As confidentially submitted to the Securities and Exchange Commission on December __ , 2013

Registration No. 333-

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

Amendment No. 1 to

Form S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Matinas BioPharma Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**2834**	**46-3011414**
(State or other jurisdiction of incorporation or organization)	Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1545 Route 206 South, Suite 302
Bedminster, New Jersey 07921
Telephone: 908-443-1860
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Roelof Rongen
Chief Executive Officer
Matinas BioPharma Holdings, Inc.
1545 Route 206 South, Suite 302
Bedminster, New Jersey 07921
Telephone: 908-443-1860
(Address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of proposed sale to public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☒

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price per Share[1]	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Shares of common stock sold to selling stockholders in private placement [2]	15,000,000	$ 1.00	$	$
Shares of common stock underlying warrants sold to selling stockholders in private placement [3]	7,500,000	$ 2.00	$	$
Other shares of common stock underlying warrants held by selling stockholders [4]	5,500,000	$ 2.00	$	$
Total	28,000,000	**$**	**$**	**$**

(1) No market presently exists of our common stock. The selling stockholders will be required to offer their shares at $1.00 per share until our common stock is listed for quotation on the OTC Bulletin Board or OTCQB Market. Assuming such listing is obtained, offers may be made at prevailing market prices or at privately negotiated prices.

(2) Represents shares of common stock purchased pursuant to our private placement which had its final closing on August 8, 2013 (the "Private Placement").

(3) Represents shares of common stock issuable upon the exercise of warrants issued in the Private Placement with an exercise price per share of $2.00 per share. Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions. Proposed maximum offering price per share is based on the exercise price of the warrant in accordance with Rule 457(g).

(4) Represents shares of common stock issuable upon the exercise of warrants issued to selling stockholders not in the Private Placement with an exercise price of $2.00 per share. Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions. Proposed maximum offering price per share is based on the exercise price of the warrant in accordance with Rule 457(g).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Preliminary Prospectus **Subject to Completion, dated December __ , 2013**

Matinas BioPharma Holdings, Inc.

28,000,000 Shares
Common Stock

This prospectus relates to the offer for sale of up to an aggregate of 28,000,000 shares of common stock of Matinas BioPharma Holdings, Inc. by the selling stockholders named herein. We are not offering any securities pursuant to this prospectus. The shares of common stock offered by the selling stockholders include 13,000,000 shares of common stock underlying warrants.

Our common stock is not presently traded on any market or securities exchange, and we have not applied for listing or quotation on any exchange. We are seeking sponsorship for the trading of our common stock on the OTC Bulletin Board and/or OTCQB Market upon the effectiveness of the registration statement of which this prospectus forms a part. The 28,000,000 shares of our common stock can be sold by selling security holders at a fixed price of $1.00 per share until our shares are quoted on the OTC Bulletin Board and/or OTCQB Market and thereafter at prevailing market prices or privately negotiated prices. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority (referred to herein as FINRA), nor can we provide assurance that our shares will actually be quoted on the OTC Bulletin Board and/or OTCQB Market or, if quoted, that a viable public market will materialize or be sustained.

Following the effectiveness of the registration statement of which this prospectus forms a part, the sale and distribution of securities offered hereby may be effected in one or more transactions that may take place on the OTC Bulletin Board and/or OTCQB Market, including ordinary brokers' transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling stockholders. See "Plan of Distribution."

The selling stockholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended, with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements. Investing in our common stock is highly speculative and involves a significant degree of risk. See "Risk Factors" beginning on page 11 of this prospectus for a discussion of information that should be considered before making a decision to purchase our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2013.

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Additional risks and uncertainties not presently known or that are currently deemed immaterial may also impair our business operations. The risks and uncertainties described in this document and other risks and uncertainties which we may face in the future will have a greater impact on those who purchase our common stock. These purchasers will purchase our common stock at the market price or at a privately negotiated price and will run the risk of losing their entire investments.

For investors outside the United States: We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

In this prospectus, we rely on and refer to information and statistics regarding our industry. We obtained this statistical, market and other industry data and forecasts from publicly available information.

PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus. Because it is a summary, it does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should read the entire prospectus carefully, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

When used herein, unless the context requires otherwise, references to the "Company," "we," "our" and "us" refer to Matinas BioPharma Holdings, Inc., a Delaware corporation, collectively with its wholly-owned subsidiary, Matinas BioPharma, Inc., a Delaware corporation, which we sometimes refer to herein as Matinas BioPharma.

Our Company

General

Matinas BioPharma is a development stage biopharmaceutical company, founded in 2011, with a focus on identifying and developing novel pharmaceutical products for the treatment of abnormalities in blood lipids, referred to as dyslipidemia, and the treatment of cardiovascular disease. By capitalizing on our management's experience working on pharmacological formulation, evaluation and clinical development in the field of lipid science and the therapeutic benefits of omega-3 fatty acids in treating lipid disorders, we have designed a program to develop our lead product candidate MAT9001. Our goal is to establish significant differentiation over existing available therapies by demonstrating significant reductions in triglyceride levels, lowering of cholesterol levels, and improving other important physiological parameters and thus address what we believe is currently a significant unmet medical need.

MAT9001 is a proprietary prescription-grade omega-3 fatty acid composition, comprised of a complex mixture of omega-3 fatty acids, including eicosapentaenoic acid ("EPA"), another key omega-3 fatty acid, several other omega-3 fatty acids, and only relatively small amounts of docosahexaenoic acid ("DHA") and non-omega-3 fatty acids. Each of the components of MAT9001 have previously been tested in other studies involving animals and humans. We are currently developing the GMP manufacturing process for our exact composition and have initiated animal studies. To date, we have been developing the manufacturing process for the MAT9001 active pharmaceutical ingredient and initiated preparations for our Investigational New Drug ("IND") filing with the United States Food and Drug Administration ("FDA").

We believe that based upon MAT9001's unique composition, it will prove to be differentiated from other existing therapies for the treatment of very high triglycerides ("hypertriglyceridemia") and mixed dyslipidemia. Unlike the current approved therapies in this product category, many of which have been repurposed following clinical failures in their originally intended indications, we have specifically designed and developed MAT9001 to treat hypertriglyceridemia and mixed dyslipidemia (described below). We believe that the results of these targeted development activities and related clinical investigations may yield a therapeutic profile compared to the currently-existing therapies, characterized most importantly by MAT9001's differentiating mechanistic features associated with its unique composition and enhanced potency.

We are primarily focused on developing and commercializing MAT9001 through approval by the FDA, with an indication for the treatment of severe hypertriglyceridemia. Severe hypertriglyceridemia refers to a condition in which patients have high blood levels of triglycerides (TG ≥500 mg/dl) and is recognized as an independent risk factor for pancreatitis and cardiovascular disease. Based on information provided by the National Heart, Lung and Blood Institute and National Cholesterol Education Program ("NCEP") ATP III Guidelines (collectively, the "NCEP Guidelines"), we estimate that more than 7 million people in the United States have severe hypertriglyceridemia. If we receive FDA approval for severe hypertriglyceridemia, we may seek approval for use of MAT9001 in additional indications, including the treatment of patients with mixed dyslipidemia who are already undergoing treatment with a statin, a commonly used class of cholesterol lowering medications. Mixed dyslipidemia refers to a condition in which patients have a combination of both elevated triglycerides (≥200mg/dl), and elevated cholesterol levels. Based on the NCEP Guidelines, we estimate that approximately 30 to 35 million Americans have mixed dyslipidemia.

Differentiation Strategy

In contrast to certain other omega-3 based perscription products, MAT9001 is not a product repurposed from a previous development program for another disease or condition, but was instead specifically designed and optimized for the treatment of severe hypertriglyceridemia and mixed dyslipidemia. Specifically, we are pursuing two avenues of differentiation:

1. MAT9001 has unique mechanistic features due to its proprietary composition of omega-3 fatty acids, including a key differentiating omega-3 fatty acid component (*i.e.*, a component that is neither EPA nor DHA); and

2. MAT9001 is designed to have a highly concentrated potency versus other omega-3 products due to its optimized formulation.

