
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

October 1, 2008

Date of Report
(Date of earliest event reported)

A.P. PHARMA, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33221
(Commission File Number)

94-2875566
(I.R.S. Employer
Identification No.)

123 Saginaw Drive
Redwood City, California 94063
(Address of principal executive offices) (Zip code)

(650) 366-2626
(Registrant's telephone number, including area code)

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 – Entry into a Material Definitive Agreement.

The information set forth under Item 3.03 below is incorporated herein by reference.

Item 3.03 – Material Modification to Rights of Security Holders.

Effective as of October 1, 2008, A.P. Pharma, Inc. (the “Company”) and Computershare Computershare Trust Company, N.A., as Rights Agent (the “Rights Agent”) entered into the First Amendment to Preferred Shares Rights Agreement dated as of December 18, 2006 (the “Amendment”). The Amendment increases the percentage of shares of the Company which must be beneficially owned by Tang Capital Partners LP, or its affiliates, to trigger the exercise of Rights from 20% to 30%. A copy of the Amendment is attached to this Current Report on Form 8-K as Exhibit 4.1 and is incorporated in its entirety herein by reference.

Item 9.01 Financial Statements and Exhibits**(d) Exhibits**

Exhibit 4.1 First Amendment to Preferred Shares Rights Agreement dated as of October 1, 2008

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 hereunto duly authorized.

A.P. PHARMA, INC.

Date: October 7, 2008

By: /s/ Gregory Turnbull

Name: Gregory Turnbull

Title: Chief Financial Officer

FIRST AMENDMENT TO RIGHTS AGREEMENT

This Amendment dated as of October 1, 2008 (“Amendment”) to the Preferred Shares Rights Agreement (“Agreement”), dated as of December 18, 2006, is between A.P. Pharma, Inc., a Delaware corporation (the “Company”), and Computershare Trust Company, N.A. (the “Rights Agent”).

Pursuant to Section 27 of the Agreement, this Amendment is being executed by the Company and the Rights Agent for the purpose of amending the Agreement as set forth below:

The Agreement is hereby amended as follows:

1. Section 1(a) shall be amended by inserting the following at the end of Section 1(a):

“Notwithstanding the foregoing or any provision to the contrary in this Agreement, none of Tang Capital Partners LP, or its Affiliates or Associates (the “Tang Entities”) is an Acquiring Person pursuant to this Agreement, unless such Person acquires Beneficial Ownership of 30% or more of the then outstanding shares of Common Stock.”

2. Section 1(h) shall be amended by inserting the following at the end of Section 1(h):

“Notwithstanding the foregoing or any provision to the contrary in this Agreement, a Distribution Date shall not occur solely by reason of the Tang Entities acquiring Beneficial Ownership of more than 20% but less than 30% of the then outstanding shares of Common Stock.”

3. This Amendment shall be deemed to be entered into under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

4. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

5. As amended hereby, the Agreement shall remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Rights Agreement as of the date and year first above written.

A.P. PHARMA, INC.

By: /s/ Gregory Turnbull

Name: Gregory Turnbull

Title: Chief Financial Officer

COMPUTERSHARE TRUST COMPANY

AS RIGHTS AGENT

By: /s/ Katherine Anderson

Signature of Authorized Signatory

Katherine Anderson

Managing Director