

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	MERGER
EFFECTIVE DATE:	07/30/2007

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Zars, Inc.		07/30/2007	CORPORATION: UTAH

RECEIVING PARTY DATA

Name:	Zars Pharma, Inc.
Street Address:	1142 West 2320 South
City:	Salt Lake City
State/Country:	UTAH
Postal Code:	84119
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	3413447	PLIAGLIS

CORRESPONDENCE DATA

Fax Number: (801)566-0750
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Email: barraclough@tnw.com
 Correspondent Name: Gary P. Oakeson
 Address Line 1: P.O. Box 1219
 Address Line 4: Sandy, UTAH 84091-1219

ATTORNEY DOCKET NUMBER:	01508-32612
NAME OF SUBMITTER:	Gary P. Oakeson
Signature:	/garypoakeson/
Date:	04/25/2008

OP \$40.00 3413447

Total Attachments: 22

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MERGER

1331474-0142

State of Utah
Department of Commerce
Division of Corporations and Commercial Code

ARTICLES OF MERGER

I hereby certified that the foregoing has been filed
And approved on this 31st day of July, 2007
In this office of this Division and hereby issued
this Certificate thereof.

Examiner J. Steen Date 8/1/07



Kathy Berg
Kathy Berg
Division Director

OF
ZARS, INC.
a Utah corporation

AND

ZARS PHARMA, INC. UG
a Delaware corporation

EXPEDITE

\$112.00

File 1st

RECEIVED

JUL 31 2007

Utah Div. Of Corp. & Comm. Code

The undersigned corporations, pursuant to Section 16-10a-1105 of the Utah Revised Business Corporation Act (the "URBCA"), hereby execute the following Articles of Merger:

ARTICLE ONE

The names and states of incorporation of the corporations proposing to merge are as follows:

Name of Corporation	State of Incorporation
ZARS, Inc. ("ZARS Utah")	Utah
ZARS Pharma, Inc. ("ZARS Delaware")	Delaware

ARTICLE TWO

The laws of the State under which such foreign corporation is organized permit such merger.

ARTICLE THREE

The name of the surviving corporation shall be "ZARS Pharma, Inc." The surviving corporation shall be governed by the laws of the State of Delaware, and its principal office address shall be at 1455 West 2200 South, Suite 300, Salt Lake City, Utah 84119.

ARTICLE FOUR

The Agreement and Plan of Merger is attached hereto as EXHIBIT A.

ARTICLE FIVE

The Agreement and Plan of Merger has been duly approved by the required vote of the shareholders of ZARS Utah in accordance with the Articles of Incorporation of ZARS Utah and Section 16-10a-1103 of the URBCA. The Agreement and Plan of Merger was approved by the

Date: 07/31/2007
Receipt Number: 2187945
Amount Paid: \$1,028.00

07-51-072-2:04 RCYD

written consent of a majority of the holders of ZARS Utah's issued and outstanding Common Stock and Preferred Stock, consisting of 3,370,025 shares of Common Stock and 5,729,079 shares of Preferred Stock. Holders of ZARS Utah's Series C Preferred Stock were entitled to vote separately on this Agreement and Plan of Merger and the number of votes cast for the Agreement and Plan of Merger by the Series C Preferred Stock was sufficient for approval by that voting group. Holders of ZARS Utah's Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock were entitled to vote together as a single class on this Agreement and Plan of Merger and the number of votes cast for the Agreement and Plan of Merger by the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock entitled to vote together as a single class was sufficient for approval by that voting group.

ARTICLE SIX

Immediately prior to the merger, ZARS Utah (the parent corporation) owned one hundred percent (100%) of the outstanding shares of each class of stock of ZARS Delaware (the subsidiary corporation).

ARTICLE SEVEN

All provisions of the law of the State of Delaware and the State of Utah applicable to the proposed merger have been complied with.

ARTICLE EIGHT

These Articles of Merger shall be effective upon filing with the Utah Division of Corporations and Commercial Code on July 30, 2007. This effective date complies with Section 16-10a-1104(5) of the URBCA.

ARTICLE NINE

The name and address of the person who causes this document to be delivered to the Utah Division of Corporations and Commercial Code is: Robert Lippert, 1455 West 2200 South, Suite 300, Salt Lake City, Utah 84119.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these ARTICLES OF MERGER to be executed in its name by its president as of the 30th day of July, 2007.

