

NEPHROS INC  
Form 4  
March 18, 2014

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Lambda Investors LLC

(Last) (First) (Middle)

411 WEST PUTNAM AVENUE, SUITE 125

(Street)

GREENWICH, CT 06830

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
NEPHROS INC [NEPH]

3. Date of Earliest Transaction (Month/Day/Year)  
03/14/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_ Form filed by One Reporting Person  
\_X\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$0.001	03/14/2014		J		5,250,264	A	(1)	11,971,940	I	Held directly by Lambda Investors LLC (1) (3) (4)
Common Stock, par value \$0.001	03/14/2014		J		27,811	A	(2)	124,803 (2)	I	Held directly by Wexford Capital LP (2)

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
*(e.g., puts, calls, warrants, options, convertible securities)*

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Class D Warrants	(5) (6)	03/14/2014		J(5)(6)	2,935,525	11/14/2007	03/14/2019(5)(6)	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lambda Investors LLC 411 WEST PUTNAM AVENUE SUITE 125 GREENWICH, CT 06830		X		
WEXFORD CAPITAL LP 411 WEST PUTNAM AVENUE SUITE 125 GREENWICH, CT 06830		X		
Wexford GP LLC C/O WEXFORD CAPITAL LP SUITE 125 GREENWICH, CT 06830		X		
DAVIDSON CHARLES E C/O WEXFORD CAPITAL LP 411 WEST PUTNAM AVE. GREENWICH, CT 06830		X		
		X		

JACOBS JOSEPH  
 C/O WEXFORD CAPITAL LP  
 411 WEST PUTNAM AVENUE, SUITE 125  
 GREENWICH, CT 06830

## Signatures

Lambda Investors LLC By: Arthur Amron, Vice President and Assistant Secretary	03/18/2014
__Signature of Reporting Person	Date
Wexford Capital LP, By: Wexford GP LLC, its general partner By Arthur Amron, Vice President and Assistant Secretary	03/18/2014
__Signature of Reporting Person	Date
Wexford GP LLC, By Arthur Amron, Vice President and Assistant Secretary	03/18/2014
__Signature of Reporting Person	Date
Charles E. Davidson	03/18/2014
__Signature of Reporting Person	Date
Joseph M. Jacobs	03/18/2014
__Signature of Reporting Person	Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On March 14, 2014, Lambda Investors LLC ("Lambda") exercised certain subscription rights certificates received pursuant to a rights offering with Nephros, Inc. (the "Company"), Lambda received 5,250,264 shares of Common Stock at a purchase price of \$0.30 per share for a cost of \$1,575,079.12.

(2) On March 14, 2014, Wexford Capital LP ("Wexford") exercised certain subscription rights certificates received pursuant to a rights offering with the Company, Wexford received 27,811 shares of Common Stock at a purchase price of \$0.30 per share for a cost of \$8,343.16. In addition to these shares, since the date of the last group filing, Wexford received 10,834 shares of Common Stock and 39,466 shares of Common which the Company granted to Mr. Arthur Amron and Dr. Paul Mieyal in respect of their service as members of the Board of Directors of the Company. The grant of these shares was reported on Form 4's filed by Mr. Arthur Amron and Dr. Paul Mieyal on August 22, 2013 and January 6, 2014, respectively. Each Form 4 indicated that the shares were assigned to Wexford.

(3) This form is jointly filed by Lambda, Wexford, Charles E. Davidson ("Davidson"), Joseph M. Jacobs ("Jacobs") and Wexford GP LLC ("Wexford GP"). The reported securities are held directly by Lambda and by Wexford. Wexford serves as manager, investment advisor or sub-advisor of Lambda, and as such may be deemed to share beneficial ownership of the securities beneficially owned by Lambda, but disclaims such beneficial ownership to the extent such beneficial ownership exceeds its pecuniary interest. Wexford GP, as the general partner of Wexford, may be deemed to share beneficial ownership of the securities beneficially owned by Lambda, but disclaims such ownership to the extent such beneficial ownership exceeds its pecuniary interest. (continued under Footnote (4) below).

(4) (continued from Footnote (3) above) Messrs. Davidson and Jacobs, as the controlling persons of Wexford GP, may be deemed to share beneficial ownership of any securities beneficially owned by Lambda for which Wexford serves as manager, investment advisor or sub-advisor, but disclaim such beneficial ownership to the extent such beneficial ownership exceeds their pecuniary interest.

(5) The 8,806,575 shares of common stock underlying Class D Warrants held by Lambda Investors had an exercise price of \$0.40 per share prior to the rights offering. However, the Class D Warrants contained full ratchet anti-dilution protection provisions, which were triggered in connection with the rights offering. The Class D Warrant provides that if Nephros, Inc. conducts a rights offering, then the number of shares of common stock for which the Class D Warrant was exercisable immediately after the rights offering shall be adjusted to equal the number of shares which a record holder of the same number of shares of common stock for which the Class D Warrant was exercisable immediately prior to the rights offering would own or be entitled to receive after the rights offering. Therefore, the number of Class D Warrants were adjusted from 8,806,575 to 11,742,100.(continued under Footnote (6) below).

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- (continued from Footnote (5) above) Additionally, the Class D Warrant further provides that the per share exercise price in effect immediately prior to the rights offering shall be adjusted to equal (A) the per share exercise price in effect immediately prior to the rights offering multiplied by (B) the number of shares of common stock for which the Class D Warrant was exercisable immediately prior to the
- (6) rights offering divided by (C) the number of shares of common stock for which the Class D Warrant was exercisable immediately after such adjustment. Therefore, the exercise price per share of the Class D Warrants was also adjusted from \$0.40 to \$0.30 per share. Nephros, Inc. agreed to amend the expiration date of the existing Class D Warrants held by Lambda Investors from March 10, 2017 to March 14, 2019.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.