We believe that based upon both publicly available pre-clinical and human data associated with one of the key omega-3 components contained in MAT9001, our product will likely:

- Better control cholesterol, and may decrease low-density lipoproteins, or LDL, cholesterol levels;

- Better control triglyceride levels; and

- Produce aspirin-like anti-coagulatory effects.

In addition, MAT9001 contains a much lower concentration of DHA than certain competitive omega 3 products, such as Lovaza® or Epanova® (products with mixtures of mostly EPA and DHA). As described above, these products reduce triglycerides as the main desired effect but also have the negative side effect of increasing LDL-cholesterol levels. This side effect is observed with the use of Lovaza and Epanova in patients with severe hypertriglyceredemia as well as in patients with mixed dyslipidemia. In contrast, products with very low concentrations of DHA, such as Vascepa®, have not shown the increase in LDL-cholesterol levels relative to placebo in either the severe hypertriglyceridemia or mixed dyslipedemia patient populations. Omega-3 products containing low DHA levels have also demonstrated reductions in LDL-cholesterol and non-HDL-cholesterol levels. We believe MAT9001's unique composition will produce differentiating results in reducing both cholesterol and triglyceride levels. Further, based on our product design, we believe that MAT9001 is well positioned to become a leading treatment for severe hypertriglyceridemia if approved by the FDA.

MAT9001 Development and Regulatory Program

Our MAT9001 development and regulatory program for severe hypertriglyceridemia has been designed to be similar to the clinical trial programs used by other pharmaceutical companies for FDA approval of omega-3 fatty acid based products. These companies performed Phase III trials only, as they were not required to perform Phase I and 2 trials. By designing the MAT9001 program in a manner consistent with the established FDA guidance, we believe the required clinical development program and regulatory approval pathway for MAT9001 for severe hypertriglyceridemia is predictable and may be relatively lower in risk compared to other typical clinical development programs in the cardiovascular field for severe hypertriglyceridemia. See "Business – MAT9001 Development Program" for a detailed description of our proposed FDA process.

Principal Offices

Our principal offices are located at 1545 Route 206 South, Suite 302, Bedminster, New Jersey 07921. Our web address is www.matinasbiopharma.com. Information contained in or accessible through our web site is not, and should not be deemed to be, part of this prospectus.

Formation of Holdings

We are a Delaware corporation. In connection with our formation in June 2013, we sold an aggregate of 7,500,000 shares of our common stock and 3,750,000 warrants to purchase 3,750,000 shares of our common stock, for an aggregate of $375,000 (at a purchase price of $0.10 for two shares and one warrant), including 2,000,000 shares and warrants to purchase 1,000,000 shares of our common stock to Adam Stern and entities owned by Mr. Stern. Mr. Stern is an affiliate of Aegis Capital Corp., the placement agent in our private placement in 2013 described under "—2013 Private Placement" (the "2013 Private Placement") and a member of our board of directors .. In addition, at such time, we sold Mr. Stern 250,000 warrants to purchase 250,000 shares of our common stock, for which he paid $10,000 (at a purchase price of $0.04 per warrant) (the "Formation Warrants"). The Formation Warrants have an exercise price of $2.00 per share and are exercisable at any time prior to June 30, 2018. The warrants also contain a "cashless exercise" feature at any time commencing 300 days after the effective date of this registration statement if a registration statement covering the resale of the shares of common stock underlying the Formation Warrants is not effective. Pursuant to the registration statement of which this prospectus is a part, we are registering the shares of common stock underlying the Formation Warrants issued in connection with our formation for public resale by the selling stockholders named herein and their assigns.

Formation of Matinas BioPharma

Matinas BioPharma is a Delaware corporation. Nereus BioPharma LLC, a Delaware limited liability company (and Matinas BioPharma's predecessor) ("Nereus") was formed on August 12, 2011. On February 29, 2012, Nereus converted from a limited liability company to a corporation pursuant to Section 265 of the General Corporation Law of the State of Delaware and changed its name to Matinas BioPharma, Inc.

