, Suite 400
Bellevue, Washington 98006

April 30, 2008

Dear Stockholder:

This year's annual meeting of stockholders will be held on June 5, 2008, at 10:00 a.m. local time at The American Stock Exchange, 86 Trinity Place, New York, New York 10006. You are cordially invited to attend.

The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, accompany this letter.

It is important that you use this opportunity to take part in the affairs of SCOLR Pharma by voting on the business to come before this meeting. After reading the Proxy Statement, please promptly mark, sign, date and return the enclosed proxy card in the prepaid envelope to assure that your shares will be represented. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before our stockholders is important.

A copy of SCOLR Pharma's Annual Report to Stockholders is also enclosed for your information. Following completion of the scheduled business, we will report on SCOLR Pharma's activities over the past year and our plans for the future. The Board of Directors and management look forward to seeing you at the annual meeting.

Sincerely yours,

DANIEL O. WILDS
President and Chief Executive Officer

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SCOLR Pharma, Inc.
3625 132nd Avenue SE, Suite 400
Bellevue, Washington 98006

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on June 5, 2008

To the Stockholders of SCOLR Pharma, Inc.:

Notice is hereby given that the annual meeting of the stockholders of SCOLR Pharma, Inc., a Delaware corporation, will be held on June 5, 2008, at 10:00 a.m. local time at The American Stock Exchange, 86 Trinity Place New York, New York 10006, for the following purposes:

1. To elect nine directors to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualified.

2. To ratify the appointment of Grant Thornton LLP as our independent audit firm for the fiscal year ending December 31, 2008.

3. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on April 17, 2008, are entitled to notice of, and to vote at, this meeting and any adjournment or postponement. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 3625 132nd Avenue SE, Suite 400, Bellevue, Washington 98006.

By order of the Board of Directors,

DANIEL O. WILDS
President and Chief Executive Officer

Bellevue, Washington
April 30, 2008

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE FILL IN, DATE, SIGN AND PROMPTLY MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY CHOOSE TO VOTE IN PERSON EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BANK, BROKER OR OTHER NOMINEE AND YOU WISH TO VOTE IN PERSON AT THE ANNUAL MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM SUCH BANK, BROKER OR OTHER NOMINEE.

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SCOLR Pharma, Inc.

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

JUNE 5, 2008

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SCOLR Pharma, Inc.

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

JUNE 5, 2008

The accompanying proxy is solicited by the Board of Directors of SCOLR Pharma, Inc., a Delaware corporation, for use at its 2008 annual meeting of stockholders or any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement and the enclosed proxy are being mailed to stockholders on or about April 30, 2008.

Date, Time and Place of Meeting. This year's annual meeting of stockholders will be held on June 5, 2008, at 10:00 a.m. local time at The American Stock Exchange, 86 Trinity Place, New York, New York 10006.

SOLICITATION AND VOTING

Voting Securities. Only stockholders of record as of the close of business on April 17, 2008, will be entitled to vote at the meeting and any adjournment or postponement thereof. As of that date, we had 41,128,359 shares of common stock outstanding, all of which are entitled to vote with respect to all matters to be acted upon at the annual meeting. Each stockholder of record as of that date is entitled to one vote for each share of common stock held by him or her. Our bylaws provide that a majority of all of the shares of the stock entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting. Except as noted below, votes for and against, abstentions and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum.

Broker Non-Votes. A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in "street name") but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include matters such as the election of directors, increases in authorized common stock for general corporate purposes and the ratification of the appointment of independent auditors.

Solicitation of Proxies. We will bear the cost of soliciting proxies. In addition to soliciting stockholders by mail through our employees, we will request banks, brokers and other custodians, nominees and fiduciaries to solicit customers for whom they hold our stock and may reimburse them for their reasonable, out-of-pocket costs. We may use the services of our officers, directors and other third parties to solicit proxies, personally or by telephone, without additional compensation.

Voting of Proxies. All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal.

Proxy Revocation. A stockholder giving a proxy has the power to revoke his or her proxy at any time before it is exercised by delivering to the Secretary of SCOLR Pharma a written instrument revoking the proxy or a duly executed proxy with a later date, or by attending the meeting and voting in person. However, if a stockholder's shares are held of record by a bank, broker or other nominee, the stockholder must first obtain a proxy issued in his or her name from such bank, broker or other nominee before voting the shares in person at the meeting.

Principal Executive Offices. Our principal executive offices are located at 3625 - 132nd Avenue SE, Suite 400, Bellevue, Washington 98006. Our corporate website is http://www.scolr.com.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our bylaws provide that the board of directors shall consist of between four and twelve members, with the specific number to be established by resolution of the board of directors. The authorized number of directors is currently set at nine.

Our nominating and corporate governance committee has nominated for election by the stockholders the nine current members of the board of directors: Randall L-W. Caudill, Reza Fassihi, Herbert L. Lucas, Jr., Bruce S. Morra, Wayne L. Pines, Jeffrey B. Reich, Michael N. Taglich, Gregory L. Weaver and Daniel O. Wilds. If elected, the nominees will serve as directors until our annual meeting of stockholders in 2009 and until their respective successors are elected and qualified. If any of the nominees declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although we know of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as we may designate.