ZARS, INC.
a Utah corporation

By: 
Robert Lippert, President and CEO

ZARS PHARMA, INC.
a Delaware corporation


By: 
Robert Lippert, President and CEO

EXHIBIT A
AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Merger Agreement") is made as of this 30th day of July, 2007, by and between **ZARS, INC.**, a Utah corporation ("ZARS Utah"), and **ZARS PHARMA, INC.**, a Delaware corporation ("ZARS Delaware"). ZARS Utah and ZARS Delaware are sometimes referred to collectively as the "Constituent Corporations."

The authorized capital stock of ZARS Utah consists of (a) Twenty One Million One Hundred Thirty Seven Thousand Five Hundred Thirty One (21,137,531) shares of Common Stock, each having a par value of twelve cents (\$0.12), and (b) Seven Million Four Hundred Sixty Two Thousand Four Hundred Sixty Nine (7,462,469) shares of Preferred Stock, each having a par value of twelve cents (\$0.12), of which (i) Two Million Five Hundred Three Thousand Two Hundred Twenty-Six (2,503,226) shares have been designated Series A Preferred Stock, (ii) Eight Hundred Fifty-Nine Thousand Two Hundred and Forty Three (859,243) shares have been designated Series B Preferred Stock, and (iii) Four Million One Hundred Thousand (4,100,000) shares have been designated Series C Preferred Stock. The authorized capital stock of ZARS Delaware, upon effectuation of the transactions set forth in this Merger Agreement, will consist of (a) Twenty One Million One Hundred Thirty Seven Thousand Five Hundred Thirty One (21,137,531) shares of Common Stock, each having a par value of one-tenth of one cent (\$0.001), and (b) Seven Million Four Hundred Sixty Two Thousand Four Hundred Sixty Nine (7,462,469) shares of Preferred Stock, each having a par value of one-tenth of one cent (\$0.001), of which (i) Two Million Five Hundred Three Thousand Two Hundred Twenty-Six (2,503,226) shares shall be designated Series A Preferred Stock, (ii) Eight Hundred Fifty-Nine Thousand Two Hundred and Forty Three (859,243) shares shall be designated Series B Preferred Stock, and (iii) Four Million One Hundred Thousand (4,100,000) shares shall be designated Series C Preferred Stock.

The directors of the Constituent Corporations deem it advisable and in the best interests of the Constituent Corporations that ZARS Utah merge with and into ZARS Delaware upon the terms and conditions provided herein.

The Board of Directors of ZARS Utah has further determined that it is in the best interests of ZARS Utah and its shareholders to approve this Merger Agreement and the transactions contemplated herein and has directed the undersigned officers of ZARS Utah to submit this Merger Agreement to its shareholders for adoption and approval. The Board of Directors of ZARS Utah has directed the undersigned officers of ZARS Utah, upon the approval of this Agreement by the shareholders of ZARS Utah, to execute and deliver this Agreement.

The Board of Directors of ZARS Delaware has approved this Merger Agreement and the transactions contemplated herein and has directed the undersigned officers of ZARS Delaware that this Merger Agreement be submitted to a vote of its sole stockholder, ZARS Utah, for adoption and approval. The Board of Directors of ZARS Delaware has directed the undersigned officers of ZARS Delaware, upon the approval of this Merger Agreement by its sole stockholder and the shareholders of ZARS Utah, to execute and deliver this Merger Agreement.

NOW, THEREFORE, the parties do hereby adopt the plan of reorganization encompassed by this Merger Agreement and do hereby agree that ZARS Utah shall merge with and into ZARS Delaware on the following terms, conditions and other provisions:

1. TERMS AND CONDITIONS

1.1 Merger. In accordance with the provisions of this Merger Agreement, the Delaware General Corporation Law (the "DGCL") and the Utah Revised Business Corporation Act (the "URBCA"), ZARS Utah shall merge with and into ZARS Delaware (the "Merger"), and ZARS Delaware shall be the surviving corporation (the "Surviving Corporation"), and the name of the Surviving Corporation shall be ZARS Pharma, Inc., effective on July 30, 2007 (the "Effective Date").

1.2 Succession. On the Effective Date, ZARS Delaware shall continue its corporate existence under the laws of the State of Delaware, and the separate existence and corporate organization of ZARS Utah, except insofar as it may be continued by operation of law, shall be terminated and cease.

