

FOUNTAIN PHARMACEUTICALS INC
Form DEF 14C
July 23, 2002

SCHEDULE 14C

(Rule 14c-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT
SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c)
of the Securities Exchange Act of 1934
(Amendment No.____)

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

FOUNTAIN PHARMACEUTICALS, INC.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

- Fee computed on table below per Exchange Act Rules 14C-5(g) and 0-11.

- 1. Title of each class of securities to which transaction applies:

- 2. Aggregate number of securities to which transaction applies:

- 3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

- 4. Proposed maximum aggregate value of transaction:

- Check box if any part of the fee is offset as provided by Exchange Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration 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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FOUNTAIN PHARMACEUTICALS, INC.
505 South Westland Avenue, Suite D
Tampa, Florida 33606

Information Statement pursuant to sections 14(C) and 14(F)
of the securities and exchange act of 1934

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

This Information Statement (the "Information Statement") is being mailed on or about August 2, 2002 to the holders of record at the close of business on July 26, 2002, (the "Record Date") of the Class A and Class B common stock, \$.001 par value per share (unless otherwise specified, collectively the "Common Stock") of Fountain Pharmaceuticals, Inc. (the "Company"), in connection with the Company's acquisition of SiriCOMM, Inc. ("SiriCOMM") (the "SiriCOMM Acquisition") and appointment of certain persons to the Board of Directors of the Company other than at a meeting of the shareholders of the Company.

This Information Statement is also being mailed to the Company's shareholders in connection with a proposed action by written consent to authorize and approve:

1. An amendment and restatement of the Company's Certificate of Incorporation which (a) changes the name of the Company to "SiriCOMM, Inc."; (b) combines the outstanding shares of Common Stock into a single class of Common Stock; (c) reverse splits the outstanding shares of the Company's Common Stock up to one-for-sixty (the "Reverse Split"); (d) decreases the par value of the Company's Common Stock resulting from the Reverse Split to \$.001; (e) increases the number of shares of Common Stock the Company is authorized to issue to 50,000,000; and (f) increase the number of shares of Preferred Stock, \$.001 par value, the Company is authorized to issue from 2,000,000 to 5,000,000.
2. The adoption of the Company's 2002 Equity Incentive Plan.

The sole member of the Board of Directors owns 3,500,000 shares of Class A Common Stock and 100,000 shares of Class B Common Stock. These shareholdings represent approximately 59.6% and 95.7%, respectively, of the total outstanding votes of all issued and outstanding Common Stock of the Company and was sufficient to take the proposed action on the Record Date. Dissenting shareholders do not have any statutory appraisal rights as a result of the action taken. The sole director has executed a written consent in favor of the proposed action on behalf of the shares of the Company which he owns. The sole director does not intend to solicit any proxies or consents from any other shareholders in connection with this action.

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Pursuant to the provisions of Delaware law and the Company's Certificate of Incorporation, the amendments require the approval of a majority of such shares. Accordingly, the vote of the sole director is sufficient to approve these matters, which he believes is in the best interests of the Company

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and its shareholders. The corporate action will be effective 20 days after the mailing of this Information Statement.

This Information Statement is being distributed pursuant to the requirements of Sections 14(c) and 14(f) of the Securities Exchange Act of 1934.

The entire cost of furnishing this Information Statement will be borne by the Company. The Company will request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this Information Statement to the beneficial owners of the Common Stock held of record by them and will reimburse such persons for their reasonable charges and expenses in connection therewith.

INFORMATION RELATING TO THE COMPANY'S COMMON STOCK

The shares of Class A Common Stock and Class B Common Stock are the only class of voting securities of the Company outstanding. Each share of Class A Common Stock is entitled to one vote per share on all matters submitted to a vote of the shareholders. Each share of Class B Common Stock is entitled to five (5) votes per share on all matters submitted to a vote of the shares. As of the Record Date, the Company had 5,875,795 shares of the Class A Common Stock outstanding and 104,505 shares of Class B Common Stock outstanding.

CHANGES OF CONTROL OF THE COMPANY

On December 31, 2001 Park Street Acquisition Corporation ("Park Street"), a Florida corporation, acquired 2,000,000 shares of Class A Convertible Preferred Stock ("Preferred Stock") of Fountain Pharmaceuticals, Inc. (the "Company") from Fountain Holdings LLC ("Holdings") and all Common Stock Purchase Warrants (the "Warrants") in the name of Holdings to purchase shares of the Company's Class A Common Stock. The Preferred Stock converts into 1,264,151 shares of Class A Common Stock. The aggregate purchase price paid to Holdings was Twenty Thousand (\$20,000) Dollars ("Purchase Price"), allocated \$8,000 towards the purchase of the Preferred Stock and \$12,000 towards the purchase of the Warrants. Simultaneously with the closing, Park Street and the Company agreed to retire the Warrants. Park Street has also returned the Preferred Stock to the Company. As of the Record Date no shares of Preferred Stock are issued or outstanding.

Joseph S. Schuchert, Jr. ("Schuchert"), the principal shareholder of Holdings, in consideration of the Purchase Price, released and discharged the Company from its obligations due to him pursuant to a Credit Agreement dated as of December 31, 1998, and from any other debts or obligations owing Schuchert by the Company. As of September 30, 2001 the Company owed Schuchert \$1,454,733 of principal and interest.

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Simultaneously with the transactions described above, Park Street acquired directly from the Company 3,500,000 shares of the Company's Class A Common Stock and 100,000 shares of the Company's Class B Common Stock for an aggregate purchase price of \$180,000. The proceeds of this transaction were utilized by the Company to retire all of its remaining liabilities. As a result of the foregoing, Park Street became the "control person" of the Company, as that term is defined in the Securities Act of 1933, as amended.

In connection with these transactions, the Board of Directors of the Company nominated Brendon K. Rennert to the Board of Directors and all former officers and directors delivered their letters of resignation to the Company. Mr. Rennert was named CEO, President and Secretary of the Company.

As a result of the transactions described above, there are no shares of

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Preferred Stock issued and outstanding and Park Street owns 95.7% of the Class B Common Stock and 59.6% of the Class A Common Stock.

By virtue of Park Street's ownership of the Company's aforementioned securities, it is able to elect new directors and officers either at a meeting of the shareholders or by written consent.

BOARD OF DIRECTORS

General

Management of the Company, prior to the Acquisition (collectively referred to as "Prior Management") is set forth below:

Name	Position
Brendon K. Rennert	President, Treasurer, Secretary and Sole Director

Prior Management will resign effective as of the closing of the Acquisition and the following individuals (collectively referred to as "New Management") will be nominated to assume the positions set forth next to their names:

Name	Age	Position
Henry P. (Hank) Hoffman	51	President, CEO and Chairman
David N. Mendez	41	Executive Vice President - Sales and Marketing and a Director
Kory S. Dillman	31	Executive Vice President - Internet Business Development and a Director
Tom Noland	45	Executive Vice President - Administration, General Counsel, Secretary and a Director

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Henry P. (Hank) Hoffman, President, CEO and Chairman

Mr. Hoffman co-founded SiriCOMM in January 2000 and has been its President, CEO and Chairman since SiriCOMM's inception. Mr. Hoffman has over twenty years experience in the transportation industry. Mr. Hoffman's most recent position was President and Chief Operating Officer of Hook Up, Inc. of Joplin, MO. In his four years with this niche motor carrier, profit margins expanded while gross revenue more than tripled. Mr. Hoffman credits his West Point background for enabling him to communicate with people at every level of an organization. From 1990 to 1995 Mr. Hoffman was President and COO of Tri-State Motor Transit, the nation's largest transporter of munitions for the U.S. Government. Under his direction the Tri-State business grew from \$40 million to over \$100 million annual revenue and a capacity base of over 750 drivers.

Prior to his term at Tri-State, he served in several Operations/Management positions with both Schneider National, Inc. and Viking Freight System. As an industry leader he has been a Vice President of the American Trucking Associations, President and Chairman of the Board of the Munitions Carriers Conference, member of the Board of Directors of the National Automobile Transporters Association, and Forum Co-Chairman of the National Defense Transportation Association. Prior to his trucking industry career, Mr. Hoffman served as an officer in the United States Army Field Artillery for six years where he completed two successful command assignments. Mr. Hoffman earned a Bachelor of Science degree from the United States Military Academy, West Point,

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NY and a Master of Business Administration from the University of Wisconsin, Oshkosh, WI.

David N. Mendez, Executive Vice President - Sales and Marketing and a Director

Mr. Mendez co-founded SiriCOMM in April 2000 and has been its Executive Vice President Sales and Marketing and a director since SiriCOMM's inception. Mr. Mendez has over nine years experience in telecommunications sales and marketing. Mr. Mendez's telecommunications expertise focuses on domestic and international data communication networks including Frame Relay and ATM infrastructures and Internet and intranet networks. Most recently he was National Sales Manager for DRIVERNet where he managed such national accounts as Ford, Kenworth, Peterbilt, Paccar Corporation, and Cue Paging. From 1995 to 1998 Mr. Mendez worked as a Major Account Manager for Sprint. In this position he secured long-term contracts with Tandy Corporation, Southwest Airlines, MaryKay Cosmetics, and DaisyTek International with a cumulative annual billing in excess of \$20 million. In addition, Mr. Mendez managed MCI and Amway's co-marketing program with annual billings in excess of \$60 million. Mr. Mendez graduated with a Bachelor of Science degree from Southwest Missouri State University, Springfield, MO.

Kory S. Dillman, Executive Vice President - Internet Business Development and a Director

Mr. Dillman co-founded SiriCOMM in April 2000 and has been its Executive Vice President - Internet Business Development and a director since SiriCOMM's inception. From 1996 to 1999 Mr. Dillman was Creative Director for DRIVERNet. In that position he successfully produced many of the intranet and Internet

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applications for DRIVERNet and its customers. He developed specific web-based products for Volvo Trucks North America, Kenworth, Peterbilt, Ambest, Caterpillar Engines, and TravelCenters of America. Prior to joining DRIVERNet Mr. Dillman was Art Director for Wendfall Productions. In this position he managed development for Sony Music and Ardent Records. Mr. Dillman earned a Bachelor of Fine Arts degree from the University of Tulsa, Tulsa, OK.