The following sets forth our current directors and information concerning their ages and background:

Name	Principal Occupation	Age	Director Since
Randall L-W. Caudill	Financial Consultant	61	2002
Reza Fassihi	Professor of Biopharmaceutics and Industrial Pharmacy	56	2003
Herbert L. Lucas, Jr.	Private Investor	81	1991
Bruce S. Morra	Pharmaceutical and Biotechnology Consultant	54	2007
Wayne L. Pines	FDA-related Regulatory and Media Consultant	64	2004
Jeffrey B. Reich	Vice President of Cramer, Rosenthal & McGlynn	46	2007
Michael N. Taglich	President of Taglich Brothers, Inc.	42	2003
Gregory L. Weaver	Chief Financial Officer of Talyst, Inc.	51	2007
Daniel O. Wilds	President and Chief Executive Officer of SCOLR Pharma, Inc.	59	2003

Randall L-W. Caudill, D. Phil., is president of Dunsford Hill Capital Partners, a financial consulting firm serving early-stage healthcare and technology companies. From 1987 to 1997, while at Prudential Securities, Mr. Caudill established and headed the firm's San Francisco investment banking practice and served as head of the mergers and acquisitions department and co-head of Prudential's investment banking division. Mr. Caudill also served as executive director and co-head of mergers and acquisitions at Morgan Grenfell Inc. and as vice president in the mergers and acquisitions department of The First Boston Corporation. Mr. Caudill currently serves as chairman of the board of directors of VaxGen, Inc., and on the boards of directors of RamGen Inc. and Helix BioMedix Inc. Mr. Caudill received a M.A. in Public and Private Management from Yale University and a doctorate of philosophy while a Rhodes Scholar at Oxford University.

Reza Fassihi, Ph.D., is the co-inventor and holder of patents in our CDT(R) platform and is a consultant to us. He is a professor of biopharmaceutics and industrial pharmacy at Temple University, School of Pharmacy. Dr. Fassihi joined Temple University in 1992, where he has served as professor, director of graduate programs, and has chaired various committees and is co-chair of PPF (Philadelphia Pharmaceutical Forum). Dr. Fassihi is widely published in more than 124 peer-reviewed professional papers, numerous chapters in books and is credited with more than 300 abstracts.

Currently he has ongoing projects in collaboration with various pharmaceutical laboratories. He acts as a consultant to a number of pharmaceutical and nutritional manufacturers, government agencies, and has served as an expert witness on issues related to pharmaceutical products.

Herbert L. Lucas, Jr., has managed his family investment business since 1982. He has served on the boards of various financial and business institutions including Wellington Trust Company, Arctic Alaska Fisheries, Inc., and Sunworld International Airways, Inc. Mr. Lucas has served as Trustee of The J. Paul Getty Trust, the Los Angeles County Museum of Art, The Morgan Library, and Winrock International Institute for Agricultural Research and Development. He was formerly a member of the Board of Trustees of Princeton University. From 1972 to 1981, he served as president of Carnation International in Los Angeles and as a director of the Carnation Company. Mr. Lucas received a B.A. degree in History from Princeton University and an M.B.A. degree from the Harvard University Graduate School of Business Administration.

Bruce S. Morra, Ph.D., is a consultant to companies in the pharmaceutical, medical device, drug delivery, biotech and polymers industries. From 2003 to 2004, Dr. Morra was president of West Pharmaceutical Services' drug delivery and contract clinical research businesses. From 2002 to 2003, he was chief business officer of Progenitor Cell Therapy, LLC, a start-up company performing stem cell and other cell therapy process, device and drug contract research and manufacturing. From 1998 to 2004, Dr. Morra served as president, chief operating officer and chief financial officer of Biopore Corporation and its sister company Polygenetics, Inc. He serves on the boards of directors of InforMedix Holdings, Inc. and Unigene Laboratories, Inc. Dr. Morra earned his Ph.D. and M.S. in Polymer Science and Engineering and his M.B.A. from the

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University of Massachusetts, Ahmerst in 1980, after graduating magna cum laude in Chemical Engineering from Princeton University in 1976.

Wayne L. Pines, is an international consultant on FDA-related regulatory and media issues and on corporate crisis management. Since 1993, he has been President of Regulatory Services and Healthcare at APCO Worldwide, a public affairs firm in Washington, D.C. Prior to that, Mr. Pines was executive vice president of Burson-Martseller, an international public relations agency. Mr. Pines served for ten years at the FDA as Chief of Consumer Education and Information, Chief of Press Relations and Associate Commissioner of Public Affairs. He is also a member of the board of Excel Life Sciences and MyCareTeam.com, and in the non-profit sector is Chairman of the Board of MedStar Research Institute and President of the Alliance for a Stronger FDA. A frequent lecturer at educational conferences, he has authored or edited a dozen books on FDA-related issues, medical advertising regulation and crisis management. Mr. Pines is a graduate of Rutgers University.

Jeffrey B. Reich, M.D., is a Vice President at the investment advisory firm of Cramer, Rosenthal & McGlynn (CRM), serving as a senior research healthcare analyst in the firm’s investment group. Prior to CRM, Dr. Reich was a portfolio manager/senior analyst and principal at Merlin Bio Med Group. Dr. Reich also serves on the board of directors of Neurologix, Inc., a development-stage company engaged in the research and development of proprietary treatments for disorders of the brain and central nervous system utilizing gene therapies. He earned his B.A. from Binghamton University and his M.D. from Weill Medical College of Cornell University in 1987, where he was also an Assistant Clinical Professor in the Department of Neurology and Neuroscience for 10 years.