Recent Developments

The Merger Transaction

On July 11, 2013, Matinas BioPharma entered into a merger agreement (the "Merger Agreement") with Matinas Merger Sub, Inc., a Delaware corporation ("Merger Sub") and our wholly owned subsidiary. Pursuant to the terms of the Merger Agreement, as a condition of and contemporaneously with the initial closing of the 2013 Private Placement, Merger Sub merged with and into Matinas BioPharma (the "Merger") and Matinas BioPharma became a wholly-owned subsidiary of us. In connection with the Merger, the stockholders of Matinas BioPharma received an aggregate of 9,000,000 shares of our common stock and warrants to purchase 1,000,000 shares of our common stock at an exercise price of $2.00 per share (the "Merger Warrants") and all outstanding shares of common stock and preferred stock of Matinas BioPharma were cancelled. As a result, there will not be any changes in the carrying value of assets and liabilities of the Company. Pursuant to the registration statement of which this prospectus is a part, we are registering the shares of common stock underlying the Merger Warrants issued in connection with the Merger for public resale by the selling stockholders named herein and their assigns.

The Merger was treated as a recapitalization of Matinas BioPharma for financial accounting purposes and the historical financial statements of Matinas BioPharma are our financial statements as a result of the Merger. The parties to the Merger Agreement have agreed to take all actions necessary to ensure the Merger is treated as a "plan of reorganization" under Section 368(a) of the Internal Revenue Code of 1986, as amended.

2013 Private Placement

In July and August 2013, we completed the 2013 Private Placement, under which we sold an aggregate of 15,000,000 shares of our common stock and warrants to purchase an aggregate of 7,500,000 shares of our common stock with an exercise price of $2.00 per share, which warrants are exercisable for a period of five years from the initial closing date (the "Investor Warrants"). Aegis Capital Corp. acted as the Placement Agent for the 2013 Private Placement (the "Placement Agent"). The gross proceeds to us from the 2013 Private Placement were $15 million.

In connection with the 2013 Private Placement, we paid the Placement Agent (i) a cash fee of $1,500,000 and (ii) a non-accountable expense allowance equal to $450,000. In addition, as part of its compensation for acting as placement agent for the 2013 Private Placement, we issued (x) warrants to the Placement Agent to purchase 750,000 shares of our common stock with an exercise price of $2.00 per share and (y) warrants to the Placement Agent to purchase 1,500,000 shares of our common stock with an exercise price of $1.00 per share. Such warrants contain a "cashless exercise" feature and are exercisable at any time prior to July 30, 2018.

Pursuant to the registration statement of which this prospectus is a part, we are registering the shares of common stock sold in the 2013 Private Placement and the shares of common stock underlying the Investor Warrants sold in the 2013 Private Placement for public resale by the selling stockholders named herein and their assigns. See "Certain Relationships and Related Transactions."

Warrant Private Placement

Contemporaneously with the initial closing of the 2013 Private Placement, we sold warrants to purchase an aggregate of 500,000 shares of our common stock at an exercise price of $2.00 per share to Herbert Conrad, our chairman of the board, for a purchase price of $0.04 per warrant (the "Private Placement Warrants;" and together with the Formation Warrants, the Merger Warrants and Investor Warrants are sometimes referred to collectively as the "Warrants"). The Private Placement Warrants were offered to all preferred stockholders of Matinas BioPharma prior to the Merger, including Mr. Conrad. Pursuant to the registration statement of which this prospectus is a part, we are registering the shares of common stock underlying the Private Placement Warrants for public resale by the selling stockholders named herein and their assigns. See "Certain Relationships and Related Transactions."

Our Risks

An investment in our common stock involves a high degree of risk. You should carefully consider the risks summarized below. These risks are discussed more fully in the "Risk Factors" section of this prospectus immediately following this prospectus summary. These risks include, but are not limited to, the following:

- we have a limited operating history and have incurred operating losses of approximately $2.0 million from inception through September 30, 2013;
- we will need to obtain additional financing to complete clinical development of MAT9001;
- clinical trials for our sole product candidate, MAT9001, may not be successful and we may not obtain approval from the FDA or other regulatory bodies in different jurisdictions for MAT9001;
- we are solely dependent on the success of our lead product candidate, MAT9001, which is still in early pre-clinical development;
- we may not be able to manufacture a sufficient number of GMP batches of MAT9001 as required for pre-clinical and clinical trials and, subsequently, our ability to manufacture commercial quantities of MAT9001;
- we rely on third parties to manufacture MAT9001 and to conduct our clinical trials;
- we may not be able to obtain the required regulatory approvals for MAT9001 in which case we will not be able to commercialize MAT9001;
- we currently do not have the infrastructure to commercialize MAT9001 if MAT9001 receives regulatory approval;
- MAT9001 is designed to be a prescription only omega-3 fatty acid based medication and may be subject to competition from omega-3 fatty acid based products which are marketed as dietary supplements for which no prescription is required;
- even if we obtain marketing approval for MAT9001, we will be subject to ongoing obligations and continued regulatory review;
- it is difficult and costly to protect our intellectual property and we may not be able to protect our intellectual property; and
- we rely on our key employees and executives and the loss of the services of our key employees and executives would adversely impact our business prospects.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and, for as long as we continue to be an "emerging growth company," we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period. We are choosing to "opt out" of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards, and intend to take advantage of the other exemptions.

THE OFFERING

Common Stock Outstanding	31,500,000 shares (1)
Common Stock, including Shares of Common Stock underlying Warrants, Offered by Selling Stockholders	28,000,000 shares (2)
Use of Proceeds	We will not receive any proceeds from the sale of the common stock by the selling stockholders. We would, however, receive proceeds upon the exercise of the warrants held by the selling stockholders which, if such warrants are exercised in full (and assuming no "cashless" exercise features are utilized), would be approximately $26,000,000. Proceeds, if any, received from the exercise of such warrants will be used for working capital and general corporate purposes. No assurances can be given that any of such warrants will be exercised.
Quotation of Common Stock:	Our common stock is not presently traded on any market or securities exchange, and we have not applied for listing or quotation on any exchange. We are seeking sponsorship for the trading of our common stock on the OTC Bulletin Board and/or OTCQB Market upon the effectiveness of the registration statement of which this prospectus forms a part. The 28,000,000 shares of our common stock can be sold by selling stockholders at a fixed price of $1.00 per share until our shares are quoted on the OTC Bulletin Board and/or OTCQB Market and thereafter at prevailing market prices or privately negotiated prices. There can be no assurance that a market maker will agree to file the necessary documents with FINRA, nor can we provide any assurance that our shares will actually be quoted on the OTC Bulletin Board and/or OTCQB Market or, if quoted, that a viable public market will materialize.
Risk Factors	An investment in our company is highly speculative and involves a significant degree of risk. See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

(1) Excludes: (i) outstanding options to purchase 3,035,000 shares of our common stock, as of November 30, 2013, at an exercise price of $0.94 per share; (ii) up to 5,215,000 shares of our common stock that are available, as of November 30, 2013, for issuance under our stock option plan; (iii) 7,500,000 shares of our common stock underlying the Investor Warrants, which have an exercise price of $2.00 per share, issued in our 2013 Private Placement, (iv) 1,000,000 shares of common stock underlying the Merger Warrants, which have an exercise price of $2.00 per share, issued in connection with the Merger, (v) 500,000 shares of common stock underlying the Private Placement Warrants, which have an exercise price of $2.00 per share, issued in the warrant private placement, (vi) 4,000,000 shares of our common stock underlying the Formation Warrants, which have an exercise price of $2.00 per share, issued in connection with the formation of Holdings (vii) 1,500,000 shares of our common stock underlying warrants, which have an exercise price of $1.00 per share, issued to the Placement Agent in the 2013 Private Placement and (viii) 750,000 shares of our common stock underlying warrants, which have an exercise price of $2.00 per share issued to the Placement Agent in the 2013 Private Placement.

(2) Includes: (i) 7,500,000 shares of our common stock underlying the Investor Warrants, which have an exercise price of $2.00 per share, (ii) 1,000,000 shares of our common stock underlying the Merger Warrants, which have an exercise price of $2.00 per share, (iii) 500,000 shares of our common stock underlying the Private Placement Warrants, which have an exercise price of $2.00 per share, and (iv) 4,000,000 shares of our common stock underlying the Formation Warrants, which have an exercise price of $2.00 per share.