Tom Noland, Executive Vice President - Administration, General Counsel, Secretary and a Director

Mr. Noland joined SiriCOMM in November 2001 as its Executive Vice President - Administration, General Counsel and a Director. Mr. Noland was in private practice with the law firm of Spencer, Scott & Dwyer in Joplin for eleven years, focusing on the representation of business and banking clients in the areas of real estate transactions, creditors' rights and workers' compensation defense. Prior to joining SiriCOMM, he served as General Counsel to Hook Up, Inc. from 1997 through 2000. Mr. Noland received a Bachelor of Arts degree in history from Missouri Southern State College and a Juris Doctorate from the University of Tulsa.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of July 26, 2002, information with respect to the securities holdings of all persons which the Company, pursuant to filings with the Securities and Exchange Commission, has reason to believe may be deemed the beneficial owners of more than 5% of the Company's outstanding

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Common Stock and Class B Common Stock. The following table indicates the beneficial ownership of such individuals numerically calculated based upon the total number of shares of Common Stock and Class B Common Stock outstanding and alternatively calculated based upon the percentage voting power allocated to such share ownership taking into account the disproportionate voting rights attributed to the Class B Common Stock. Also set forth in the table is the beneficial ownership of all shares of the Company's outstanding stock, as of such date, of all officers and directors, individually and as a group.

Name and Address -----	Amount of Beneficial Ownership(1) -----	Percent of Beneficial Ownership -----	Perc Voting -----
Park Street Acquisition Corporation P.O. Box 530246 St. Petersburg, FL 33747	3,600,000 (3)	60.2%	62
Brendon K. Rennert P.O. Box 530246 St. Petersburg, FL 33747	3,600,000 (3)	60.2%	62
John C. Walsh 9 North Pelican Drive Avalon, NJ 08202	1,257,100 (4)	21.0%	19
Joseph S. Schuchert, Jr. Fountain Holdings, LLC c/o Eaglestone Capital Services, Inc. 400 Oceangate, Suite 1125 Long Beach, CA 90802	-0-	-0-	
All Directors and Officers as a Group (1 Persons) -----	3,600,000 (3)	60.2%	62

- (1) Except as otherwise indicated, includes total number of shares outstanding and the number of shares which each person has the right to acquire within 60 days through the exercise of warrants or the conversion of Preferred Stock pursuant to Item 403 of Regulation S-B and Rule 13d-3(d) (1), promulgated under the Securities Exchange Act of 1934. Also reflects 5,980,301 shares of the Company's Common Stock (including Class B Common Stock) outstanding as of July 26, 2002.
- (2) This column takes into account the disproportionate voting rights granted to the holders of the Class B Common Stock. Holders of Class B Common Stock are entitled to five (5) votes for every share held.
- (3) Includes 100,000 shares of Class B Common Stock.
- (4) Includes 6,000 shares of Common Stock issuable upon the exercise of options at an exercise price of \$.625 per share. Does not include Common Stock options to purchase 18,000 shares at an exercise price of \$.625 per share which were granted September 23, 1999 and which have not vested.

On August 28, 2001, Park Street Acquisition Corporation and Brendon K. Rennert entered into a Pledge and Escrow Agreement (the "Loan Agreement") with Robert Smith to obtain the funds for the acquisition of the Class A Common Stock, Class B Common Stock and the Class A Convertible Preferred Stock (collectively the "Securities"). Pursuant to the terms of the Loan Agreement, the Securities acquired by Park Street are collateral for the collection of the \$350,000 loan that is due March 31, 2002 with interest at 6% per annum. Pursuant

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to the Loan Agreement, Robert Smith may become the beneficial owner of the Securities following a default in the Loan Agreement. Prior to such default, Mr. Smith does not have voting or dispositive power with respect to the Securities.

EXECUTIVE COMPENSATION

Executive Officers and Directors

We currently do not pay any cash salaries to any officers or directors.

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for services rendered in all capacities for the fiscal years ended December 31, 1999, 2000 and 2001. Other than as set forth herein, no executive officer's salary and bonus exceeded \$100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation, if any, whether paid or deferred.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Annual Compensation		
	Fiscal Year Ended	Salary (\$)	Bonus (\$)
	September 30		
Gerald T. Simmons (1) Former Chief Executive Officer and President	2001	\$ 19,630	-0-
	2000	\$ 77,782	-0-
	1999	\$104,500	\$ 5,000
Christopher J. Whitaker (2) Former Interim Chief Executive Officer and Vice President of Operations	2001	\$100,000	-0-
	2000	\$124,442	-0-
	1999	\$110,962	\$25,000
Francis J. Werner (3) Interim Chief Executive & Financial Officer and Director of Finance and Administration	2001	\$ 97,750	-0-
	2000	\$ 97,991	-0-
	1999	\$ 86,912	-0-
John C. Walsh (4) Director, Former Chairman, Chief Executive Officer and President	2001	-0-	-0-
	2000	-0-	-0-
	1999	\$130,962	-0-

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- (1) Mr. Simmons resigned from his position as Chief Executive Officer and President on November 30, 2000. Mr. Simmons did not receive a severance arrangement. See Employment Arrangements and Change of Control.
- (2) Mr. Whitaker was hired on March 30, 1998 as Director of Marketing. On August 3, 1998, Mr. Whitaker was appointed Vice President of Operations. Effective February 1, 2001 assumed the position as Interim Chief Executive Officer and Vice President of Operations. Effective July 6, 2001, Mr. Whitaker was terminated.
- (3) Mr. Werner was hired on May 21, 1990 as Controller. On July 1, 1992 Mr. Werner was appointed Director of Finance and Administration. Effective February 1, 2001 assumed the position as Interim Chief Financial Officer

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- and Director of Finance and Administration. Effective July 6, 2001 he assumed the position of Acting Chief Executive Officer. Effective December 31, 2001 Mr. Werner was terminated.
- (4) Mr. Walsh resigned from his position as Chief Executive Officer and President on December 1, 1998. As part of his severance arrangement, Mr. Walsh received full salary and accompanying benefits through August 3, 1999. Mr. Walsh resigned from his position as a Director on December 31, 2001.
- (5) Represents options to purchase Common Stock granted as of December 8, 1998, as adjusted as of September 30, 1999 for certain anti-dilution provisions pursuant to Mr. Simmons' employment agreement. The options have an exercise price of \$.56 per share and a term expiring on December 8, 2003. The options vested 20% as of the date of grant with the balance vesting 20% on each anniversary of the date of grant.
- (6) Represents option to purchase Common Stock granted as of December 8, 1998. The options have an exercise price of \$.56 per share. 25,000 options vest 1/3 per year over a period of three years starting December 8, 1998 and expire on December 8, 2003. 12,500 options vest 1/3 per year over a period of three years starting December 8, 1999 and expire on December 8, 2003.
- (7) Represents options to purchase Common Stock granted as of September 23, 1999. The options have an exercise price of \$.625 per share. The options vest 25% per year over a period of 4 years, and expire on September 23, 2004.

OPTION/SAR GRANTS TABLE

Option/SAR Grants in the Last Fiscal Year

Individual Grants

Name	Fiscal Year	Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exe Bas (
Gerald T. Simmons Former Chief Executive Officer and President	2001	-0-(1)	0.0%	
Christopher J. Whitaker Former Interim Chief Executive Officer and Vice President of Operations	2001	-0-(1)	0.0%	
Francis J. Werner Interim Chief Executive & Financial Officer and Director of Finance and Administration	2001	-0-(1)	0.0%	
John C. Walsh Director, Former Chairman, Chief Executive Officer and President	2001	-0-(1)	0.0%	

- (1) No options were granted during fiscal year 2001.

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Aggregated Options/SAR Exercises in Last Fiscal Year
and FY-End Option/SAR Value

Name	Fiscal Year	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Unexercised Options/SARs at FY-End (#) Exercisable / Unexercisable
Gerald T. Simmons Former Chief Executive Officer and President	2001	-0-	-0-	(E) -0- / (U) -0-
Christopher J. Whitaker Former Interim Chief Executive Officer and Vice President of Operations	2001	-0-	-0-	(E) 20,832 / (U) 16,
Francis J. Werner Interim Chief Executive & Financial Officer and Director of Finance and Administration	2001	-0-	-0-	(E) 37,500 / (U)
John C. Walsh Director, Former Chairman, Chief Executive Officer and President	2001	-0-	-0-	(E) 12,000 / (U)

(1) Based upon the closing price of the Company's Common Stock of \$.02 per share as reported on the NASDAQ OTC Bulletin Board as of September 30, 2001.

In addition to the foregoing, Mr. Rennert approved the Company's 2002 Equity Incentive Plan (the "Plan"). Additional information concerning the Plan is set forth under the caption "Approval of the 2002 Equity Incentive Plan," below.

APPROVAL OF AMENDMENT AND RESTATEMENT OF THE COMPANY'S
CERTIFICATE OF INCORPORATION

The Company's sole director approved an amendment and restatement to the Company's Certificate of Incorporation to (a) change the name of the Company to "SiriCOMM, Inc."; (b) combine the outstanding shares of Common Stock into a single class of Common Stock; (c) reverse split the outstanding shares of the Company's Common Stock up to one-for-sixty (the "Reverse Split"); (d) reduce the par value of the Company's Common Stock resulting from the Reverse Split to \$.001; (e) increase the number of shares of Common Stock the Company is authorized to issue to 50,000,000; and (f) increase the number of shares of Preferred Stock, \$.001 par value the Company is authorized to issue from 2,000,000 to 5,000,000. The sole board member, who holds approximately 59.6% of the Company's Common Stock and who holds approximately 95.7% of the Class B Common Stock has approved these actions and has consented to the taking of these actions without a meeting. A copy of the restated and amended Certificate of Incorporation substantially in the form it will be filed with the Secretary of the State of Delaware is attached hereto as Appendix A.