Michael N. Taglich, has served as president and co-founder of Taglich Brothers, Inc., a NASD broker-dealer focused on public and private micro cap companies, since 1992. From 1987 to 1992, Mr. Taglich served as vice president at Weatherly Securities. Mr. Taglich earned a B.S. from New York University.

Gregory L. Weaver, is chief financial officer of Talyst, Inc., a leading provider of pharmacy automation solutions to hospitals and other centralized pharmacies. Prior to joining Talyst, Mr. Weaver held the position of senior vice president and chief financial officer of Sirna Therapeutics, a San Francisco biotechnology company which was acquired by Merck in 2006. Prior to joining Sirna Therapeutics, Mr. Weaver served as vice president, chief financial officer and secretary of Nastech Pharmaceutical Company Inc., a drug delivery company focused on intranasally delivered products and technologies. From 1999 to 2002, Mr. Weaver served as chief financial officer of Ilex Oncology Inc., a cancer drug development company and oncology-focused contract research organization. He serves on the board of directors of Celsion Corporation. Weaver received a B.S. in accounting from Trinity University in San Antonio, Tex., an M.B.A. from Boston College and received his C.P.A. license in 1985.

Daniel O. Wilds, is our president and chief executive officer. From 1998 to July 2003, Mr. Wilds served as chairman, president and chief executive officer of Northwest Biotherapeutics, Inc., a biotechnology company focused on discovering, developing, and commercializing immunotherapy products that safely generate and enhance immune system responses to effectively treat cancer. From 1997 to 1998, Mr. Wilds served as president and chief executive officer of Shiloov Biotechnologies (USA), Inc. From 1992 to 1996, Mr. Wilds served as president and chief executive officer of Adeza Biomedical Corporation, prior to which he served as president and chief executive officer of Medisense, Inc. and president of Baxter’s Chemotherapy Service. Mr. Wilds has also served as president and chief operating officer of Travenol-Genentech, Inc., a joint venture between Baxter International and Genentech, Inc., and has held other domestic and international senior management positions in the biomedical and biopharmaceutical fields. Mr. Wilds currently serves on the board of directors of Helix BioMedix, Inc. Mr. Wilds holds a B.A. from California State University, Los Angeles and an M.B.A. from Northwestern University.

Vote Required and Board of Directors’ Recommendation

If a quorum is present and voting, the nine nominees for director receiving the highest number of votes will be elected as members of the board of directors. Abstentions and broker non-votes will each be counted for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the vote.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH NOMINEE NAMED ABOVE.

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CORPORATE GOVERNANCE

Director Independence

The board of directors has determined that Messrs. Caudill, Lucas, Pines, Dr. Reich, Weaver and Dr. Morra are "independent directors" within the meaning of the rules of the American Stock Exchange. Mr. Wilds is not considered independent because he is an executive officer of SCOLR Pharma, Dr. Fassihi is not considered independent because he receives compensation for consulting services provided to SCOLR Pharma, and Mr. Taglich is not considered independent because of his role as chairman of the board.

Board Meetings and Committees

The board of directors held seven meetings of the full board and three meetings of the independent directors during the fiscal year ended December 31, 2007. The board of directors has a standing audit committee, compensation committee and nominating and corporate governance committee. Committee assignments are re-evaluated periodically and approved by the board of directors as needed. During the last fiscal year, no director attended fewer than 75% of the total number of meetings of the board and all of the committees of the board on which such director served held during that period.

The following table sets forth the three standing committees of the board of directors, the members of each committee during the last fiscal year and the number of meetings held by each committee:

Name of Director	Audit	Compensation	Nominating and Corporate Governance
Randall L-W. Caudill (A)	Member	Chair	
Herbert L. Lucas, Jr. (B)	Chair		Member
Dr. Bruce S. Morra (D)	Member		Member
Wayne L. Pines (C)		Member	Chair
Dr. Jeffrey B. Reich (D)		Member	Member
Gregory L. Weaver (D)	Member	Member	
Number of Meetings:	5	6	4

(A) Mr. Caudill was a member and the chair of the Nominating and Corporate Governance Committee until December 6, 2007.

(B) Mr. Lucas was a member of the Compensation Committee until December 6, 2007.

(C) Mr. Pines was a member of the Audit Committee until December 6, 2007.

(D) Committee appointments for Dr. Morra, Dr. Reich and Mr. Weaver were effective December 6, 2007.

Audit Committee. The current members of the audit committee are Mr. Lucas (Chairman), Mr. Caudill, Dr. Morra and Mr. Weaver. The board of directors has determined that each member of the audit committee satisfies all applicable independence and experience requirements of the American Stock Exchange and the SEC for audit committee membership and that each member of the audit committee is qualified as an "audit committee financial expert" as defined by the SEC.

The audit committee acts pursuant to a written charter adopted by the board of directors. A copy of the charter is included as Appendix A to this proxy statement. The audit committee retains our independent auditors, reviews their independence, reviews and approves any fee arrangements, oversees their audit work, reviews and pre-approves any non-audit services that may be performed by them, reviews the adequacy of accounting and financial controls, reviews our critical accounting policies and reviews and approves any related party transactions. The audit committee held five meetings during 2007.