RISK FACTORS

An investment in our common stock is speculative and illiquid and involves a high degree of risk, including the risk of a loss of your entire investment. You should carefully consider the risks and uncertainties described below and the other information contained in this prospectus before purchasing shares of our common stock. The risks set forth below are not the only ones facing us. Additional risks and uncertainties may exist that could also adversely affect our business, operations and prospects. If any of the following risks actually materialize, our business, financial condition, prospects and/or operations could suffer. In such event, the value of our common stock could decline, and you could lose all or a substantial portion of the money that you pay for our common stock.

Risks Related to Our Financial Position and Need for Capital

We are a pre-clinical stage biopharmaceutical company with a limited operating history.

We are a development stage biopharmaceutical company with a limited operating history. We have not commenced clinical or human trials and anticipate meeting with the FDA prior to commencing clinical trials to discuss our proposed clinical pathway. The likelihood of success of our business plan must be considered in light of the problems, substantial expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which we operate. Biopharmaceutical product development is a highly speculative undertaking, involves a substantial degree of risk and is a capital-intensive business.

Accordingly, you should consider our prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by companies in the early stages of development, especially pre-clinical biopharmaceutical companies such as ours. Potential investors should carefully consider the risks and uncertainties that a company with a limited operating history will face. In particular, potential investors should consider that we cannot assure you that we will be able to:

- receive FDA acceptance of our proposed regulatory pathway;
- successfully implement or execute our current business plan, or that our business plan is sound;
- successfully complete pre-clinical and clinical trials for MAT9001 and obtain regulatory approval for the marketing of MAT9001;
- successfully manufacture clinical product and establish commercial drug supply;
- secure market exclusivity and/or adequate intellectual property protection for MAT9001
- attract and retain an experienced management and advisory team; and
- raise sufficient funds in the capital markets to effectuate our business plan, including the preparation and completion of our Phase III clinical program.

If we cannot successfully execute any one of the foregoing, our business may not succeed.

We have incurred operating losses in each year since our inception and expect to continue to incur substantial losses for the foreseeable future. We may never become profitable or, if achieved, be able to sustain profitability.

We expect to incur substantial expenses without corresponding revenues unless and until we are able to obtain regulatory approval and successfully commercialize MAT9001. We have been engaged in developing MAT9001 since 2011. To date, we have not generated any revenue from MAT9001 and we expect to incur significant expense to complete our Phase III clinical program for MAT9001 in the United States. We may never be able to obtain regulatory approval for the marketing of MAT9001 in any indication in the United States or internationally. Even if we are able to commercialize MAT9001 or any other product candidate, there can be no assurance that we will generate significant revenues or ever achieve profitability. Our net loss for the nine months ended September 30, 2013 and for the year ended December 31, 2012 was $1.9 million and $116,000, respectively. As of September 30, 2013, we had an accumulated deficit of $3.6 million.

Assuming we obtain FDA approval for MAT9001, which we do not expect until late 2016 at the earliest, we expect that our expenses will increase if we reach commercial launch of MAT9001. We also expect that our research and development expenses will continue to increase as we advance to pre-clinical and clinical trials for an indication for the treatment of severe hypertriglyceridemia and we may pursue FDA approval for MAT9001 in other indications, which will result in significant additional research and development expenses. As a result, we expect to continue to incur substantial losses for the foreseeable future, and these losses will be increasing. We are uncertain when or if we will be able to achieve or sustain profitability. If we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Failure to become and remain profitable would impair our ability to sustain operations and adversely affect the price of our common stock and our ability to raise capital.

We will need to raise significant additional capital to support our development and commercialization efforts for MAT9001.

We believe that our cash and cash equivalents will be sufficient to fund our operations for at least the next nine to twelve months and will allow us to conduct our currently planned pre-clinical studies, file additional patent applications in order to potentially enhance our intellectual property position, file our investigational new drug application ("IND") and initiate a special protocol assessment with the FDA for our MAT9001 Phase III clinical program in patients with severe hypertriglyceridemia. However, we will need to seek additional equity or debt financing to provide the capital required to support our development and commercialization efforts for MAT9001 and we believe we will need at least $20 to $60 million of additional capital to complete our Phase III clinical program and submit a New Drug Application, or NDA.