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Change of Corporate Name

The Company has entered into a Securities Exchange Agreement ("Securities Exchange Agreement") with shareholders owning 100% of SiriCOMM, Inc., a Missouri corporation ("SiriCOMM") regarding acquisition by the Company of all of the issued and outstanding common stock of SiriCOMM. At present it is anticipated that a closing will occur no later than September 30, 2002 and the sole director believes it is prudent to take the necessary corporate actions necessary to consummate the Acquisition. Information concerning SiriCOMM is set forth under the caption "Approval of the SiriCOMM Acquisition," below. In the event the closing does not occur, the Company will maintain its present name.

The change of corporate name will become effective upon the filing with the Secretary of State of an amendment and restatement to the Company's Certificate of Incorporation which states that, upon the filing of the Certificate of Amendment the name of the Corporation will be "SiriCOMM, Inc."

Combination of Outstanding Shares of Common Stock into a Single Class

The Company has two classes of Common Stock authorized and outstanding. At present there are 5,875,796 shares of Class A Common Stock issued and outstanding and 104,505 shares of Class B Common Stock issued and outstanding. The Company's sole officer and director owns 59.6% and 95.7% of the outstanding shares of Class A and Class B Common Stock, respectively. The two classes have the same relative rights, except that the Class B Common Stock has a disproportionate voting right whereby each share of Class B Common Stock represents five votes.

As a result of the combination each share of Class B Common Stock outstanding at the effective time of the combination and Reverse Split will, without any action on the part of the holder thereof become a yet to be determined number of shares of New Common Stock, defined below.

The sole officer and director of the Company does not believe it is in the Company's best interest to have a class of Common Stock with a disproportionate voting right and is willing to surrender these disproportionate rights and feels the elimination of the Class B Common Stock will simplify the capitalization of the Company.

Reverse Split and Reduction of Par Value

As a result of the Reverse Split, each share of Common Stock outstanding at the effective time of the Reverse Split, will, without any action on the part of the holder thereof, become a fraction of a share based on the amount of the Reverse Split. By way of example, if the Board elects to effectuate a one-for-ten Reverse Split, each outstanding share will become one-tenth of a share of Common Stock, if the Board elects to effectuate a one-for-thirty Reverse Split, each outstanding share will become one-thirtieth

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of a share of Common Stock and if the Board elects to effectuate a one-for-sixty Reverse Split, each outstanding share will become one-sixtieth of a share of Common Stock. The amendment will also decrease the par value per share of the Company's common stock to \$.001. The decrease in the par value per share will reduce the Company's capital stock accounts. For purposes of this description, the Common Stock, as presently constituted, is referred to as the "Old Common Stock" and the Common Stock resulting from the Reverse Split is referred to as the "New Common Stock."

The Reverse Split will become effective upon the filing with the

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Secretary of State of an amendment and restatement to the Company's Certificate of Incorporation which states that, upon the filing of the Certificate of Amendment, each share of Old Common Stock then issued and outstanding would automatically become such fraction of a share of New Common Stock as determined by the Board.

Principal Effects of the Reverse Split

The principal effects of the Reverse Split will be as follows:

Based upon the 5,980,301 shares of Old Common Stock (including the shares of Class B Common Stock) outstanding on the Record Date, a Reverse Split of one-for-ten, one-for-thirty and one-for-sixty would decrease the outstanding shares of Old Common Stock by 90%, 96.7% and 98.3% respectively, and, upon the effectiveness of the Reverse Split and the completion of the Acquisition approximately 11,660,003 shares of New Common Stock would be outstanding based on a one-for-sixty Reverse Split, 11,759,665 shares of New Common Stock would be outstanding based on a one-for-thirty Reverse Split and 12,158,361 shares of New Common Stock would be outstanding based on a one-for-ten Reverse Split.

The Company will obtain a new CUSIP number for the New Common Stock at the time of the Reverse Split. Following the effectiveness of the Reverse Split, each yet to be determined number of shares of Old Common Stock, without any action on the part of the holder, will represent one share of New Common Stock.

Subject to the provisions for elimination of fractional shares, as described below, consummation of the Reverse Split will not result in a change in the relative equity position or voting power of the holders of Old Common Stock.

The Certificate of Restatement and Amendment of the Company's Certificate of Incorporation will be filed with the Secretary of State of Delaware ten days after the mailing of this Information Statement. The Reverse Split would become effective as of the date of such filing (the "Effective Date").

Purposes of the Reverse Stock Split

The Reverse Split will decrease the number of shares of Old Common Stock outstanding and presumably increase the per share market price for the New Common Stock. Theoretically, the number of shares outstanding should not, by itself, affect the marketability of the stock, the type of investor who acquires it, or the Company's reputation in the financial community, but in practice this is not necessarily the case, as many investors look upon a stock trading at or under \$1.00 per share as unduly speculative in nature and, as a matter of policy, avoid investment in such stocks.

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Many leading brokerage firms are reluctant to recommend lower-priced securities to their clients and a variety of brokerage house policies and practices currently tend to discourage individual brokers within firms from dealing in lower-priced stocks. Some of those policies and practices pertain to the payment of brokers' commissions and to time-consuming procedures that make the handling of lower priced stocks unattractive to brokers from an economic standpoint. In addition, the structure of trading commissions also tends to have an adverse impact upon holders of lower priced stocks because the brokerage commission on a sale of a lower priced stock generally represents a higher percentage of the sales price than the commission on a relatively higher priced

issue.

In addition, there are not a sufficient number of authorized but unissued shares of Common Stock to consummate the Acquisition. The sole director believes that the Reverse Split and Acquisition is in the best interest of the Company and its shareholders. The Company requires additional capital for its operations and does not believe that it will be able to raise the necessary capital unless the price of the Common Stock is higher than the current Common Stock price levels. However, no assurance can be given that the Reverse Split will result in any increase in the Common Stock price or that the Company will be able to complete any financing following the Reverse Split.

Exchange of Certificate and Elimination of Fractional Share Interests

On the Effective Date, shares of Old Common Stock will automatically be combined and changed into one share of New Common Stock. No additional action on the part of the Company or any shareholder will be required in order to effect the Reverse Split. Shareholders will be requested to exchange their certificates representing shares of Old Common Stock held prior to the Reverse Split for new certificates representing shares of New Common Stock. Shareholders will be furnished the necessary materials and instructions to effect such exchange promptly following the Effective Date. Certificates representing shares of Old Common Stock subsequently presented for transfer will not be transferred on the books and records of the Company but will be returned to the tendering person for exchange. Shareholders should not submit any certificates until requested to do so. In the event any certificate representing shares of Old Common Stock is not presented for exchange upon request by the Company, any dividends that may be declared after the Effective Date of the Reverse Split with respect to the Common Stock represented by such certificate will be withheld by the Company until such certificate has been properly presented for exchange, at which time all such withheld dividends which have not yet been paid to a public official pursuant to relevant abandoned property laws will be paid to the holder thereof or his designee, without interest.

No fractional shares of New Common Stock will be issued to any shareholder. Accordingly, shareholders of record who would otherwise be entitled to receive fractional shares of New Common Stock, will, upon surrender of their certificates representing shares of Old Common Stock, receive a cash payment in lieu thereof equal to the fair value of such fractional share. Holders of up to sixty shares of Old Common Stock (depending upon the amount of the Reverse

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Split) as a result of the Reverse Split will on the Effective Date no longer be shareholders of the Company. The Board of Directors had determined that the fair value of the Common Stock will be based on the closing price of the Common Stock on the OTC-Bulletin Board on the Effective Date (as adjusted to reflect the Reverse Split) or, if there are no reported sales on such date, the average of the last reported high bid and low asked price on such day shall be used.

Federal Income Tax Consequences of the Reverse Split

The combination of shares of the Old Common Stock into one share of New Common Stock should be a tax-free transaction under the Internal Revenue Code of 1986, as amended, and the holding period and tax basis of the Old Common Stock will be transferred to the New Common Stock received in exchange therefor.

Generally, cash received in lieu of fractional shares will be treated as a sale of the fractional shares (although in unusual circumstances such cash

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might possibly be deemed a dividend), and shareholders will recognize gain or loss based upon the difference between the amount of cash received and the basis in the surrendered fractional share.

This discussion should not be considered as tax or investment advice, and the tax consequences of the Reverse Split may not be the same for all shareholders. Shareholders should consult their own tax advisors to know their individual Federal, state, local and foreign tax consequences.

Change in Authorized Capital Stock

The sole director has approved an amendment to the Company's Certificate of Incorporation which would change the number of authorized shares of Common Stock, and the par value to \$.001 per share. The number of authorized common shares would be increased to 50,000,000 shares. In addition, the amendment will eliminate the Class A Preferred Stock and increase the number of authorized shares of Preferred Stock from 2,000,000 to 5,000,000 shares. As of the Record Date there were no shares of Preferred Stock issued or outstanding.

Discussion of the Amendment

Under the Company's Certificate of Incorporation, the Board of Directors of the Company has authority to issue authorized and unissued shares of Common and Preferred Stock without obtaining approval from the holders of the Common Stock. The holders of the Company's Common Stock and Preferred Stock do not have preemptive rights. The Preferred Stock provisions give the Board of Directors broad authority to issue shares of Preferred Stock in one or more series and to determine such matters as the dividend rate and preference, voting rights, conversion privileges, redemption provisions, liquidation preferences and other rights of each series. Each share of Common Stock is entitled to one vote. The holders of any series of preferred stock issued in the future will be entitled to such voting rights as may be specified by the Board of Directors.

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Because of the broad powers granted to the Board of Directors to issue shares of Preferred Stock and determine the rights, preferences and privileges of the holders of such series, the Board of Directors has the power to issue shares of Preferred Stock in a manner which could be used as a defensive measure against a hostile takeover or to keep the Board of Directors in power. However, the Board of Directors has no present plans to issue shares for such purpose.

