

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13G  
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULES 13d-1(b)(c), AND (d) AND AMENDMENTS THERETO FILED  
PURSUANT TO RULE 13d-2(b)

(Amendment No. 2) \*

AP Pharma Inc.

-----  
(Name of Issuer)

Common stock, par value \$0.01 per share

-----  
(Title of Class of Securities)

00202J203

-----  
(CUSIP Number)

December 31, 2008

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule  
is filed:

- Rule 13d-1(b)  
 Rule 13d-1(c)  
 Rule 13d-1(d)

(Page 1 of 11 Pages)

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\* The remainder of this cover page shall be filled out for a reporting person's  
initial filing on this form with respect to the subject class of securities, and  
for any subsequent amendment containing information which would alter the  
disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be  
deemed to be "filed" for the purpose of Section 18 of the Securities Exchange  
Act of 1934 or otherwise subject to the liabilities of that section of the Act  
but shall be subject to all other provisions of the Act (however, see the  
Notes).

CUSIP No. 00202J203

13G

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-----  
1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Deerfield Capital, L.P.

-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

-----  
3. SEC USE ONLY

-----  
4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

-----  
5. SOLE VOTING POWER

0

-----  
NUMBER OF SHARES  
BENEFICIALLY OWNED BY  
EACH

6. SHARED VOTING POWER

690,115

-----  
7. SOLE DISPOSITIVE POWER

REPORTING  
PERSON  
WITH

0

-----  
8. SHARED DISPOSITIVE POWER

690,115  
-----

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

690,115  
-----

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

-----  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.23%  
-----

12. TYPE OF REPORTING PERSON\*

PN  
-----

-----  
1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Deerfield Special Situations Fund, L.P.  
-----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

-----  
3. SEC USE ONLY  
-----

-----  
4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware  
-----

5. SOLE VOTING POWER

0  
-----

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

6. SHARED VOTING POWER

690,115  
-----

7. SOLE DISPOSITIVE POWER

0  
-----

8. SHARED DISPOSITIVE POWER

690,115  
-----

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

690,115  
-----

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

-----  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.23%  
-----

12. TYPE OF REPORTING PERSON\*

PN  
-----

-----  
1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Deerfield Management Company, L.P.

-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

-----  
3. SEC USE ONLY

-----  
4. CITIZENSHIP OR PLACE OF ORGANIZATION

New York

-----  
5. SOLE VOTING POWER

0

-----  
NUMBER OF SHARES  
BENEFICIALLY OWNED BY  
EACH REPORTING  
PERSON WITH

6. SHARED VOTING POWER

1,316,032

-----  
7. SOLE DISPOSITIVE POWER

0

-----  
8. SHARED DISPOSITIVE POWER

1,316,032

-----  
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,316,032

-----  
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

-----  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.25%

-----  
12. TYPE OF REPORTING PERSON\*

PN

-----  
1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
  
Deerfield Special Situations Fund International Limited  
-----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a)   
(b)

-----

3. SEC USE ONLY

-----

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
British Virgin Islands  
-----

5. SOLE VOTING POWER  
  
0

-----

NUMBER OF 6. SHARED VOTING POWER  
SHARES  
BENEFICIALLY 1,316,032  
OWNED BY  
EACH 7. SOLE DISPOSITIVE POWER  
REPORTING PERSON 0  
WITH  
8. SHARED DISPOSITIVE POWER  
  
1,316,032  
-----

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
1,316,032  
-----

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

-----

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
  
4.25%  
-----

12. TYPE OF REPORTING PERSON\*  
  
CO  
-----

-----  
1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

James E. Flynn  
-----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a)   
(b)

-----  
3. SEC USE ONLY  
-----

-----  
4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States  
-----

5. SOLE VOTING POWER

0  
-----

NUMBER OF 6. SHARED VOTING POWER  
SHARES

BENEFICIALLY 2,006,147  
OWNED BY  
-----

EACH 7. SOLE DISPOSITIVE POWER  
REPORTING  
-----

PERSON 0  
WITH  
-----

8. SHARED DISPOSITIVE POWER

2,006,147  
-----

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,006,147  
-----

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

-----  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.48%  
-----

12. TYPE OF REPORTING PERSON\*

IN  
-----

CUSIP No. 00202J203  
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Item 1(a). Name of Issuer:

AP Pharma Inc.  
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Item 1(b). Address of Issuer's Principal Executive Offices:

123 Saginay Drive  
Redwood City, CA 94063  
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Item 2(a). Name of Person Filing:

James E. Flynn, Deerfield Capital, L.P., Deerfield Special Situations Fund, L.P., Deerfield Management Company, L.P., Deerfield Special Situations Fund International Limited  
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Item 2(b). Address of Principal Business Office, or if None, Residence:

James E. Flynn, Deerfield Capital, L.P., Deerfield Special Situations Fund, L.P., Deerfield Management Company, L.P., 780 Third Avenue, 37th Floor, New York, NY 10017, Deerfield Special Situations Fund International Limited, c/o Bisys Management, Bison Court, Columbus Centre, P.O. Box 3460, Road Town, Tortola, British Virgin Islands  
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Item 2(c). Citizenship:

Deerfield Capital, L.P. and Deerfield Special Situations Fund, L.P.  
- Delaware limited partnerships, Deerfield Management Company, L.P.  
- New York limited partnership, Deerfield Special Situations Fund International Limited- British Virgin Islands corporation  
James E. Flynn - United States citizen  
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Item 2(d). Title of Class of Securities:

Common Stock  
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Item 2(e). CUSIP Number:

00202J203  
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Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

- (a)  Broker or dealer registered under Section 15 of the Exchange Act.
- (b)  Bank as defined in Section 3(a)(6) of the Exchange Act.
- (c)  Insurance company as defined in Section 3(a)(19) of the Exchange Act.
- (d)  Investment company registered under Section 8 of the Investment Company Act.
- (e)  An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);

- (f)  An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- (h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i)  A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j)  Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Deerfield Capital, L.P. - 690,115 shares  
 Deerfield Special Situations Fund, L.P. - 690,115 shares  
 Deerfield Management Company, L.P. - 1,316,032 shares  
 Deerfield Special Situations Fund International Limited - 1,316,032 shares  
 James E. Flynn - 2,006,147 shares

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 (b) Percent of class:

Deerfield Capital, L.P. - 2.23%  
 Deerfield Special Situations Fund, L.P. - 2.23%  
 Deerfield Management Company, L.P. - 4.25%  
 Deerfield Special Situations International Limited - 4.25%  
 James E. Flynn - 6.48%

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 (c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote:	All Reporting Persons 0
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(ii) Shared power to vote or to direct the vote	Deerfield Capital, L.P. - 690,115 Deerfield Special Situations Fund, L.P. - 690,115 Deerfield Management Company, L.P. - 1,316,032 Deerfield Special Situations Fund International Limited - 1,316,032 James E. Flynn - 2,006,147
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(iii) Sole power to dispose or to direct the disposition of

All Reporting  
Persons - 0

(ii) Shared power to vote or to direct the vote

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Deerfield Capital,  
L.P. - 690,115  
Deerfield Special  
Situations Fund,  
L.P. - 690,115  
Deerfield  
Management Company,  
L.P. - 1,316,032  
Deerfield Special  
Situations Fund  
International  
Limited - 1,316,032  
James E. Flynn -  
2,006,147  
-----

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities check the following [ ].

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Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

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Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

If a parent holding company or Control person has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company or control person has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

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Item 8. Identification and Classification of Members of the Group.

If a group has filed this schedule pursuant to ss.240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to ss.240.13d-1(c) or ss.240.13d-1(d), attach an exhibit stating the identity of each member of the group.

See Exhibit B  
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Item 9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

N/A  
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Item 10. Certifications.

"By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having such purpose or effect."

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DEERFIELD CAPITAL, L.P.

By: J.E. Flynn Capital LLC,  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

DEERFIELD SPECIAL SITUATIONS FUND, L.P.

By: Deerfield Capital, L.P.

By: J.E. Flynn Capital LLC,  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

DEERFIELD MANAGEMENT COMPANY, L.P.

By: Flynn Management LLC  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

DEERFIELD SPECIAL SITUATIONS FUND INTERNATIONAL LIMITED

By: Deerfield Management Company

By: Flynn Management LLC,  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

JAMES E. FLYNN

/s/ Darren Levine  
-----  
Darren Levine, Attorney-In-Fact

Date: February 12, 2009

Exhibit List

Exhibit A. Joint Filing Agreement.

Exhibit B. Item 8 Statement.

Exhibit C.(1) Power of Attorney.

(1) Previously filed as Exhibit 24 to a Form 4 with regard to PAR Pharmaceutical Companies, Inc. filed with the Commission on February 1, 2007 Deerfield Capital L.P.; Deerfield Partners, L.P.; Deerfield Management Company, L.P.; Deerfield International Limited; Deerfield Special Situations Fund, L.P.; Deerfield Special Situations Fund International Limited; and James E Flynn.

Exhibit A

Agreement

The undersigned agree that this Schedule 13G, and all amendments thereto, relating to the Common Stock of AP Pharma Inc. shall be filed on behalf of the undersigned.

DEERFIELD CAPITAL, L.P.

By: J.E. Flynn Capital LLC,  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

DEERFIELD SPECIAL SITUATIONS FUND, L.P.

By: Deerfield Capital, L.P.

By: J.E. Flynn Capital LLC,  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

DEERFIELD MANAGEMENT COMPANY, L.P.

By: Flynn Management LLC  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

DEERFIELD SPECIAL SITUATIONS FUND INTERNATIONAL LIMITED

By: Deerfield Management Company

By: Flynn Management LLC,  
General Partner

By: /s/ Darren Levine  
-----  
Darren Levine, Authorized Signatory

JAMES E. FLYNN

/s/ Darren Levine  
-----  
Darren Levine, Attorney-In-Fact

Exhibit B

Due to the relationships between them, the reporting persons hereunder may be deemed to constitute a "group" with one another for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934.