We do not currently have any arrangements or credit facilities in place as a source of funds, and there can be no assurance that we will be able to raise sufficient additional capital on acceptable terms, or at all. We may seek additional capital through a combination of private and public equity offerings, debt financings and strategic collaborations. Debt financing, if obtained, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, could increase our expenses and require that our assets secure such debt. Moreover, any debt we incur must be repaid regardless of our operating results. Equity financing, if obtained, could result in dilution to our then existing stockholders and/or require such stockholders to waive certain rights and preferences. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of business opportunities and our operations and financial condition may be materially adversely affected. In addition, if we are unable to secure sufficient capital to fund our operations, we might have to enter into strategic collaborations that could require us to share commercial rights to MAT9001 with third parties in ways that we currently do not intend or on terms that may not be favorable to us. If we choose to pursue additional indications and/or geographies for MAT9001 or otherwise expand more rapidly than we presently anticipate we may also need to raise additional capital sooner than expected.

Our recurring losses from operations have raised substantial doubt regarding our ability to continue as a going concern.

Our recurring losses from operations raise substantial doubt about our ability to continue as a going concern, and as a result, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2012 with respect to this uncertainty. This going concern opinion, and any future going concern opinion, could materially limit our ability to raise additional capital. We have incurred significant losses since our inception and have never been profitable, and it is possible we will never achieve profitability. We have devoted our resources to developing MAT9001, but this product candidate cannot be marketed for any indication until regulatory approvals have been obtained. Meaningful revenues will likely not be available until, and unless, MAT9001 or any future product candidate is approved by the FDA or comparable regulatory agencies in other countries and successfully marketed, either by us or a partner. The perception that we may not be able to continue as a going concern may cause potential partners or investors to choose not to deal with us due to concerns about our ability to meet our contractual and financial obligations.

Risks Related to Product Development, Regulatory Approval, Manufacturing and Commercialization

We depend entirely on the success of MAT9001, which is still in pre-clinical development. If we are unable to generate revenues from MAT9001, our ability to create stockholder value will be limited.

Our only product candidate is MAT9001, which is at the pre-clinical development stage. We do not commercialize any FDA approved drug products and have no other product candidates in development. We intend to follow the regulatory pathway described in this registration statement for the approval of MAT9001. We have commenced pre-clinical studies and intend to submit an IND to the FDA seeking to initiate our first clinical trial in humans in the United States. We must complete these efforts before we will be able to commence our Phase III clinical program. We may not be successful in obtaining acceptance from the FDA for our proposed regulatory pathway, including acceptance of the IND for MAT9001. If we do not obtain such acceptance, the time in which we expect to commence our Phase III clinical program will be extended and such extension will increase our expenses and reduce our capital. Moreover, there is no guarantee that our Phase III clinical program will be successful or that it will ultimately be adequate to support an approval from the FDA for any indication. We note that most drug candidates never reach the clinical development stage and even those that do reach clinical development have only a small chance of successfully completing clinical development and gaining regulatory approval. Therefore, our business currently depends entirely on the successful development, regulatory approval and commercialization of MAT9001, which may never occur.

If we are not able to obtain any required regulatory approvals for MAT9001, we will not be able to commercialize our only product candidate and our ability to generate revenue will be limited.

We must successfully complete pre-clinical and clinical trials for MAT9001 before we can apply for its marketing approval. We have limited experience in managing clinical trials, particularly late-stage clinical trials. Even if we complete our clinical trials, it does not assure FDA approval. We have commenced pre-clinical testing of MAT9001. Our pre-clinical trials may be unsuccessful, which would materially harm our business. Even if these trials are successful, we are required to conduct clinical trials and manufacturing quality assessments to establish MAT9001's safety and efficacy, and extensive pharmaceutical development to ensure its quality before a New Drug Application, or NDA, can be filed with the FDA for marketing approval of MAT9001.