The Board of Directors of the Company believes it will benefit the shareholders to have additional unreserved shares available for issuance in order that adequate shares may be available for the possible issuance of Common Stock, convertible Preferred Stock or convertible debt securities in connection with a possible financing of the Company's business or an acquisition, although, except for the Securities Exchange Agreement with SiriCOMM and 100,000 New Common Shares reserved for issuance upon the conversion of an outstanding convertible debenture, the Company has no plans, arrangements, understanding or commitments with respect to the issuance of such shares.

Approval Required

The approval of a majority of the outstanding stock entitled to vote will be necessary to approve the proposed amendment. As discussed above, the Company's sole director, who holds approximately 59.6% of the votes of the Company's outstanding Common Stock and 95.7% of the outstanding Class B Common Stock has consented to this amendment. He has executed a written consent voting those shares in favor of the proposed amendment. The sole director does not

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intend to solicit any proxies or consents from any other shareholders in connection with this action.

APPROVAL OF THE COMPANY'S 2002 INCENTIVE STOCK OPTION PLAN

The Company's sole director adopted a 2002 Equity Incentive Plan (the "Plan"). The written consent approved the Plan. There are no awards outstanding under the Plan. A complete copy of the Plan is attached hereto as Appendix B.

Shareholders should note that certain disadvantages may result from the adoption of the Plan, including a reduction in their interest of the Company with respect to earnings per share, voting, liquidation value and book and market value per share if options to acquire shares of Common Stock are granted and subsequently exercised.

APPROVAL OF THE SIRICOMM ACQUISITION

The Company's sole director has approved the SiriCOMM Acquisition.

Information About The Acquisition

In the proposed SiriCOMM Acquisition, SiriCOMM and the Company will merge, with SiriCOMM surviving the merger, as the accounting acquirer. (See Anticipated Accounting Treatment, below). If the SiriCOMM Acquisition is completed, shares of SiriCOMM common stock outstanding immediately prior to the merger will be converted into shares of the Company's Common Stock, as follows:

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On the Record Date, there were 5,980,301 shares of the Company's Common Stock outstanding, including 104,505 shares of Class B Common Stock. Pursuant to the Securities Exchange Agreement, the Company is obligated to issue 9,623,195 shares of New Common Stock to the SiriCOMM shareholders in exchange for 100% of the issued and outstanding shares of SiriCOMM. Additionally, pursuant to the Securities Exchange Agreement, the Company has agreed to issue 1,937,136 shares of New Common Stock to retire \$500,000 of convertible debentures issued by SiriCOMM. Accordingly, after the amendment and closing with SiriCOMM, the new combined entity will have between 11,660,003 and 12,158,361 shares of New Common Stock issued and outstanding based on a Reverse Split between one-for-sixty and one-for-ten. As a result of this transaction, SiriCOMM stockholders will become stockholders of the Company and will no longer have any interest in SiriCOMM other than through their interests in shares of the post-merger combined organization. We anticipate that the closing date of this transaction will occur as promptly as practicable following all regulatory approvals.

Information About SiriCOMM

SiriCOMM was organized under the laws of the State of Missouri in April 2000. SiriCOMM's principal executive office is located at 2900 Davis Boulevard, Suite 130, Joplin, Missouri 64804. Its telephone number is (417) 626-9961.

SiriCOMM is engaged in the development of broadband wireless applications service provider technologies serving the marine and highway transportation industries. The Company's current development activities include integrating multiple technologies including satellite communications, the Internet (and intranets), wireless networking, and productivity enhancing software into commercially viable products and services for its target industries.

The Company's patent pending network architecture enables subscribers

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to transmit data at speeds 20 to 100 times faster than other wireless solutions. Moreover, the Company's unique software solutions leverage this ultra high-speed data network to deliver significant cost reduction and productivity improvement opportunities to users. From its central hub server co-located at the satellite teleport the Company receives and transmits data on a "point to broadcast" high-speed network between multiple wireless local area networks installed in strategic locations. For a flat, low monthly fee subscribers have access to a suite of productivity software, the Internet, e-mail, proprietary company intranet information, etc. The network supports multiple user devices to include 802.11b-compatible Palm OS(TM) wireless hand held devices for the most mobile subscribers. SiriCOMM's technologies are expected to become commercially available before the end of the year 2002.

Development of SiriCOMM's Business and Products

Since SiriCOMM's inception in April of 2000, its founders have focused their efforts principally in three key areas--product development, pre-market demonstrations to potential customers, and the formation of critical industry alliances. The results of this disciplined approach are significant. First, a working prototype of the broadband wireless network and applications software

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was developed and refined into a highly marketable product. Patent applications are on file for the entire end-to-end system. Second, demonstrations of the prototype to qualified potential customers reaffirmed the feasibility of the network and the solid need for its unique services. Without exception, customers who participated in the demonstrations indicated their intent to acquire the SiriCOMM product. And third, management has secured the solid support of key industry decision-makers and technology leaders.

The first generation of SiriCOMM products can significantly improve the availability, timeliness, and accuracy of communications and decision support tools for most of the nation's law enforcement agencies, the 500,000+ yachts, and the 4.0 million trucks that operate in North America. In later phases, SiriCOMM products can improve communications and cost efficiency for 12 million trucks, countless yachters and law officers worldwide. Ultimately, with minor modifications, the SiriCOMM products are applicable in any industry requiring mobile communications from remote locations, such as recreational vehicles and construction sites.

SiriCOMM intends to charge a monthly subscription fee of \$49.95 per user per month for its services.

The five principal components of the SiriCOMM service include:

1. An I.E.E.E. 802.11 standard compatible wireless device (PC or Palm OS(TM)) for the users. The 802.11 is a wireless standard governed by the Institute of Electrical and Electronics Engineers that operates in the 2.4 Gh unregulated frequency spectrum;
2. Wireless transmission and receiving equipment installed in strategic locations such as marinas, truck stops, weigh stations, and major shipper facilities;
3. Access to the AMC-6 geo-synchronous satellite;
4. Proprietary software processes and applications; and
5. Broadband wireless channels that enable transmission of extremely large amounts of data at speeds 20 to 100 times faster than current wireless solutions.

Users can connect to the SiriCOMM network whenever they are within

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range (up to approximately one-half mile) of one of the access locations. While in range, the subscriber has wireless, universal access to the Internet and to the marina, agency, or fleet intranet, if one exists. For a low, fixed monthly subscription fee subscribers can communicate unlimited amounts of data and messages to their homes, offices, or client support centers using SiriCOMM's high-speed wireless network.

Anticipated Accounting Treatment

We expect to account for the SiriCOMM Acquisition as a recapitalization of the equity of SiriCOMM, which in principle is equivalent to the issuance of stock by SiriCOMM for the net monetary assets of the Company. We will apply this

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accounting treatment because the Company is a non-operating public shell and because SiriCOMM stockholders will own the majority of the outstanding common stock of the combined company following the transaction.

HISTORICAL FINANCIAL INFORMATION

The Historical Financial Statements required by Item 310 (c) of Regulation S-B pertaining to SiriCOMM are part of this Information Statement.

PRO FORMA INFORMATION

The Pro Forma Financial Information required by Item 310(d) of Regulation S-B showing the effect on the Company and SiriCOMM as a result of the transaction are part of this Information Statement.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, files reports and other information with the Commission. The Registration Statement and such reports and other information may be inspected without charge at the Public Reference Room maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Office located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material may be obtained from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549, at prescribed rates. Information on the operation of the Public Reference Room is available by calling the Commission at 1-800-SEC-0330. In addition, the Commission maintains an Internet site where the Registration Statement and other information filed with the Commission may be retrieved, and the address of such site is <http://www.sec.gov>. Statements made in this Information Statement concerning the contents of any document referred to herein are not necessarily complete.

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INFORMATION ACCOMPANYING THIS INFORMATION STATEMENT

The following documents filed with the Commission are being mailed to the Company's shareholders along with this Information Statement:

1. Form 10-KSB report for the year ended September 30, 2001.
2. Form 10-QSB report for the three months ended March 31, 2002.

Brendon K. Rennert
Sole Director

July 26, 2002

Attachments:

- Appendix A - Form of Amended and Restated Certificate of Incorporation
- Appendix B - 2002 Equity Incentive Plan

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
SiriCOMM, Inc.

We have audited the accompanying balance sheet of SiriCOMM, Inc. (the "Company"), a development stage enterprise, as of September 30, 2001, and the related statements of operations, stockholders' deficit and cash flows for the year ended September 30, 2001 and for the periods from inception (April 24, 2000) through September 30, 2001 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SiriCOMM, Inc. at September 30, 2001, and the results of its operations and its cash flows for the year ended September 30, 2001 and for the periods from inception (April 24, 2000) through September 30, 2001 and 2000, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company is in the development stage and has not yet earned revenues from operations, and has a working capital and equity deficiencies of \$797,020 and \$865,903, respectively, at March 31, 2002 (unaudited). These conditions raise substantial doubt regarding the Company's ability to continue as a going concern. Management's plans related to these conditions are also discussed in Note 2. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

/s/ Aidman, Piser & Company, P.A.