1.3 Transfer of Assets and Liabilities. On the Effective Date, the property, rights, privileges, powers and franchises, both of a public as well as of a private nature, of each of the Constituent Corporations shall be vested in and possessed by the Surviving Corporation, subject to all of the disabilities, duties and restrictions of or upon each of the Constituent Corporations; and all and singular rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed, of each of the Constituent Corporations, and all debts due to each of the Constituent Corporations on whatever account, and all things in action or belonging to each of the Constituent Corporations shall be transferred to and vested in the Surviving Corporation, without other transfer, in a manner more fully set forth in Section 259 of the DGCL; and all property, rights, privileges, powers and franchises, and all and every other interest, thereafter shall be the property of the Surviving Corporation as they were of the Constituent Corporations, all as more fully provided under the applicable provisions of the DGCL and the URBCA, and the title to any real estate vested by deed or otherwise in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the Merger; *provided, however,* that the liabilities of the Constituent Corporations and their directors, officers and stockholders shall not be affected and all rights of creditors and all liens upon any property of either of the Constituent Corporations shall be preserved unimpaired, and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted to judgment as if the Merger had not been consummated, except as they may be modified with the consent of such creditors, and all debts, liabilities and duties of or upon each of the Constituent Corporations shall attach to the Surviving Corporation, and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it.

1.4 Capital Stock of ZARS Utah and ZARS Delaware. On the Effective Date, by virtue of the Merger and without any further action on the part of the Constituent Corporations or their respective stockholders:

(a) each share of Common Stock of ZARS Utah, \$0.12 par value, issued and outstanding immediately prior thereto shall be combined, changed and converted into one (1) fully paid and nonassessable share of Common Stock, with a par value of \$0.001, of ZARS Delaware. No fractional share interests of Surviving Corporation Common Stock shall be issued. In lieu of any fractional shares to which a holder would otherwise be entitled, the Surviving Corporation shall pay cash equal to such fraction multiplied by the fair market value of one share of Common Stock;

(b) each share of Series A Preferred Stock of ZARS Utah, \$0.12 par value, issued and outstanding immediately prior thereto, which shares are convertible into such number of shares of ZARS Utah Common Stock as set forth in the ZARS Utah Articles of Incorporation, as amended, shall be combined, changed and converted into one (1) fully paid and nonassessable share of Series A Preferred Stock, with a par value of \$0.001, of ZARS Delaware, respectively, having such rights, preferences and privileges as set forth in the Certificate of Incorporation of the Surviving Corporation. No fractional share interests of Surviving Corporation Series A Preferred Stock shall be issued. In lieu of any fractional shares to which a holder would otherwise be entitled, the Surviving Corporation shall pay cash equal to such fraction multiplied by the fair market value of one share of Series A Preferred Stock. Each share of Surviving Corporation Series A Preferred Stock shall be convertible into the same number of shares of the Surviving Corporation's Common Stock, with a par value of \$0.001, as such share of ZARS Utah Series A Preferred Stock was so convertible into immediately prior to the Effective Date of the Merger, subject to adjustment pursuant to the terms of the Certificate of Incorporation of the Surviving Corporation;

(c) each share of Series B Preferred Stock of ZARS Utah, \$0.12 par value, issued and outstanding immediately prior thereto, which shares are convertible into such number of shares of ZARS Utah Common Stock as set forth in the ZARS Utah Articles of Incorporation, as amended, shall be combined, changed and converted into one (1) fully paid and nonassessable share of Series B Preferred Stock, with a par value of \$0.001, of ZARS Delaware, respectively, having such rights, preferences and privileges as set forth in the Certificate of Incorporation of the Surviving Corporation. No fractional share interests of Surviving Corporation Series B Preferred Stock shall be issued. In lieu of any fractional shares to which a holder would otherwise be entitled, the Surviving Corporation shall pay cash equal to such fraction multiplied by the fair market value of one share of Series B Preferred Stock. Each share of Surviving Corporation Series B Preferred Stock shall be convertible into the same number of shares of the Surviving Corporation's Common Stock, with a par value of \$0.001, as such share of ZARS Utah Series B Preferred Stock was so convertible into immediately prior to the Effective Date of the Merger, subject to adjustment pursuant to the terms of the Certificate of Incorporation of the Surviving Corporation;