Compensation Committee. The current members of the compensation committee are Mr. Caudill (Chairman), Mr. Pines, Dr. Reich and Mr. Weaver. The board of directors has determined that each member of the compensation committee satisfies all applicable independence and experience requirements of the American Stock Exchange and the SEC for compensation committee membership and as outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The compensation committee acts pursuant to a written charter adopted by the board of directors. The compensation committee determines all compensation for our chief executive officer, including incentive-based and equity-based compensation. In addition, the compensation committee reviews and approves salary and bonus levels for other executive officers and approves stock option grants to executive officers. The compensation committee held six meetings during 2007.

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Agendas for the meetings of the compensation committee are determined through a collaborative process involving the committee chairman and the chief executive officer. Committee meetings are usually attended by the chief executive, financial, legal and technical officers, who are excused from the meeting when the committee discusses their individual compensation or performance and during other executive sessions of the committee.

Nominating and Corporate Governance Committee. The current members of the nominating and corporate governance committee are Mr. Pines (Chairman), Mr. Lucas, Dr. Morra and Dr. Reich. The nominating and corporate governance committee acts pursuant to a written charter adopted by the board of directors. The nominating and corporate governance committee identifies individuals qualified to become members of the board of directors, selects or recommends to the board of directors director nominees for each election of directors, develops and recommends to the board of directors criteria for selecting qualified director candidates, considers committee member qualifications, appointment and removal, and provides oversight in the evaluation of the board of directors and each committee. The nominating and corporate governance committee held four meetings during 2007.

Independent Director Meetings

Non-management directors generally meet in executive session without management present each time the board of directors holds its regularly scheduled meetings. Mr. Pines has been designated by the board of directors to act as the lead director for such independent director meetings.

Director Nominations

When considering the nomination of director for election to the board of directors, the nominating and corporate governance committee generally reviews the results of an evaluation performed by the board of directors and each committee and the needs of the board of directors for various skills, background, experience and expected contribution and qualifications of the candidate. In this regard, the nominating and corporate governance committee concerns itself with the composition of the board of directors with respect to depth of experience, balance of professional interests, required expertise and other factors. The nominating and corporate governance committee evaluates prospective nominees on its own initiative or referred to it by the board of directors, management, stockholders or external sources.

Our stockholders may nominate candidates for election as directors if they follow the procedures and conform to the deadlines specified in our bylaws. The complete description of the requirements for stockholder nomination of director candidates is contained in the bylaws. In summary, a stockholder desiring to nominate one or more candidates for election at our next annual meeting must submit written notice of such nomination to our corporate secretary not less than 90 days in advance of the third Monday in May. The deadline for submission of any director nominations by our stockholders for the next annual meeting is also set forth in the proxy statement for each annual meeting.

Any stockholders nominating candidates for election as directors are also required to provide the following information with respect to their nominees:

- the stockholder’s name and address;
- a representation that the stockholder is entitled to vote at the annual meeting and a statement of the number of shares beneficially owned by the stockholder;
- a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder;

- any other information relating to each nominee that would be required to be disclosed in a proxy statement filed pursuant to the SEC's proxy rules; and,
- the consent of each nominee to serve as a director if so elected.

Evaluation of any recommendations by stockholders of director candidates is the responsibility of our nominating and corporate governance committee under its charter. Stockholders may submit in writing recommendations for consideration by the nominating and corporate governance committee to the attention of our corporate secretary at 3625 132nd Avenue SE, Suite 400, Bellevue, Washington 98006. Recommendations should contain a detailed discussion of the qualifications of each recommended candidate and any other material information the stockholder wants the nominating and corporate governance committee to consider.

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Communications with Directors

Any stockholder wishing to communicate with any of our directors regarding SCOLR Pharma may write to the director, c/o Corporate Secretary, 3625 132nd Avenue SE, Suite 400, Bellevue, Washington 98006. Any such correspondence should indicate that the sender is a stockholder of SCOLR Pharma. Our corporate secretary will forward all communications the director or directors to whom it is addressed as soon as practicable, although communications that are primarily commercial in nature, abusive, in bad taste or that present safety or security concerns may be handled differently. The independent directors of the board of directors review and approve the stockholder communication process periodically to ensure effective communication with stockholders.

Director Attendance at Annual Meetings

We believe that annual meetings provide an opportunity for stockholders to communicate with members of our board of directors. We will make every effort to schedule the annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. All of our directors are encouraged to attend the annual meeting of stockholders. We will reimburse all reasonable out-of-pocket traveling expenses incurred by our directors attending the annual meeting. All of our directors then serving as members of the board of directors attended the 2007 annual meeting of stockholders.

Code of Business Conduct

The board of directors has adopted a code of business conduct that applies to all of our employees, officers and directors. The code of business conduct is available on our website at www.scolr.com. Any substantive amendment or waiver of the code of business conduct for executive officers or directors may be made only by the audit committee, and we intend to disclose any such amendment or waiver on our website.

Corporate Governance Materials

The board of directors has adopted a written charter for each of the committees described above. A copy of the audit committee charter is included as Appendix A to this proxy statement. Links to these materials are available on our website at www.scolr.com.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee are or have been an officer or employee of SCOLR Pharma. During 2007, none of our executive officers served on the compensation committee or board of directors of another entity any of whose executive officers served on our compensation committee or board of directors.