Tampa, Florida
June 11, 2002

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEETS

ASSETS

	March 31, 2002 (Unaudited)

Current assets:	
Cash and cash equivalents	\$ 87,936
Prepaid expenses and other current assets	29,670
Total current assets	117,606
Furniture and equipment, net of accumulated depreciation (2002, \$12,179; 2001, \$8,415)	68,953
	\$ 186,559

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Current maturities of notes payable and long-term debt	\$ 741,070
Accounts payable	38,497
Due to shareholders	26,000
Accrued expenses	109,059
Total current liabilities	914,626
Notes payable and long-term debt, less current maturities	137,836
Total liabilities	1,052,462
Commitments	-
Stockholders' deficit:	
Common stock, \$1 par value, 10,000 shares authorized and issued	10,000
Additional paid-in capital	483,912
Accumulated deficit during the development stage	(1,326,602)
Treasury stock, 222 shares at cost	(33,213)
Total stockholders' deficit	(865,903)
	\$ 186,559

=====

See notes to financial statements.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF OPERATIONS

	Six months ended March 31,		Year ended
	2002	2001	September 30,
	(Unaudited)	(Unaudited)	2001
	-----	-----	-----
Net sales	\$ -	\$ -	\$ -
Operating expenses:			
General and administrative	74,242	43,188	160,748
Salaries and consulting fees	270,236	77,075	175,525
Research and development	46,066	28,132	73,787
Write-off of note receivable	-	50,000	50,000
Depreciation	4,521	2,498	5,928
	-----	-----	-----
Total operating expenses	395,065	200,893	465,988
	-----	-----	-----
Operating loss	(395,065)	(200,893)	(465,988)
Interest expense	(12,549)	(1,475)	(4,609)
Loan costs	(50,000)	-	-
Income tax expense	-	-	-
	-----	-----	-----
Net loss	(\$457,614)	(\$202,368)	(\$470,597)
	=====	=====	=====
Net loss per share, basic and diluted	(\$48)	(\$20)	(\$47)
	=====	=====	=====
Weighted average shares, basic and diluted	9,530	9,906	9,945
	=====	=====	=====
Unaudited pro-forma presentation applicable to conversion from an S Corporation to C Corporation:			
Net loss before proforma income tax expense	(\$457,614)	(\$202,368)	(\$470,597)
Pro-forma income tax expense	-	-	-
	-----	-----	-----
Pro-forma net loss	(\$457,614)	(\$202,368)	(\$470,597)
	=====	=====	=====
Pro-forma net loss per share	(\$48)	(\$20)	(\$47)
	=====	=====	=====

See notes to financial statements.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF CASH FLOWS

	Six months ended March 31,		Year Ended
	2002	2001	September 30,
	(Unaudited)	(Unaudited)	2001
	-----	-----	-----
Cash flows from operating activities:			
Net loss	\$ (457,614)	\$ (202,368)	\$ (470,597)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Depreciation	4,521	2,498	5,928
Amortization of loan costs	50,000	-	-
Stock-based compensation	9,000	-	-
Settlement expense funded from debt assumption	-	-	28,000
Write-off of note receivable	-	50,000	50,000
Changes in assets and liabilities:			
Current assets	(3,000)	26,656	-
Current liabilities	53,217	(544)	11,403
Net cash flows from operating activities	(343,876)	(123,758)	(375,266)
	-----	-----	-----
Cash flows from investing activities:			
Acquisition of furniture and equipment	(44,324)	-	(13,999)
Proceeds from sale of furniture and equipment	1,408	-	-
Net cash flows from investing activities	(42,916)	-	(13,999)
	-----	-----	-----
Cash flows from financing activities:			
Issuance of note receivable	-	(50,000)	(50,000)
Borrowings under line of credit, net	-	-	97,043
Proceeds from long-term debt	527,304	72,500	-
Payment of loan costs	(50,000)	-	-
Advances from officers	(3,471)	-	51,853
Proceeds from sale of common stock	-	100,000	289,004
Net cash flows from financing activities	473,833	122,500	387,900
	-----	-----	-----
Change in cash	87,041	(1,258)	(1,365)
Cash, beginning of period	895	2,260	2,260
Cash, end of period	\$ 87,936	\$ 1,002	\$ 895
	=====	=====	=====

See notes to financial statements.

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SIRICOMM, INC.
 (A DEVELOPMENT STAGE ENTERPRISE)
 STATEMENTS OF CASH FLOWS (CONTINUED)

	Six months ended March 31, -----		Year Ended September 30, 2001 -----
	2002 (Unaudited) -----	2001 (Unaudited) -----	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ 1,517 =====	\$ 1,474 =====	\$ 3,464 =====
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES:			
Conversion of debt to 6,372.5 shares of common stock	\$ - =====	\$ - =====	\$ - =====
Acquisition of 1694.5 shares of treasury stock for a note payable	\$ 253,524 =====	\$ - =====	\$ - =====
Issuance of 889 shares of treasury common stock for services	\$ 26,670 =====	\$ - =====	\$ - =====
Issuance of 300 shares of treasury stock for services	\$ 9,000 =====	\$ - =====	\$ - =====
Advances from officers	\$ (3,471) =====	\$ - =====	\$ 51,853 =====

See notes to financial statements.

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SIRICOMM, INC.
 (A DEVELOPMENT STAGE ENTERPRISE)
 STATEMENTS OF STOCKHOLDER'S DEFICIT
 THE PERIOD FROM INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000,
 THE YEAR ENDED SEPTEMBER 30, 2001 AND THE SIX MONTHS ENDED MARCH 31, 2002

Common Stock Shares	Amount	Additional Paid-in Capital	Treasury Stock
------------------------	--------	----------------------------------	-------------------

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Issuance of founder shares at inception	3,333	\$ 3,333	\$ -	\$ -
Conversion of debt to equity	6,372	6,372	379,844	-
Net loss for the period	-	-	-	-
Balances, September 30, 2000	9,705	9,705	379,844	-
Issuance of common stock	295	295	288,709	-
Net loss for the year	-	-	-	-
Balances, September 30, 2001	10,000	10,000	668,553	-
Treasury stock acquisition	-	-	-	(253,524)
Issuance of stock from treasury shares	-	-	(184,641)	220,311
Net loss for the period	-	-	-	-
Balances, March 31, 2002 (unaudited)	10,000	\$ 10,000	\$ 483,912	\$ (33,213)

See notes to financial statements.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

1. Nature of operations and summary of significant accounting policies:

Nature of operations:

SiriCOMM, Inc, (the Company), incorporated in the State of Missouri on April 24, 2000, is engaged in the development of a broadband wireless application service technologies intended for use in the marine and transportation industries. The Company's development activities include integrating multiple technologies including satellite communications, the Internet, wireless networking, and productivity enhancing software into commercially viable products and services. The Company expects to complete development activities and commence revenue generating activities in 2002.

Reporting periods:

The Company operated under a calendar reporting year in 2000 and, in 2001, changed its fiscal year to November 30. In connection with the merger discussed in Note 9, the Company has presented its financial information on a September 30 fiscal year and anticipates an adoption of that fiscal year for future financial reporting purposes.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires

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management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim financial information:

The financial statements at March 31, 2002 and for the six months ended March 31, 2002 and March 31, 2001, including related amounts in footnotes, are unaudited, but in the opinion of management reflect all normal and recurring adjustments necessary for a fair presentation of the results of those periods. Operating results for the six months ended March 31, 2002 are not necessarily an indication of the results that may be expected for the year ended September 30, 2002.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

1. Nature of operations and summary of significant accounting policies (continued):

Financial instruments:

The carrying value of the Company's financial instruments, including cash, accounts payable, and notes, approximate their fair market values.

Cash and cash equivalents:

SiriCOMM considers all securities purchased with original maturities of three months or less to be cash equivalents.

Furniture and equipment:

Furniture and equipment is depreciated using the straight-line method over the estimated useful life of 5 years.

Stock-based compensation:

The Company accounts for compensation costs associated with stock options issued to employees under the provisions of Accounting Principles Board Opinion No. 25 ("APB25") whereby compensation is recognized to the extent the market price of the underlying stock at the grant exceeds the exercise price of the option granted. Stock-based compensation to non-employees is accounted for using the fair-value based method prescribed by Financial Accounting Standard No. 123 - Accounting for Stock-Based Compensation.

Research and development costs:

The Company incurs costs, principally paid to outside consultants, associated with computer software to be marketed in the future. Costs incurred in connection with establishing technological feasibility have been expensed as research and development costs. Costs incurred subsequent to establishing technological feasibility, including coding and testing,

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will be capitalized.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

1. Nature of operations and summary of significant accounting policies (continued):

Pro forma income taxes:

The operations of the Company are included in the personal income tax returns of the stockholders under Subchapter S of the Internal Revenue Code. The unaudited pro forma income tax information assumes that the Company was taxed as a C Corporation. For these purposes, the Company has used the asset and liability method in accounting for income taxes, prescribed in Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The transaction described in Note 8 will result in the revocation of the S Corporation election.

Loss per share:

Basic and diluted loss per share is computed by dividing net loss by weighted average number of common shares outstanding during the periods presented.

2. Liquidity and managements' plans:

These financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business.

The Company is in the development stage of operations, has a working capital and net equity deficiency, is in default on \$626,078 of its loan agreements and has not yet generated revenues through June 11, 2002. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Losses to date have been funded through short term borrowings, \$500,000 of which are convertible into stock.

The Company is focused on commercialization of its principal products, which will require debt or equity financing in the near-term. Management is currently in negotiations to obtain such funding and in the process of finalizing a merger agreement with an existing public company shell.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),

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THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

2. Liquidity and managements' plans (continued):

Subsequent to March 31, 2002, the Company has raised an additional \$500,000 (unaudited), which it believes will be adequate to sustain operations through September 15, 2002. Upon completion of an anticipated merger, discussed in Note 8, management believes it will be able to raise an additional \$6 to \$10 million, which will be used to finalize its development stage activities and commence marketing activities. Management anticipates revenue generating activities to commence in July 2002.