(d) each share of Series C Preferred Stock of ZARS Utah, \$0.12 par value, issued and outstanding immediately prior thereto, which shares are convertible into such number of shares of ZARS Utah Common Stock as set forth in the ZARS Utah Articles of Incorporation, as amended, shall be combined, changed and converted into one (1) fully paid and nonassessable share of Series C Preferred Stock with a par value of \$0.001, of ZARS Delaware, respectively, having such rights, preferences and privileges as set forth in the Certificate of Incorporation of the Surviving Corporation. No fractional share interests of Surviving Corporation Series C

Preferred Stock shall be issued. In lieu of any fractional shares to which a holder would otherwise be entitled, the Surviving Corporation shall pay cash equal to such fraction multiplied by the fair market value of one share of Series C Preferred Stock. Each share of Surviving Corporation Series C Preferred Stock shall be convertible into the same number of shares of the Surviving Corporation's Common Stock, with a par value of \$0.001, as such share of ZARS Utah Series C Preferred Stock was so convertible into immediately prior to the Effective Date of the Merger, subject to adjustment pursuant to the terms of the Certificate of Incorporation of the Surviving Corporation.; and

(e) each share of Common Stock of ZARS Delaware issued and outstanding immediately prior thereto shall be canceled and returned to the status of authorized but unissued shares.

1.5 Stock Certificates. On and after the Effective Date, all of the outstanding certificates that, prior to that time, represented shares of capital stock of ZARS Utah shall be deemed for all purposes to evidence ownership of and to represent the shares of ZARS Delaware into which the shares of ZARS Utah represented by such certificates have been converted as herein provided and shall be so registered on the books and records of the Surviving Corporation or its transfer agents. The registered owner of any such outstanding stock certificate shall, until such certificate shall have been transferred or converted or otherwise accounted for to the Surviving Corporation or its transfer agent, have and be entitled to exercise any voting and other rights with respect to and to receive any dividend and other distribution upon the shares of ZARS Delaware evidenced by such outstanding certificate as above provided. Each certificate representing Common Stock or Preferred Stock of the Surviving Corporation so issued in the Merger shall bear the same legends, if any, with respect to the restrictions on transferability as the certificates of ZARS Utah so converted and given in exchange therefore, unless otherwise determined by the Board of Directors of the Surviving Corporation in compliance with applicable laws.

1.6 Rights to Acquire Shares. On the Effective Date, any rights to acquire shares of capital stock of ZARS Utah that remain outstanding pursuant to ZARS Utah's Amended 1997 Stock Option Plan or 2007 Equity Incentive Plan and any rights to acquire shares of capital stock of ZARS Utah pursuant to outstanding warrants will be assumed by the Surviving Corporation and such rights shall be changed and converted into a right to acquire capital stock of ZARS Delaware, such that a right to acquire one (1) share of capital stock of ZARS Utah shall be converted into the right to acquire the number of shares of the same type and class of capital stock of ZARS Delaware as set forth in Section 1.4 hereof. No other changes in the terms and conditions of such rights will occur.

1.7 Dissenting Shares. Notwithstanding anything to the contrary contained in this Merger Agreement, if a shareholder exercises dissenters rights' pursuant to Section 16-10a-1302 of the URBCA, then such "dissenting shares" shall not be converted into or represent the right to receive stock in ZARS Delaware in accordance with Section 1.4, and the holder or holders of such shares shall be entitled only to such rights as may be granted to such holder or holders in Chapter 10a of the Utah Code.

2. CHARTER DOCUMENTS, DIRECTORS AND OFFICERS

2.1 Certificate of Incorporation and Bylaws. The Certificate of Incorporation and Bylaws of ZARS Delaware in effect on the Effective Date shall continue to be the Certificate of Incorporation and Bylaws of the Surviving Corporation without change or amendment until further amended in accordance with the provisions thereof and applicable law.

2.2 Directors. The directors of ZARS Delaware immediately preceding the Effective Date shall become the directors of the Surviving Corporation on and after the Effective Date to serve until the expiration of their terms and until their successors are elected and qualified.

2.3 Officers. The officers of ZARS Delaware immediately preceding the Effective Date shall become the officers of the Surviving Corporation on and after the Effective Date to serve at the pleasure of its Board of Directors.