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PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The audit committee has selected Grant Thornton LLP as independent auditors to audit our financial statements for the fiscal year ending December 31, 2008. Grant Thornton LLP has served as our independent auditors since 1996. A representative of Grant Thornton LLP is expected to be present at the annual meeting, with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions.

Stockholder ratification of the selection of Grant Thornton LLP as our independent auditors is not required by our bylaws or otherwise. However, we are submitting the selection of Grant Thornton LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in their discretion may direct the appointment of a different independent accounting firm at any time during the year if they determine that such a change would be in our best interests.

The following table sets for the aggregate fees billed to us for the fiscal years ended December 31, 2007, and 2006, by Grant Thornton LLP.

	Fiscal 2007	Fiscal 2006
	(In thousands of U.S. dollars)	
Audit Fees(1)	$ 294,105	$ 321,000
Audit-Related Fees(2)	—	—
Tax Fees(3)	10,960	9,000
All Other Fees(4)	—	—

(1) Audit fees represent amounts billed for each of the years presented for professional services rendered in connection with (i) the audit of our annual financial statements, (ii) the review of our quarterly financial statements, or (iii) those services normally provided in connection with statutory and regulatory filings or engagements including comfort letters, consents and other services related to SEC matters. This information is presented as of the latest practicable date for this proxy statement.

(2) Audit-related fees represent amounts we were billed in each of the years presented for assurance and related services that are reasonably related to the performance of the annual audit or quarterly reviews. This category primarily includes services relating to internal control assessments and accounting-related consulting. Grant Thornton LLP rendered no such services during the last two years.

(3) Tax fees represent amounts we were billed in each of the years presented for professional services rendered in connection with tax compliance, tax advice, and tax planning.

(4) All other fees represent amounts we were billed in each of the years presented for services not classifiable under the other categories listed in the table above.

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services, and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent auditor and management are required to periodically report to the audit committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval.

Vote Required and Board of Directors' Recommendation

Approval of this proposal requires the affirmative vote of a majority of the votes cast affirmatively or negatively on the proposal at the annual meeting of stockholders, as well as the presence of a quorum representing a majority of all our outstanding shares of common stock, either in person or by proxy. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RATIFICATION OF GRANT THORNTON LLP AS SCOLR PHARMA’S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2008.

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REPORT OF THE AUDIT COMMITTEE

The audit committee oversees our financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. Grant Thornton LLP is responsible for performing an independent audit of our financial statements in accordance with generally accepted accounting principles in the United States and to issue a report on its audit.

The current members of the audit committee are Mr. Lucas (Chairman), Mr. Caudill, Dr. Morra, and Mr. Weaver. The board of directors has determined that each member of the audit committee satisfies all applicable independence and experience requirements of the American Stock Exchange and the SEC for audit committee membership. The board of directors has also determined that each member of the audit committee is qualified as an "audit committee financial expert" as defined by the SEC.

The audit committee acts pursuant to a written charter adopted by the board of directors. A copy of the charter is included as Appendix A to this proxy statement. The audit committee retains our independent auditors, reviews their independence, reviews and approves any fee arrangements with our auditors, oversees their audit work, reviews and pre-approves any non-audit services that may be performed by them, reviews the adequacy of accounting and financial controls, reviews our critical accounting policies and reviews and approves any related party transactions.

The audit committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2007, with management and with our independent auditors. The audit committee has also reviewed and discussed with our independent auditors all matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The audit committee has met with Grant Thornton LLP, with and without management present, to discuss the overall scope of Grant Thornton LLP's audit, the results of its examinations, its evaluations of our internal controls, and the overall quality of our financial reporting.

The audit committee has received from Grant Thornton LLP a formal written statement describing all relationships between the auditors and us that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors' independence.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that SCOLR Pharma's audited financial statements be included our annual report on Form 10-K for the fiscal year ended December 31, 2007.

AUDIT COMMITTEE

Herbert L. Lucas, Jr. (Chairman)
Randall L-W. Caudill
Dr. Bruce S. Morra
Gregory L. Weaver

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EXECUTIVE OFFICERS

Our executive officers are generally elected annually at the meeting of our board of directors held in conjunction with the annual meeting of stockholders. The following sets forth our current executive officers and information concerning their age and background as of April 1, 2008:

Name	Position	Age	Position Since
Daniel O. Wilds	President and Chief Executive Officer	59	2003
Richard M. Levy	Vice President of Finance and Chief Financial Officer	49	2005
Alan M. Mitchel	Senior Vice President of Business and Legal Affairs and Chief Legal Officer	51	2005
Stephen J. Turner	Vice President and Chief Technical Officer	37	2003

Daniel O. Wilds – for a biographical summary of Mr. Wilds, see the "Directors" section of this proxy statement.

Richard M. Levy is our Chief Financial Officer and Vice President of Finance. Mr. Levy has experience as a chief financial officer, controller, consultant and auditor. Before joining us, Mr. Levy served as the CFO for the specialty finance segment and corporate controller for Washington Mutual Bank. Mr. Levy worked for Bank of America for seven years. His experience there included serving as the senior vice president and controller of Bank of America Texas operations and also included coordinating all accounting activities and acting as chief financial officer for new acquisitions. His work at Bank of America also included international financial management experience in its international private banking and world banking divisions. His corporate financial duties included serving as director and as chief financial officer of various Bank of America subsidiaries. Mr. Levy earned his B.A. in business economics and accounting from the University of California, Santa Barbara and is licensed as a C.P.A.