There can be no assurances that the Company will be successful in obtaining additional debt or equity financing in order to achieve its financial objectives or to commence revenue generating activities as outlined above. The financial statements do not include any adjustments to the carrying amounts of assets and the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

3. Unaudited pro forma income taxes:

Unaudited pro forma income taxes consists of the following:

	Six months ended March 31, 2002	March 31, 2001	Year Ended September 30, 2001	From Inception (April 24, 2000) t September 30, 2000
	-----	-----	-----	-----
Current income taxes	\$ -	\$ -	\$ -	\$ -
Deferred income taxes:				
Benefit of net operating loss and start-up costs	182,100	57,100	147,250	149,400
Deferred income taxes	200	300	1,250	300
Change in valuation allowance	(182,300)	(57,400)	(148,500)	(149,700)
	-----	-----	-----	-----
	\$ -	\$ -	\$ -	\$ -
	=====	=====	=====	=====

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

3. Unaudited pro forma income taxes (continued):

Unaudited pro forma deferred tax assets consists of the following:

	Six months ended March 31, 2002	March 31, 2001	Year Ended September 30, 2001	From Inception (April 24, 2000) t September 30, 2000
	-----	-----	-----	-----

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Net operating loss carryforward and start-up costs	\$ 182,100	\$ 57,100	\$ 147,250	\$ 149,400
Book depreciation in excess of tax	200	300	1,250	300
Less: valuation allowance	(182,300)	(57,400)	(148,500)	(149,700)
	-----	-----	-----	-----
	\$ -	\$ -	\$ -	\$ -
	=====	=====	=====	=====

4. Notes payable and long-term debt:

Notes payable and long-term debt consist of the following at:

	March 31, 2002 (unaudited)

Note payable, former stockholder, bearing interest at 2.5%, unsecured, interest and principal due in monthly installments of \$10,000 through May 2004.	\$ 252,828
Note payable, bearing interest at 4%, unsecured, interest due monthly, principal due March 15, 2002; convertible into common shares equaling 4.25% of the Company's outstanding shares of stock on the date that the holder exercises its option.	250,000

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SIRICOMM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

4. Notes payable and long-term debt (continued):

	March 31, 2002 (unaudited)

Note payable, bearing interest at 4%, unsecured, interest due monthly, principal due March 15, 2002; convertible into common shares equaling 3.5% of the Company's outstanding shares of stock on the date that the holder exercises its option.	250,000
Line of credit, interest at 7%, secured by receivables of the Company (currently existing or thereafter acquired) and personally guaranteed by the stockholders of the Company, due June 20, 2003, or upon demand by the bank.	126,078
Line of credit, interest at prime plus .5% (6.5% at September 30, 2001), secured by receivables (currently existing or thereafter acquired) of the Company and personally guaranteed by the stockholders of the Company, refinanced in December 2001.	-

	878,906
Less: current maturities of notes payable and long-term debt	(741,070)
	\$ 137,836

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SIRICOMM, INC.
 (A DEVELOPMENT STAGE ENTERPRISE)
 NOTES TO FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
 THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
 INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

4. Notes payable and long-term debt (continued):

Original maturities of notes payable and long-term debt are as follows:

Year ending September 30,				
2002	\$ 741,070	\$ 98,078		
2003	58,584	-		
2004	79,252	-		
	\$ 878,906	\$ 98,078		
	=====	=====		

The Company was not in compliance with terms and provisions of its credit agreements as of June 11, 2002. The Company has \$626,078 of outstanding debt currently in default. Management believes that \$500,000 of this debt will be liquidated through a conversion to equity in connection with the merger discussed in Note 8.

5. Stockholders' deficit:

At inception 3,333 shares of stock were issued to the founding stockholders at par value. During 2000, 6,372.5 additional shares of stock were issued to these same stockholders in satisfaction of then outstanding advances, equivalent to \$60 per share.

During 2001, the Company commenced equity raising activities and sold an aggregate of 294.5 shares of stock at prices ranging from \$500 to \$2,000 per share.

In December 2001, the Company repurchased 1,694.5 shares of stock at an aggregate cost of \$150 per share in connection with a stockholder dispute, which is further discussed in Note 7.

Subsequent to September 30, 2001, 283.5 treasury shares were reissued pursuant to an anti-dilution clause, which stated that if the Company sells shares in the Company to an investor that represents more than a 2.5% interest in the Company and such investor pays an amount less than \$2,000 per share, the Company shall issue additional shares to the investor so the investor will own the number of shares that represent the investor's total subscription amount divided by the valuation per share of the subsequent sale of an equity interest in the Company.

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SIRICOMM, INC.
 (A DEVELOPMENT STAGE ENTERPRISE)
 NOTES TO FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
 THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
 INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

5. Stockholders' deficit (continued):

Subsequent thereto, 300 treasury shares of stock were issued for legal services rendered and valued at \$30 per share based on the value of stock to be issued in connection with the pending merger discussed in Note 9. Furthermore, 889 treasury shares were issued in exchange for services associated with the aforementioned merger and have been reflected as prepaid expenses in the accompanying 2002 unaudited balance sheet.

Cumulative stockholders' deficit information for the period from inception (April 24, 2000) to March 31, 2002 (unaudited) is as follows:

	Shares	Amount
	-----	-----
Issuance of founders share	3,333	\$ 3,333
Conversion of debt to equity	6,372	386,216
Issuance of common stock	295	289,004
Treasury stock acquisition	-	(253,524)
Issuance of stock from treasury shares	-	35,670
Net loss	-	(1,326,602)
	-----	-----
	10,000	\$ (865,903)
	=====	=====

6. Related party transactions:

During 2001, the Company was a defendant in a suit filed by a founding stockholder. This suit was settled on December 21, 2001. As part of the settlement agreement the Company agreed to reimburse the former stockholder \$22,000 for out-of-pocket expenses and \$15,000 in compensation for services previously performed and repurchase all shares of common stock owned by this stockholder. The Company paid \$10,000 in December 2001 in connection with the settlement and issued a note payable for the remaining balance due, payable over a 29 month period. At September 30, 2001, the Company accrued the out-of-pocket expenses and compensation expense, which is included in accounts payable in the accompanying balance sheet.

In addition, as part of the settlement agreement the Company assumed a \$28,000 note payable which has been accrued as general and administrative expense at September 30, 2001. On December 18, 2001, the existing bank line of credit agreement and the note payable of \$28,000 were consolidated into a single line of credit.

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SIRICOMM, INC.
 (A DEVELOPMENT STAGE ENTERPRISE)
 NOTES TO FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001 (UNAUDITED),
 THE YEAR ENDED SEPTEMBER 30, 2001, AND THE PERIOD FROM
 INCEPTION (APRIL 24, 2000) TO SEPTEMBER 30, 2000

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7. Commitments:

In February 2002, the Company entered into five executive employee agreements with certain officers/directors. As part of these agreements the Company is obligated to pay these shareholders aggregate compensation of \$650,000 annually through February 2005.

8. Subsequent events:

During April 2002, the Company entered into a merger agreement with Fountain Pharmaceuticals, Inc. (FPI), a public company shell corporation. FPI will receive all of the outstanding shares of the Company in exchange for the issuance of an aggregate of 9,623,195 post-split shares of FPI's common stock, \$.001 par value, representing approximately 77% of the post-closing, post-split issued and outstanding shares of FPI stock. The Company anticipates that the transaction will be consummated in July 2002.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial statements of Fountain Pharmaceutical, Inc. give effect to SiriCOMM Acquisition as if such transaction had been effected as at March 31, 2002, in the case of the pro forma condensed consolidated balance sheet, and at the beginning of the respective periods, in the case of the pro forma condensed consolidated statements of operations for the year ended September 30, 2001 and the six months ended March 31, 2002. The historical information of Fountain Pharmaceutical, Inc. has been derived from the audited financial statements included its Annual Report on Form 10-KSB for the year ended September 30, 2001 and the unaudited condensed financial statements included in its Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2002, each accompanying this Information Statement. The historical information of SiriCOMM has been derived from the audited and unaudited financial information contained elsewhere herein. The unaudited pro forma consolidated financial information is based upon the assumptions and adjustments described in the accompanying notes to unaudited pro forma consolidated financial information.

Unaudited pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the SiriCOMM Acquisition occurred at the beginning of the periods reported.

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FOUNTAIN PHARMACEUTICALS, INC. AND SIRICOMM, INC. PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET March 31, 2002

	Fountain -----	SiriCOMM, Inc. -----	
Assets			
Current assets:			
Cash and cash equivalents	\$ 68,315	\$ 87,936	[B]
Prepaid expenses and other assets	-	29,670	[B, C, E, F]

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Total current assets	68,315	117,606	
Furniture and equipment, net of accumulated depreciation	-	68,953	
	\$ 68,315	\$ 186,559	
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ -	\$ 147,556	[E]
Current maturities of notes payable and long-term debt	-	741,070	[B,D]
Due to shareholders	-	26,000	
6% Convertible Debenture	100,000	-	
Total current liabilities	100,000	914,626	
Note payable and long-term debt, less current maturities	-	137,836	
Stockholders' equity:			
Preferred Stock	2,000	-	
Common stock	5,981	10,000	[A, C, D, F]
Additional paid-in capital	17,270,506	483,912	[A, B, D, E, F, G]
Accumulated deficit	(17,310,172)	(1,326,602)	[G]
Treasury stock, at cost	-	(33,213)	[F]
Total stockholders' equity	(31,685)	(865,903)	
	\$ 68,315	\$ 186,559	

See Accompanying Notes.

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FOUNTAIN PHARMACEUTICALS, INC. AND SIRICOMM, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED MARCH 31, 2002

Revenues	\$ -	\$ -	\$ -
Cost of sales	-	-	-
Gross profit	-	-	-
Operating expenses:			
General and administrative	52,844	74,242	
Salaries and consulting fees	-	270,236	
Research and Development	-	46,066	
Depreciation and amortization	-	4,521	

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Selling	-	-	
	-----	-----	-----
Total operating expenses	52,844	395,065	
	-----	-----	-----
Loss from operations	(52,844)	(395,065)	
	-----	-----	-----
Other income (expense)			
Interest income	-		
Interest expense	(22,667)	(12,549)	
Loan costs		(50,000)	
Other income (expense)	3,993	-	
	-----	-----	-----
	(18,674)	(62,549)	
	-----	-----	-----
Net loss from continuing operations	\$ (71,518)	\$ (457,614)	\$
	=====	=====	=====

Pro forma loss per common share

Weighted average number of shares

See Accompanying Notes.