3. MISCELLANEOUS

3.1 Further Assurances. From time to time, and when required by the Surviving Corporation or by its successors and assigns, the Surviving Corporation shall execute and deliver, or cause to be executed and delivered, such deeds and other instruments, and the Surviving Corporation shall take or cause to be taken such further and other action as shall be appropriate or necessary in order to vest or perfect in or to conform of record or otherwise, in the Surviving Corporation the title to and possession of all the property, interests, assets, rights, privileges, immunities, powers, franchises and authority of ZARS Utah and otherwise to carry out the purposes of this Merger Agreement, and the officers and directors of the Surviving Corporation are authorized fully in the name and on behalf of ZARS Utah or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

3.2 Amendment. At any time before or after approval by the shareholders of ZARS Utah, this Merger Agreement may be amended in any manner (except that, after the approval of the Merger Agreement by the shareholders of ZARS Utah, the principal terms may not be amended without the further approval of the shareholders of ZARS Utah) by ZARS Delaware and ZARS Utah to be necessary, desirable, or expedient in order to clarify the intention of the parties hereto or to effect or facilitate the purpose and intent of this Merger Agreement.

3.3 Conditions to Merger. The obligation of the Constituent Corporations to effect the transactions contemplated hereby is subject to satisfaction of the following conditions (any or all of which may be waived by either of the Constituent Corporations in its sole discretion to the extent permitted by law):

(a) the Merger shall have been approved by the shareholders of ZARS Utah in accordance with applicable provisions of the Utah Revised Business Corporation Act;

(b) the Merger shall have been approved by ZARS Utah, as sole stockholder of ZARS Delaware, in accordance with the applicable provisions of the Delaware General Corporation Law;

(c) any and all consents, permits, authorizations, approvals, and orders deemed in the sole discretion of ZARS Utah to be material to consummation of the Merger shall have been obtained;

(d) An executed Certificate of Merger, in the form of Exhibit A attached hereto, meeting the requirements of Section 253 of the DGCL, shall have been filed with the Secretary of State of the State of Delaware and the Constituent Corporations hereby stipulate that they will cause to be performed all necessary acts therein and elsewhere to effectuate the Merger; and

(e) An executed Articles of Merger, in the form of Exhibit B attached hereto, meeting the requirements of Section 16-10a-1105 of the URBCA, shall have been filed with the Utah Division of Corporations and Commercial Code and the Constituent Corporations hereby stipulate that they will cause to be performed all necessary acts therein and elsewhere to effectuate the Merger.

3.4 Abandonment or Deferral. Notwithstanding the approval of this Merger Agreement by the shareholders of ZARS Utah or by the sole stockholder of ZARS Delaware, at any time before the Effective Date, (a) this Merger Agreement may be terminated and the Merger may be abandoned for any reason whatsoever by the Board of Directors of either ZARS Utah or ZARS Delaware, or both, notwithstanding the approval of this Merger Agreement by the shareholders of ZARS Utah or by the sole stockholder of ZARS Delaware, or by both. In the event of termination of this Merger Agreement, this Merger Agreement shall become void and of no effect and there shall be no liability on the part of either Constituent Corporation or their respective Board of Directors or stockholders with respect thereto, except that ZARS Utah shall pay all expenses incurred in connection with the Merger or in respect of this Merger Agreement or relating thereto.

3.5 Covenants of ZARS Delaware. ZARS Delaware covenants and agrees that it will:

(a) Qualify to do business as a foreign corporation in the State of Utah by filing an application of authority with the Utah Division of Corporations and in connection therewith irrevocably appoint an agent for service of process as required under the provisions of Sections 16-10a-501 and 16-10a-504 of the URBCA;

(b) File any and all documents with the Utah State Tax Commission, necessary for the assumption by ZARS Delaware of all of the tax liabilities of ZARS Utah; and

(c) Take such other actions as may be required by the URBCA.

3.6 Governing Law. This Agreement shall in all respects be construed, interpreted and enforced in accordance with and governed by the laws of the State of Delaware and, so far as applicable, the merger provisions of the URBCA.

3.7 Registered Office. The registered office of the Surviving Corporation in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware

19801 and The Corporation Trust Company is the registered agent of the Surviving Corporation at such address.

3.8 Agreement. Executed copies of this Agreement will be on file at the principal place of business of the Surviving Corporation at 1455 West 2200 South, Suite 300, Salt Lake City, Utah 84119, and copies thereof will be furnished to any stockholder of either Constituent Corporation, upon request and without cost.