Alan M. Mitchel is our Senior Vice President of Business and Legal Affairs and Chief Legal Officer. Mr. Mitchel has practiced corporate law for more than twenty years prior to joining us, with private law firms in Seattle and Miami. In addition, Mr. Mitchel has general management experience as managing partner of a food manufacturing company for the food service industry. Mr. Mitchel received an L.L.B. from Duke University School of Law.

Stephen J. Turner is our Vice President and Chief Technical Officer. Since 1999, Mr. Turner has been primarily responsible for the commercialization and application of our CDT platform. In addition to Mr. Turner's involvement in our growth and application of our technology platform, he is named on one patent issued to us, has contributed to numerous additional patent filings, has published articles in industry related publications, and has presented his research findings at numerous academic seminars and symposia. Mr. Turner is an active member in scientific organizations including the American Association of Pharmaceutical Scientists and the Controlled Release Society. Mr. Turner holds a B.S. in biology with a minor in geochemistry from Western Washington University.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our Compensation Discussion and Analysis discusses the total compensation for our Chief Executive Officer, Chief Financial Officer, and our two other executive officers. We refer to these executive officers as our "named executive officers."

1. Daniel O. Wilds, our Chief Executive Officer and a member of our board of directors, has served in that capacity since 2003.

2. Richard M. Levy, our Vice President of Finance and Chief Financial Officer, has served in that capacity since 2005.

3. Alan M. Mitchel, our Senior Vice President of Business and Legal Affairs and our Chief Legal Officer, has served in that capacity since 2005.

4. Stephen J. Turner, our Vice President and Chief Technical Officer, has served in that capacity since 2003 and has nine years of service with SCOLR Pharma.

This Compensation Discussion and Analysis provides us the opportunity to describe our overall compensation philosophy, objectives and practices to current and potential investors. Our compensation philosophy and objectives generally apply to all our employees and most of our employees are eligible to participate in the three main components of our compensation program (salary, annual bonus and long-term incentives). The relative value of each of these programs for individual employees varies based on job role and responsibility, as well as our financial and stock price performance.

Our compensation program is characterized by the following:

- It aligns executive officer and stockholder financial interests;
- It enables us to attract, motivate, reward and retain highly talented executive officers;
- It considers competitive compensation practices and relevant factors by establishing compensation targets at specific benchmark percentiles;
- A significant portion of executive officer compensation is realized only when we achieve annual business goals;
- It includes thorough processes that include compensation committee review and approval of compensation program design and practices, the advice of an independent, third-party compensation consultant engaged by the compensation committee and in-depth discussions between our Chief Executive Officer and the compensation committee with respect to his performance, as well as the performance of the other executive officers; and,
- It features consistently and appropriately applied practices with respect to the timing and pricing of stock option grants.

What are the objectives of our executive compensation program?

The main objective of our compensation program is to align the financial interests of our executive officers and stockholders. To achieve this alignment we must attract and retain individuals with the appropriate experience and leadership ability, and we must motivate and reward them to build long-term stockholder value. We believe our compensation program must be competitive in a challenging and dynamic labor market, while, at the same time, reinforcing our core values of innovation, execution and partnership.

What is our executive compensation program designed to reward?

Our compensation program rewards our executive officers when they achieve our annual business goals, build stockholder value, and maintain long-term careers with SCOLR Pharma. We reward these three aspects so that the team will make balanced annual and long-term decisions that result in product innovation and collaboration within SCOLR Pharma.

What are the elements of our executive officer compensation program and why do we provide each element?

We have a straightforward compensation program. The three main elements are salary, bonus and long-term incentives. We also provide executive officers a 401(k) plan, health and welfare programs, and other forms of compensation, perquisites and personal benefits. Each of these elements helps us attract and retain executive officers and the specific purposes of each of them are identified in the descriptions that follow.

Salary – We provide an annual salary to each executive officer as an economic consideration for each person's level of responsibility, expertise, skills, knowledge, and experience.

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Bonus – The bonus is part of our executive officers' annual compensation and one component of variable compensation. We may or may not award an annual bonus, and the amount of any award varies with company performance and individual considerations.

Long-term Incentives – We provide long-term incentives in the form of stock options and restricted stock awards. Long-term incentives are a form of variable compensation in that the number of stock awards granted is discretionary and the amount of any income earned is completely dependent upon and varies with the stock price over the award term. We offer stock options and restricted stock awards as an incentive to build long-term stockholder value, to align the interests of executive officers and stockholders, and to retain executive officers through what we hope will be long-term wealth creation in the value of their stock awards, which have vesting provisions that encourage continued employment. The SEC requires that we report the estimated fair value of our stock awards in the Summary Compensation Table and the Grants of Plan-Based Awards table in accordance with FAS 123R for accounting purposes. At the time of grant, our stock options have no intrinsic value and the amounts disclosed in the tables for accounting purposes do not reflect whether the executive officer has or will realize a financial benefit from the stock option awards. Our executive officers are motivated by the potential appreciation in our stock price above the exercise price of the stock options. We are positioned to refine our long-term incentive strategy should it be in the interests of stockholders so that we can continue to attract and retain the highly skilled talent required to execute our business strategy.