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FOUNTAIN PHARMACEUTICALS, INC. AND SIRICOMM, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Fountain	SiriCOMM		Pro
	-----	-----		Adju
Revenues	\$ 666,754	\$ -	[H]	\$ (
	-----	-----		-----
Cost of sales	120,185			\$ (
	-----	-----		-----
Gross profit	546,569	-		(
	-----	-----		-----
Operating expenses:				
General and administrative	290,826	160,748	[H]	
Salaries and consulting fees	-	175,525		
Research and Development	157,000	73,787	[H]	(
Write-off of note receivable		50,000		
Depreciation and amortization	194,387	5,928	[H]	(
Selling	426,686		[H]	(
	-----	-----		-----
Total operating expenses	1,068,899	465,988		(
	-----	-----		-----

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Loss from operations	(522,330)	(465,988)	
	-----	-----	-----
Other income (expense)			
Interest income	7,000		
Interest expense	(269,061)	(4,609)	
Other income (expense)	14,083	-	
	-----	-----	-----
	(247,978)	(4,609)	
	-----	-----	-----
Loss from continuing operations	(770,308)	(470,597)	
Discontinued operations			[H]
	-----	-----	-----
Net loss	\$ (770,308)	\$ (470,597)	\$
	=====	=====	=====

Pro forma loss per common share

Weighted average number of shares

See Accompanying Notes.

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NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

NOTE 1. THE SIRICOMM ACQUISITION

In the proposed SiriCOMM Acquisition, SiriCOMM and the Company will merge, with SiriCOMM surviving the merger, as the accounting acquirer. (See Anticipated Accounting Treatment, below). If the SiriCOMM Acquisition is completed, shares of SiriCOMM common stock outstanding immediately prior to the merger will be converted into shares the Company's Common Stock, as follows. On the Record Date, there were 5,980,301 shares of the Company's Common Stock outstanding, including 104,505 shares of Class B Common Stock. Pursuant to the Securities Exchange Agreement, the Company is obligated to issue the equivalent of 577,391,565 shares of Old Common Stock (9,623,195 shares of New Common Stock) to the SiriCOMM shareholders in exchange for 100% of the issued and outstanding shares of SiriCOMM. Additionally, pursuant to the Securities Exchange Agreement, the Company has agreed to issue the equivalent of 116,228,160 shares of Old Common Stock (1,937,136 shares of New Common Stock) to retire \$500,000 of convertible debentures issued by SiriCOMM. Accordingly, after the amendment and closing with SiriCOMM, the new combined entity will have approximately 11,660,003 shares of New Common Stock issued and outstanding. As a result of this transaction, SiriCOMM stockholders will become stockholders of the Company and will no longer have any interest in SiriCOMM other than through their interests in shares of the post-merger combined organization.

The accompanying pro forma financial information assumes that the SiriCOMM Acquisition will be accounted for as a recapitalization of the equity of SiriCOMM, which in principle is equivalent to the issuance of stock by SiriCOMM for the net monetary assets of the Company. We will apply this accounting treatment because the Company is a non-operating public shell and because SiriCOMM stockholders will own the majority of the outstanding common stock of the combined company following the transaction.

NOTE 2. SUMMARY OF PRO FORMA ADJUSTMENTS

[A]	Common Stock Additional paid-in capital	5,881	
	To record 1 for 60 reverse split and change in par value		
[B]	Cash Convertible debt	500,000	
	To record proceeds received from convertible debt & stock offering costs		
[C]	Investment in subsidiary Common stock	9,623	
	To record acquisition of subsidiary through issuance of 9,623,195 post-split shares		
[D]	Convertible debentures Common Stock Additional Paid-in capital	1,000,000	
	To record conversion of convertible promissory notes into 1,937,136 shares		
[E]	Additional paid-in capital Accounts payable Stock offering costs	76,670	
	To record additional costs associated with completing the reorganization and reflect these costs as a reduction of additional paid-in capital		
[F]	Common stock Treasury stock Investment in subsidiary Additional paid-in capital	10,000 32,737	
	To eliminate common and treasury stock of subsidiary		
[G]	Additional paid-in capital Accumulated deficit	17,310,172	17,
	To eliminate accumulated deficit of parent at date of acquisition to reflect the recapitalization of subsidiary		

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[H]	Revenue	666,754
	Cost of sales	
	Research and development expenses	
	Selling	
	Depreciation and amortization	
	General and administrative	
	Loss from discontinued operations	322,330
	To reclassify operations of parent as discontinued operations	

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Appendix A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF FOUNTAIN PHARMACEUTICALS, INC.

Fountain Pharmaceuticals, Inc., a corporation organized and existing under the State of Delaware, hereby certifies as follows:

1. The name of the corporation is Fountain Pharmaceuticals, Inc. The date of filing of its original Certificate of Incorporation with the Secretary of State was March 23, 1989 and the name under which the corporation was originally incorporated was DFW Technologies, Inc. The name of the corporation was changed to Fountain Pharmaceuticals, Inc. on April 10, 1989. On November 13, 1989 the corporation restated its Certificate of Incorporation to authorize, among other things, its Class B Common Stock.

2. This Amended and Restated Certificate of Incorporation restates and integrates and further amends the Certificate of Incorporation of this corporation by:

(a) combining its Class A common stock, \$.001 par value, and Class B common stock, \$.001 par value, into one single class of common stock.

(b) combining each _____ outstanding shares of common stock, \$.001 par value into one share of new common stock and reducing the resulting par value of such stock to \$.001.

(b) increasing the number of authorized shares of common stock, \$.001 par value, to 50,000,000;

(c) increasing the number of authorized shares of preferred stock, \$.001 par value, from 2,000,000 to 5,000,000; and

(d) setting forth certain matters relating to the designation of the relative rights, powers and preferences of qualification, limitations and restrictions of one or more series of preferred stock.

3. The text of the Certificate of Incorporation as amended or supplemented heretofore is further amended hereby to read as herein set forth in full:

"ARTICLE 1

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The name of this corporation is SIRICOMM, INC.

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ARTICLE 2

The address of its registered offices in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE 3

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE 4

The total number of shares of stock of all classes which the Corporation has authority to issue is 55,000,000 shares, of which 50,000,000 shares shall be common stock, with a par value of \$.001 per share ("Common Stock"), and 5,000,000 shares shall be preferred stock, with a par value of \$.001 per share ("Preferred Stock").

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of the shares of each class of stock are as follows:

PREFERRED STOCK

Preferred Stock may be issued from time to time by the Board of Directors as shares of one or more series. Subject to the provisions hereof and the limitations prescribed by law, the Board of Directors is hereby vested with the authority and is expressly authorized, prior to issuance, by adopting resolutions providing for the issuance of, or providing for a change in the number of, shares of any particular series and, if and to the extent from time to time required by law, by filing a certificate pursuant to the General Corporation Law of the State of Delaware (or other law hereafter in effect relating to the same or substantially similar subject matter), to establish or change the number of shares to be included in each such series and to fix the designation and powers, preferences and rights and the qualifications and limitations or restrictions thereof relating to the shares of each such series, all to the maximum extent permitted by the General Corporation Law of the State of Delaware as in effect on the date hereof or as hereafter amended. The vested authority of the Board of Directors with respect to each series shall include, but not be limited to, the determination of the following:

(a) the distinctive serial designation of such series and the number of shares constituting such series (provided that the aggregate number of shares constituting all series of Preferred Stock shall not exceed 5,000,000);

(b) the annual dividend rate, if any, on shares of such series and the preferences, if any, over any other series (or of any other series over such series) with respect to dividends, and whether dividends shall be cumulative and, if so, from which date or dates;

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(c) whether the shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon and after which such shares shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or purchase fund and, if so, the terms of such obligation;

(e) whether shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes, any stock of any series of the same class or any other class or classes or any evidence of indebtedness and, if so, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

(f) whether the shares of such series shall have voting rights in addition to the voting rights provided by law, and, if so, the terms of such voting rights, including, without limitation, whether such shares shall have the right to vote with the Common Stock on issues on an equal, greater or lesser in-bottom: 5pt;">industry and sub-industry incl platforms, where revenues are derived primarily through pay-per-click advertisements, a structure changes are effective for the S&P 500® Index as of the open of business on Sep

As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the underlier. Constituents of the underlier prior to July 2017 with multiple share class lines will be grandfathered in and continue to be included in the underlier. If an S&P 500® Index constituent reorganizes into a multiple share class line structure, that company will be reviewed for continued inclusion in the S&P 500® Index at the discretion of the S&P Index Committee. In addition, a company must have a primary listing of its common stock on the NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), Nasdaq Global Select Market, Nasdaq Select Market, Nasdaq Capital Market, IEX, Bats BZX, Bats BYX, Bats EDGA, or Bats EDGX.

Calculation of the S&P 500® Index

The underlier is calculated using a base-weighted aggregate methodology: the level of the underlier reflects the total market value of all 500 underlier stocks relative to the underlier's base period of 1941-43, which we refer to as the base period.

An indexed number is used to represent the results of this calculation in order to make the value easier to work with and track over time.

The actual total market value of the underlier stocks during the base period has been set equal to an indexed value of 10. This is often indicated by the notation 1941-43=10. In practice, the daily calculation of the underlier is computed by dividing the total market value of the underlier stocks by a number called the "S&P 500 index divisor." By itself, the S&P 500 index divisor is an arbitrary number. However, in the context of the calculation of the underlier, it is the only link to the original base period level of the underlier. The S&P 500 index divisor keeps the underlier comparable over time and is the manipulation point for all adjustments to the underlier, which we refer to as "S&P 500 index maintenance."

S&P 500 index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings or spin-offs. Effective March 10, 2017, company additions to the underlier should have an unadjusted company market capitalization of \$6.1 billion or more (an increase from the previous requirement of an unadjusted company market capitalization of \$5.3 billion or more).

To prevent the level of the underlier from changing due to corporate actions, all corporate actions which affect the total market value of the underlier require an index divisor adjustment. By adjusting the index divisor for the change in total market value, the level of the underlier remains constant. This helps maintain the level of the underlier as an

accurate barometer of stock market performance and ensures that the movement of the underlier does not reflect the corporate actions of individual companies in the underlier. All index divisor adjustments are made after the close of trading and after the calculation of the closing level of the underlier. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the underlier and do not require index divisor adjustments.