3.9 FIRPTA Notification. On the Effective Date, ZARS Utah shall deliver to ZARS Delaware, as agent for the shareholders of ZARS Utah, a properly executed statement (the "**Statement**") substantially in the form attached hereto as Exhibit C. ZARS Delaware shall retain the Statement for a period of not less than seven (7) years and shall, upon request, provide a copy thereof to any person that was a shareholder of ZARS Utah immediately prior to the Merger. In consequence of the approval of the Merger by the shareholders of ZARS Utah, (i) such shareholders shall be considered to have requested that the Statement be delivered to ZARS Delaware as their agent and (ii) ZARS Delaware shall be considered to have received a copy of the Statement at the request of the ZARS Utah shareholders for purposes of satisfying ZARS Delaware's obligations under Treasury Regulation Section 1.1445-2(c)(3).

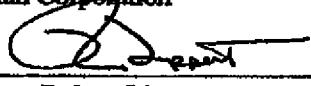
(a) ZARS Utah shall deliver to the Internal Revenue Service a notice regarding the Statement in accordance with the requirements of Treasury Regulation Section 1.897-2(h)(2).

4.0 Counterparts. In order to facilitate the filing and recording of this Merger Agreement, this Merger Agreement may be executed in any number of counterparts, each of which shall be an original and all of which taken together shall constitute one original.

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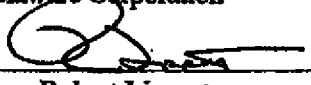
IN WITNESS WHEREOF, this MERGER AGREEMENT, having first been duly approved by the Board of Directors of ZARS Utah and ZARS Delaware, hereby is executed on behalf of each such corporations and attested by their respective officers thereunto duly authorized.

ZARS, INC.
a Utah Corporation

By: 

Robert Lippert
President and CEO

ZARS PHARMA, INC.
a Delaware Corporation

By: 

Robert Lippert
President and CEO

EXHIBIT A
Certificate of Merger

CERTIFICATE OF MERGER OF

ZARS, INC.
a Utah corporation

WITH AND INTO

ZARS PHARMA, INC.
a Delaware corporation

ZARS Pharma, Inc., a Delaware corporation (the "Company"), DOES HEREBY CERTIFY AS FOLLOWS in accordance with Section 252(c) of the Delaware General Corporation Law (the "DGCL"):

FIRST: The names and states of incorporation of the corporations proposing to merge (the "Constituent Corporations") are as follows:

Name of Corporation	State of Incorporation
ZARS, Inc. ("ZARS Utah")	Utah
ZARS Pharma, Inc. ("ZARS Delaware")	Delaware

SECOND: An agreement and plan of merger has been adopted, approved, certified, executed and acknowledged by each of the Constituent Corporations in accordance with Section 252 of the DGCL (the "Merger Agreement"), pursuant to which ZARS Utah merges itself with and into ZARS Delaware.

THIRD: The name of the surviving corporation shall be "ZARS Pharma, Inc." The surviving corporation shall be governed by the laws of the State of Delaware.

FOURTH: The Certificate of Incorporation of ZARS Delaware shall be the Certificate of Incorporation of the surviving corporation.

FIFTH: The executed Merger Agreement is on file at an office of the surviving corporation. The address of said office is 1455 West 2200 South, Suite 300, Salt Lake City, Utah 84119.

SIXTH: 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.


SEVENTH: ZARS Delaware is authorized to issue Twenty One Million One Hundred Thirty Seven Thousand Five Hundred Thirty One (21,137,531) shares of Common Stock, each having a par value of one-tenth of one cent (\$0.001), and Seven Million Four Hundred Sixty Two

Thousand Four Hundred Sixty Nine (7,462,469) shares of Preferred Stock, each having a par value of one-tenth of one cent (\$0.001).

EIGHTH: The merger shall become effective upon the filing of this Certificate of Merger with the Secretary of State of the State of Delaware.


Executed and verified this 30th day of July, 2007.

