

NEPHROS INC  
Form 4  
November 16, 2007

**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 \*  
WEXFORD CAPITAL LLC

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
411 WEST PUTNAM AVENUE, SUITE 125

3. Date of Earliest Transaction (Month/Day/Year)  
11/14/2007

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

(Street)

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

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

GREENWICH, CT 06830

(City) (State) (Zip)

**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	11/14/2007		C(1)	14,381,621	A \$ 0.706	14,381,621 I	Lambda Investors LLC (2)

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

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SEC 1474 (9-02)

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

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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 Underlying Instrument (Instr. 1)
				Code V (A) (D)		Date Exercisable Expiration Date	Title
Series A 10% Secured Convertible Note due 2008	\$ 0.706	11/14/2007		C <sup>(1)</sup>	\$ 10,153,424 <sup>(1)</sup>	<sup>(3)</sup> <sup>(4)</sup>	Common Stock a Warrant to Purchase Common Stock
Class D Warrant for the Purchase of Shares of Common Stock	\$ 0.9	11/14/2007		C <sup>(1)</sup>	7,190,811	11/14/2007 11/14/2012	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WEXFORD CAPITAL LLC 411 WEST PUTNAM AVENUE SUITE 125 GREENWICH, CT 06830		X		
DAVIDSON CHARLES E 411 WEST PUTNAM AVENUE SUITE 125 GREENWICH, CT 06830		X		
JACOBS JOSEPH 411 WEST PUTNAM AVENUE SUITE 125 GREENWICH, CT		X		

## Signatures

Arthur Amron, Partner and Secretary of Wexford Capital LLC  
 11/16/2007  
 \*\*Signature of Reporting Person Date

Joseph Jacobs  
 11/16/2007  
 \*\*Signature of Reporting Person Date

Charles Davidson

11/16/2007

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).

These transactions reflect the conversion of a Series A 10% Secured Convertible Note due 2008 in the original principal amount of \$10,000,000 (the "Note") into 14,381,621 shares of common stock and a Class D Warrant to purchase 7,190,811 shares of common stock (the "Warrant"). The amount due under the Note at the time of conversion, including interest that accrued between the issuance and conversion of the Note, was \$10,153,424.66. The Note was converted into common stock at a conversion price of \$0.706 per share, and the number of shares underlying the Warrant is equal to 50% of the number of shares of common stock issued upon conversion.

(1) The securities reported on this Form 4 are owned by Lambda Investors LLC ("Lambda"). Wexford Capital LLC ("Wexford"), as manager of Lambda, may be deemed to beneficially own the reported securities. Charles E. Davidson ("Davidson") and Joseph M. Jacobs ("Jacobs") are the managing members of Wexford. Davidson and Jacobs may also be deemed to beneficially own the reported securities. Wexford, Davidson and Jacobs each disclaims beneficial ownership of the reported securities, and this report shall not be deemed as an admission that they are the beneficial owners of the reported securities except in the case of Davidson and Jacobs to the extent of their interests in each member of Lambda.

(2) The Note would only convert on the twenty-first (21st) day after the issuer sent or gave its stockholders a definitive Schedule 14C information statement relating to certain actions taken by stockholders of the issuer by written consent.

(3) The maturity date of the Note prior to its conversion was September 19, 2008.

(4) Based on the original principal amount of the Note, the Note would have been convertible into 14,164,306 shares of common stock and a warrant to purchase an additional 7,082,153 shares of Common Stock (for a total of 21,246,459 underlying shares of common stock). As a result of the accrual of interest, the Note was actually converted into 14,381,621 shares of common stock and the Warrant to purchase an additional 7,190,811 shares of common stock (for a total of 21,572,432 underlying shares of common stock).

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.