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The table below summarizes the types of index maintenance adjustments and indicates whether or not an index divisor adjustment is required:

Type of Corporate Action	Adjustment Factor	Divisor Adjustment Required
Stock Split (i.e., 2-for-1)	Shares outstanding multiplied by 2; Stock price divided by 2	No
Share Issuance (i.e., change \geq 5%)	Shares outstanding plus newly issued shares	Yes
Share Repurchase (i.e., change \geq 5%)	Shares outstanding minus repurchased shares	Yes
Special Cash Dividends	Share price minus special dividend	Yes
Company Change	Add new company market value minus old company market value	Yes
Rights Offering	Price of parent company minus <u>price of rights offering</u> rights ratio	Yes
Spin-Off	Price of parent company minus <u>price of spin-off co.</u> share exchange ratio	Yes

Stock splits and stock dividends do not affect the index divisor of the underlier, because following a split or dividend both the stock price and number of shares outstanding are adjusted by S&P Dow Jones Indices LLC so that there is no change in the market value of the underlier stocks. All stock split and dividend adjustments are made after the close of trading on the day before the ex-date.

Each of the corporate events exemplified in the table requiring an adjustment to the index divisor has the effect of altering the market value of the underlier stocks and consequently of altering the aggregate market value of the underlier stocks, which we refer to as the post-event aggregate market value. In order that the level of the underlier, which we refer to as the pre-event underlier value, not be affected by the altered market value (whether increase or decrease) of the affected underlier stocks, a new index divisor, which we refer to as the new index divisor, is derived as follows:

$$\frac{\text{post-event aggregate market value}}{\text{new index divisor}} = \frac{\text{pre-event underlier value}}{\text{new index divisor}}$$

$$\text{new index divisor} = \frac{\text{post-event market value}}{\text{pre-event underlier value}}$$

A large part of the index maintenance process involves tracking the changes in the number of shares outstanding of each of the underlier companies. Four times a year, on a Friday close to the end of each calendar quarter, the share totals of companies in the underlier are updated as required by any changes in the number of shares outstanding. After the totals are updated, the index divisor is adjusted to compensate for the net change in the total market value of the underlier. In addition, any changes over 5% in the current common shares outstanding for the underlier companies are carefully reviewed on a weekly basis, and when appropriate, an immediate adjustment is made to the index divisor. The underlier and other U.S. indices moved to a float adjustment methodology in 2005 so that the indices will reflect only those shares that are generally available to investors in the market rather than all of a company's outstanding shares. Under float adjustment, the share counts used in calculating the underlier reflect only those shares that are available to investors, not all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

In September 2012, all shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," were removed from the float for purposes of calculating the underlier. Generally, these "control holders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds,

investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float.

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License Agreement

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The license agreement provides that the following language must be set forth in this pricing supplement:

The notes are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the holders of the notes or any member of the public regarding the advisability of investing in securities generally or in the notes particularly or the ability of the underlier to track general market performance. S&P Dow Jones Indices' only relationship to Royal Bank of Canada with respect to the underlier is the licensing of the underlier and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices. The underlier is determined, composed and calculated by S&P Dow Jones Indices without regard to Royal Bank of Canada or the notes. S&P Dow Jones Indices have no obligation to take the needs of Royal Bank of Canada or the holders of the notes into consideration in determining, composing or calculating the underlier. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices and amount of the notes, or the timing of the issuance or sale of the notes, or in the determination or calculation of the equation by which the notes are to be converted into cash. S&P Dow Jones Indices shall have no obligation or liability in connection with the administration, marketing or trading of the notes. There is no assurance that investment products based on the underlier will accurately track underlier performance or provide positive investment returns. S&P Dow Jones Indices LLC and its subsidiaries are not investment advisors. Inclusion of a security or futures contract within an underlier is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security or futures contract, nor is it considered to be investment advice. Notwithstanding the foregoing, CME Group Inc. and its affiliates may independently issue and/or sponsor financial products unrelated to the notes currently being issued by Royal Bank of Canada, but which may be similar to and competitive with the notes. In addition, CME Group Inc. and its affiliates may trade financial products which are linked to the performance of the underlier. It is possible that this trading activity will affect the value of the notes.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE UNDERLIER OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY ROYAL BANK OF CANADA, HOLDERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE UNDERLIER OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND ROYAL BANK OF CANADA, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

Historical Performance of the Underlier

The closing levels of the underlier have fluctuated in the past and may experience significant fluctuations in the future. Any historical upward or downward trend in the closing levels of the underlier during any period shown below is not an indication that the underlier is more or less likely to increase or decrease at any time during the term of the notes. The historical levels of the underlier are provided for informational purposes only. You should not take the historical levels of the underlier as an indication of its future performance. We cannot give you any assurance that the future performance of the underlier or the underlier stocks will result in your receiving an amount greater than the original issue price at maturity. Neither we nor any of our affiliates makes any representation to you as to the performance of the underlier. Moreover, in light of current market conditions, the trends reflected in the historical performance of the underlier may be less likely to be indicative of the performance of the underlier over the term of the notes than would otherwise have been the case. The actual performance of the underlier over the term of the notes, as well as the cash settlement amount, may bear little relation to the historical levels shown below.

The graph below shows the daily historical closing levels of the underlier from October 31, 2008 through October 31, 2018. We obtained the closing levels of the underlier listed in the graph below from Bloomberg Financial Services, without independent verification.

Historical Performance of the S&P 500® Index

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SUPPLEMENTAL DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

The following disclosure supplements, and to the extent inconsistent supersedes, the discussion in the product prospectus supplement dated September 20, 2018 under “Supplemental Discussion of U.S. Federal Income Tax Consequences.”

Under Section 871(m) of the Code, a “dividend equivalent” payment is treated as a dividend from sources within the United States. Such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, the IRS has issued guidance that states that the U.S. Treasury Department and the IRS intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2021. Based on our determination that the notes are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the notes. However, it is possible that the notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the underlier or the notes (for example, upon an underlier rebalancing), and following such occurrence the notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. holders that enter, or have entered, into other transactions in respect of the underlier or the notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

We will agree to sell to RBCCM, and RBCCM will agree to purchase from us, the principal amount of the notes specified, at the price specified, on the cover page of this pricing supplement. RBCCM has informed us that, as part of its distribution of the notes, it will reoffer them at a purchase price equal to [100.00]% of the principal amount to one or more other dealers who will sell them to their customers. In the future, RBCCM or one of its affiliates, may repurchase and resell the notes in market-making transactions, with resales being made at prices related to prevailing market prices at the time of resale or at negotiated prices. For more information about the plan of distribution, the distribution agreement and possible market-making activities, see “Supplemental Plan of Distribution” in the accompanying prospectus supplement. For additional information as to the relationship between us and RBCCM, please see the section “Plan of Distribution Conflicts of Interest” in the accompanying prospectus.

If the notes priced on the date of this pricing supplement, RBCCM, acting as agent for Royal Bank of Canada, would not receive an underwriting discount in connection with the sale of the notes.

We expect to deliver the notes against payment therefor in New York, New York on _____, 2018, which is expected to be the fifth scheduled business day following the trade date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required, by virtue of the fact that the notes are initially expected to settle in five business days (T + 5), to specify alternative settlement arrangements to prevent a failed settlement.

RBCCM may use this pricing supplement in the initial sale of the notes. In addition, RBCCM or any other affiliate of Royal Bank of Canada may use this pricing supplement in a market-making transaction in a note after its initial sale. Unless RBCCM or its agent informs the purchaser otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

RBCCM or another of our affiliates may make a market in the notes after the trade date; however, it is not obligated to do so. The price that it makes available from time to time after the issue date at which it would be willing to repurchase the notes will generally reflect its estimate of their value. That estimated value will be based upon a variety of factors, including then prevailing market conditions, our creditworthiness and transaction costs. However, for a period of approximately three months after the trade date, the price at which RBCCM may repurchase the notes is expected to be higher than their estimated value at that time. This is because, at the beginning of this period, that price will not include certain costs that were included in the original issue price, particularly our hedging costs and profits.

As the period continues, these costs are expected to be gradually included in the price that RBCCM would be willing to pay, and the difference between that price and RBCCM's estimate of the value of the notes will decrease over time until the end of this period. After this period, if RBCCM continues to make a market in the notes, the prices that it would pay for them are expected to reflect its estimated value, as well as customary bid-ask spreads for similar trades. In addition, the value of the notes shown on your account statement may not be identical to the price at which RBCCM would be willing to purchase the notes at that time, and could be lower than RBCCM's price.

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STRUCTURING THE NOTES

The notes are our debt securities. As is the case for all of our debt securities, including our structured notes, the economic terms of the notes reflect our actual or perceived creditworthiness. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these notes at a rate that is lower than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. This relatively lower implied borrowing rate, which is reflected in the economic terms of the notes, along with the fees and expenses associated with structured notes, typically reduces the initial estimated value of the notes at the time their terms are set.

In order to satisfy our payment obligations under the notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with RBCCM and/or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, and the tenor of the notes. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements. Our cost of hedging will include the projected profit that such counterparties expect to realize in consideration for assuming the risks inherent in hedging our obligations under the notes. Because hedging our obligations entails risks and may be influenced by market forces beyond the counterparties' control, such hedging may result in a profit that is more or less than expected, or could result in a loss. See "Use of Proceeds and Hedging" on page PS-13 of the accompanying product prospectus supplement PB-1. The lower implied borrowing rate and the hedging-related costs relating to the notes reduce the economic terms of the notes to you and result in the initial estimated value for the notes on the trade date being less than their original issue price. See "Risk Factors—Our Initial Estimated Value of the Notes Will Be Less than the Original Issue Price."

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this pricing supplement, the accompanying product prospectus supplement PB-1, the accompanying prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. These documents are an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in each such document is current only as of its respective date.

\$
Royal Bank of Canada
Leveraged S&P 500[®] Index-Linked Notes,
due , 2020

RBC Capital Markets, LLC