ZARS, INC., a Utah corporation

By: 

Robert Lippert
President and CEO

ZARS PHARMA, INC., a Delaware
corporation

By: 

Robert Lippert
President and CEO

EXHIBIT B
Articles of Merger

ARTICLES OF MERGER

OF

ZARS, INC.
a Utah corporation

AND

ZARS PHARMA, INC.
a Delaware corporation

The undersigned corporations, pursuant to Section 16-10a-1105 of the Utah Revised Business Corporation Act (the "URBCA"), hereby execute the following Articles of Merger:

ARTICLE ONE

The names and states of incorporation of the corporations proposing to merge are as follows:

Name of Corporation	State of Incorporation
ZARS, Inc. ("ZARS Utah")	Utah
ZARS Pharma, Inc. ("ZARS Delaware")	Delaware

ARTICLE TWO

The laws of the State under which such foreign corporation is organized permit such merger.

ARTICLE THREE

The name of the surviving corporation shall be "ZARS Pharma, Inc." The surviving corporation shall be governed by the laws of the State of Delaware, and its principal office address shall be at 1455 West 2200 South, Suite 300, Salt Lake City, Utah 84119.

ARTICLE FOUR

The Agreement and Plan of Merger is attached hereto as **EXHIBIT A**.

ARTICLE FIVE

The Agreement and Plan of Merger has been duly approved by the required vote of the shareholders of ZARS Utah in accordance with the Articles of Incorporation of ZARS Utah and Section 16-10a-1103 of the URBCA. The Agreement and Plan of Merger was approved by the

written consent of a majority of the holders of ZARS Utah's issued and outstanding Common Stock and Preferred Stock, consisting of 3,370,025 shares of Common Stock and 5,729,079 shares of Preferred Stock. Holders of ZARS Utah's Series C Preferred Stock were entitled to vote separately on this Agreement and Plan of Merger and the number of votes cast for the Agreement and Plan of Merger by the Series C Preferred Stock was sufficient for approval by that voting group. Holders of ZARS Utah's Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock were entitled to vote together as a single class on this Agreement and Plan of Merger and the number of votes cast for the Agreement and Plan of Merger by the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock entitled to vote together as a single class was sufficient for approval by that voting group.

ARTICLE SIX

Immediately prior to the merger, ZARS Utah (the parent corporation) owned one hundred percent (100%) of the outstanding shares of each class of stock of ZARS Delaware (the subsidiary corporation).

ARTICLE SEVEN

All provisions of the law of the State of Delaware and the State of Utah applicable to the proposed merger have been complied with.

ARTICLE EIGHT

These Articles of Merger shall be effective upon filing with the Utah Division of Corporations and Commercial Code on July 30, 2007. This effective date complies with Section 16-10a-1104(5) of the URBCA.

ARTICLE NINE

The name and address of the person who causes this document to be delivered to the Utah Division of Corporations and Commercial Code is: Robert Lippert, 1455 West 2200 South, Suite 300, Salt Lake City, Utah 84119.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these ARTICLES OF MERGER to be executed in its name by its president as of the 30th day of July, 2007.

ZARS, INC.
a Utah corporation

By: 

Robert Lippert, President and CEO

ZARS PHARMA, INC.
a Delaware corporation

By: 

Robert Lippert, President and CEO

EXHIBIT C

Form of FIRPTA Statement

July 30, 2007

TO THE SHAREHOLDERS OF ZARS, INC., A UTAH CORPORATION:

In connection with the reincorporation (the "*Reincorporation*") in Delaware of ZARS, Inc., a Utah corporation (the "*Company*"), pursuant to the Agreement and Plan of Merger (the "*Agreement*") dated as of July 30, 2007 between the Company and ZARS Pharma, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("*ZARS Delaware*"), your shares of Company stock will be replaced by shares of stock in ZARS Delaware.

In order to establish that (i) you will not be subject to tax under Section 897 of the Internal Revenue Code of 1986, as amended (the "*Code*"), as a result of the Reincorporation and (ii) ZARS Delaware will not be required under Section 1445 of the Code to withhold taxes from the ZARS Delaware stock that you will receive in connection therewith, the Company hereby represents to you that, as of the date of this letter, shares of Company stock do not constitute a "United States real property interest" within the meaning of Section 897(c) of the Code and the regulations issued thereunder.

A copy of this letter will be delivered to ZARS Delaware pursuant to Section 3.9 of the Agreement.

Under penalties of perjury, the undersigned officer of the Company hereby declares that, to the best knowledge and belief of the undersigned, the facts set forth herein are true and correct.

Sincerely,

ZARS, INC.
a Utah corporation

By: 

Robert Lippert
President and Chief Executive Officer