401(k) Plan – We offer a tax-qualified 401(k) plan to all employees, including our executive officers. We offer this plan to encourage long-term employment, stock ownership, and to create stockholder value. We do not have a pension plan or other defined benefit retirement plans.

Health and Welfare Programs – We provide a broad-based health plan for all employees, including our executive officers. We also offer a vacation program to all employees, including executive officers, which is consistent with competitive practices in our industry. The vacation accrual rate generally varies with length of service.

Post-Employment Compensation and Perquisites – We make the following additional benefits to our executive officers:

- Severance arrangements – We employ our executive officers "at will." All of our executive officers have employment agreements with severance arrangements in the event we terminate their employment "without cause" or they terminate their employment for "good reason."

- Equity Incentive Plan – Our 2004 Equity Incentive Plan and the award agreements under the plan provide for accelerated vesting of unvested awards under certain involuntary terminations. The plan also provides that, in the event of a change in control, any options which are neither assumed or substituted for by the acquiror in connection with the change in control nor exercised as of the date of the change in control, shall terminate and cease to be outstanding effective as of the date of the change in control. However, our board of directors may, in its discretion, provide in any option award agreement that, in the event of a change in control, the vesting of the option will accelerate upon such circumstances and to such extent as specified in such award agreement.

How do we determine the amount for each element of executive officer compensation?

We believe the levels of compensation we provide should be competitively reasonable and appropriate for our business needs and circumstances. Our approach is to consider competitive compensation practices and relevant factors rather than establishing compensation at specific benchmark percentiles. This enables us to respond to dynamics in the labor market and provides us with flexibility in maintaining and enhancing our executive officers' engagement, focus, motivation and enthusiasm for our future. We follow a two-phase process. In the first phase, we conduct competitive compensation analyses to estimate the median and the 75th percentile positions for salary, target annual cash (salary + target bonus), long-term incentive compensation, and target total direct compensation (salary + target bonus + long-term incentives). The range from the competitive median to above the 75th percentile reflects what the compensation committee believes is competitively reasonable and appropriate. We believe this range is consistent with our compensation program objectives and is appropriate given that our target total direct compensation is variable because bonus plus stock awards are approximately 50-60% of target total direct compensation for named executive officers eligible to receive a bonus, and we do not provide a defined benefit pension plan. In the second phase, we consider many factors in determining appropriate compensation levels for each executive officer. These considerations may include:

- Our analysis of competitive compensation practices;
- The compensation committee’s evaluation of the Chief Executive Officer and the other executive officers;
- Individual performance and contributions to company performance goals;
- Operational management, such as project milestones and process improvements;

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- Internal working and reporting relationships and our desire to encourage collaboration and teamwork among our executive officers;
- Individual expertise, skills and knowledge;
- Labor market conditions; and,
- Information and advice from an independent, third-party compensation consultant engaged by the compensation committee.

We do not have a pre-defined framework that determines which of these factors may be more or less important, and the emphasis placed on specific factors may vary among executive officers. Ultimately, it is the compensation committee's judgment of these factors along with competitive data that form the basis for determining the Chief Executive Officer's compensation. The compensation committee and the Chief Executive Officer follow a similar practice to determine the basis of the other executive officers' compensation.

Competitive Compensation Analysis – We use SEC disclosure data from our peer companies to identify competitive compensation practices relevant to our executive officers. The criteria we use to select peer companies include industry participants and small market capitalization companies with similar pay models. During 2007, the compensation committee primarily relied on industry data and sources for the biotech industry without identifying specific peer companies. Market studies and surveys of peer companies were used in setting 2008 compensation.

The peer companies for 2008 were:

Acura Pharmaceuticals	DOR Biopharma	MiddleBrook Pharmaceuticals
Acusphere	Elite Pharmaceuticals	Penwest Pharmaceuticals
BioDelivery Sciences Int'l	Emisphere Technologies	Pozen
Depomed	InSite Vision	

We reviewed our relative position among the peer companies with respect to market capitalization, geographic location, revenue and stage of product development. Our analysis relative to the peer companies supported our view that the peer companies include an appropriate range of size, geography and performance and did not introduce a favorable or unfavorable bias in comparing executive compensation data.

How Prior Compensation is Considered – The amount of past compensation, including annual bonus awards and amounts realized or realizable from prior stock awards, is generally not a significant factor in the compensation committee's considerations because bonuses are awarded for fiscal year performance and stock awards are awarded as part of the target total direct compensation the compensation committee establishes each year.

Tax Considerations – A goal of the compensation committee is to comply with the requirements of Internal Revenue Code Sections 162(m) and 409A. Section 162(m) places a $1 million annual limit on the amount that a public company may deduct for compensation paid to the Chief Executive Officer and the other three most highly compensated executive officers, excluding the Chief Financial Officer. The $1 million limit does not apply if the compensation meets Section 162(m) requirements for performance-based compensation (i.e., the compensation is based on pre-established objective performance goals based on criteria approved by stockholders and is determined and administered according to related regulations). Compliance with Section 162(m) did not influence the allocation of compensation among salary, annual bonus plan targets and stock award grants. We designed and administered our 2007 bonus program to be eligible for tax deductions to the extent permitted by the relevant tax regulations, including Section 162(m).

Under Section 409A, amounts deferred by an executive officer under a nonqualified deferred compensation plan (including severance provisions in an employment agreement) may be included in gross income when deferred and subject to a 20% additional federal tax, unless the plan complies with certain requirements related to the timing of deferral election and distribution decisions. Nonqualified stock options may be exempt from Section 409A if the option satisfies certain requirements (i.e., the exercise price is not less than the fair market value on the grant date, the number of shares subject to option is fixed on the grant date, and there is no deferral feature beyond exercise). We administer executive officer employment agreements and stock option awards consistent with Section 409A requirements.

CEO Involvement in Compensation Decisions – At the end of the fiscal year, the compensation committee and the Chief Executive Officer discussed our business performance, his performance and his evaluation of and compensation recommendations for the other executive officers. The compensation committee, without the Chief Executive Officer present, determined the Chief Executive Officer's annual salary, bonus award and stock option award. The compensation committee also approved the annual salaries, bonuses and stock option awards for the other executive officers.

Consultants and Advisors – The compensation committee has the authority to retain and terminate any independent third-party compensation consultant and to obtain independent advice and assistance from internal and external legal, accounting and other advisors. During 2007, the compensation committee engaged an independent executive compensation

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consulting firm, Milliman, Inc., to advise it on compensation matters. Milliman reported directly to the compensation committee. We did not engage Milliman for any additional services beyond its support of the compensation committee. The compensation committee instructed Milliman to provide information, insights and advice regarding compensation philosophy, objectives and strategy, selection of peer companies for competitive analyses, methodology for valuing long-term incentives and total direct compensation, and specific issues the compensation committee addressed during the year. The compensation committee asked Milliman to comment on our recommendations regarding executive officer compensation and aggregate equity compensation. Finally, the compensation committee instructed Milliman to provide an analysis of competitive practices for non-employee director compensation. Representatives from Milliman attended three meetings of the compensation committee during 2007 and interacted with the compensation committee chair, members of our executive team and outside legal counsel prior to and following compensation committee meetings. During 2007, the compensation committee sought and received advice from our outside legal counsel, DLA Piper.

What are the responsibilities and duties of the compensation committee?

The compensation committee is responsible for establishing compensation programs for all employees. For executive officers, the compensation committee evaluates performance and determines compensation policies and levels. The Chief Executive Officer may participate in the committee discussions regarding compensation of executive officers, but may not be present when the committee discusses his own compensation.

The primary purpose of the compensation committee is to discharge the responsibilities of the board of directors relating to compensation and benefits of our executive officers. In carrying out these responsibilities, the compensation committee reviews all components of executive officer compensation for consistency with the company's philosophy as in effect from time to time. The compensation committee also oversees and recommends director compensation to the board of directors.

The compensation committee has the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate, to perform its duties and to determine the terms, costs and fees for such engagements. The compensation committee has the sole authority to retain or terminate any consulting firm used to evaluate director, Chief Executive Officer or executive compensation, and to determine and approve the terms of engagement the fees and costs for such engagements. We pay the fees and costs of any consultant or advisor engaged by the compensation committee to assist in it in performing any of its duties.

The compensation committee meets as often as it deems appropriate, but not less frequently than once each year, to review the compensation of our executive officers, and to otherwise perform its duties under its charter.

To fulfill its responsibilities and duties, the compensation committee:

- Determines all compensation for our Chief Executive Officer, including incentive-based and equity-based compensation. Our Chief Executive Officer may not be present during such voting or deliberations;
- Reviews and approves annual performance objectives and goals relevant to compensation for our Chief Executive Officer and evaluates the performance of our Chief Executive Officer in light of these goals and objectives;
- Considers, in determining the long-term incentive component of compensation for our Chief Executive officer, the performance of SCOLR Pharma and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to our chief executive officer in past years;
-

Makes recommendations to the board of directors regarding incentive-based or equity-based compensation plans in which our executive officers participate, reviews and approves salaries, incentive and equity awards for other executive officers and oversees the evaluation of management;

- Approves all employment, severance, or change-in-control agreements, special or supplemental benefits applicable to our executive officers; and,

- Periodically reviews and advises the board of directors concerning both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of our compensation programs for our Chief Executive Officer and our other executive officers relative to comparable companies in our industry.

Analysis of Named Executive Officer Compensation During 2007

Salary – The primary factors in the compensation committee's consideration of salary included anticipated increases in the labor market and competitive practices. Based on these factors, the compensation approved an 8% aggregate increase to the named executive officers' salaries. The increases were effective January 1, 2007. Mr. Wilds's salary increased 4% to

$350,000. The increases for the other named executive officers included a 17% increase for Mr. Levy, an 8% increase for Mr. Mitchel, and an 8% increase for Mr. Turner. All of the named executive officers' salaries for 2007 were at or above the 50th percentile (median) of the market identified in our competitive analysis.

Bonus – The named executive officers' annual target bonuses were determined as a percent of annual salary. The amount of the bonus for each named executive officer varied based on the achievement of specified company and individual performance goals. These goals for 2007 included advancing the development of our CDT programs, entering into strategic relationships, and securing additional financing. Milliman observed that the target bonus levels were below the median identified in our competitive analysis. The compensation committee considered competitive data and the factors described earlier in approving the executive officers' target bonuses.

Long-term Incentives – Our long-term incentive compensation historically has consisted entirely of stock options. The compensation committee considered the value of exercisable and unvest