Clinical testing is expensive, is difficult to design and implement, can take many years to complete and is uncertain as to outcome. Success in early phases of pre-clinical and clinical trials does not ensure that later clinical trials will be successful and interim results of a clinical trial do not necessarily predict final results. A failure of one or more of our clinical trials can occur at any stage of testing. We may experience numerous unforeseen events during, or as a result of, the clinical trial process that could delay or prevent our ability to receive regulatory approval or commercialize MAT9001. The research, testing, manufacturing, labeling, packaging, storage, approval, sale, marketing, advertising and promotion, pricing, export, import and distribution of drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. We are not permitted to market MAT9001 as a prescription pharmaceutical product in the United States until we receive approval of a New Drug Application, or NDA, from the FDA, or in any foreign countries until we receive the requisite approval from such countries. In the United States, the FDA generally requires the completion of pre-clinical testing and clinical trials of each drug to establish its safety and efficacy and extensive pharmaceutical development to ensure its quality before an NDA is approved. Regulatory authorities in other jurisdictions impose similar requirements. Of the large number of drugs in development, only a small percentage result in the submission of an NDA to the FDA and even fewer are eventually approved for commercialization. We have not submitted an NDA to the FDA or comparable applications to other regulatory authorities. If our development efforts for MAT9001, including regulatory approval, are not successful for its planned indications, or if adequate demand for MAT9001 is not generated, our business will be materially adversely affected.

Our success depends on the receipt of regulatory approval and the issuance of such regulatory approvals is uncertain and subject to a number of risks, including the following:

- the FDA or comparable foreign regulatory authorities or institutional review boards, or IRBs, may disagree with the design or implementation of our clinical trials;
- we may not be able to provide acceptable evidence of MAT9001's safety and efficacy;
- the results of our pre-clinical or clinical trials may not be satisfactory or may not meet the level of statistical or clinical significance required by the FDA, European Medicines Agency, or EMA, or other regulatory agencies for marketing approval;
- the FDA may not agree with a portion or any of our planned streamlined approach for approval of MAT9001;
- the dosing of MAT9001 in a particular clinical trial may not be at an optimal level;
- patients in our clinical trials may suffer adverse effects for reasons that may or may not be related to MAT9001;
- the data collected from clinical trials may not be sufficient to support the submission of an NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

Failure to obtain regulatory approval for MAT9001 for the foregoing or any other reasons will prevent us from commercializing this product candidate as a prescription product, and our ability to generate revenue will be materially impaired. We cannot guarantee that regulators will agree with our assessment of the results of the clinical trials we intend to conduct in the future or that such trials will be successful. The FDA, EMA and other regulators have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional clinical trials, or pre-clinical or other studies. In addition, varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit or prevent regulatory approval of a product candidate.

We are a pre-clinical development stage company and we have not submitted an NDA or received regulatory approval to market MAT9001 in any jurisdiction. We have only limited experience in filing the applications necessary to gain regulatory approvals and expect to rely on consultants and third party contract research organizations, or CROs, with expertise in this area to assist us in this process. Securing FDA approval requires the submission of pre-clinical, clinical, and/or pharmacokinetic data, information about product manufacturing processes and inspection of facilities and supporting information to the FDA for each therapeutic indication to establish a product candidate's safety and efficacy for each indication. MAT9001 may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining regulatory approval or prevent or limit commercial use with respect to one or all intended indications.

The process of obtaining regulatory approvals is expensive, often takes many years, if approval is obtained at all, and can vary substantially based upon, among other things, the type, complexity and novelty of the product candidates involved, the jurisdiction in which regulatory approval is sought and the substantial discretion of the regulatory authorities. Changes in the regulatory approval policy during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for a submitted product application may cause delays in the approval or rejection of an application. Regulatory approval obtained in one jurisdiction does not necessarily mean that a product candidate will receive regulatory approval in all jurisdictions in which we may seek approval, but the failure to obtain approval in one jurisdiction may negatively impact our ability to seek approval in a different jurisdiction. Failure to obtain regulatory marketing approval for MAT9001 in any indication will prevent us from commercializing the product candidate, and our ability to generate revenue will be materially impaired.

MAT9001 is our only product candidate in development. If we fail to successfully commercialize MAT9001, we may need to acquire additional product candidates and our business may be adversely affected.

We have never commercialized any product candidates and do not have any other compounds in pre-clinical testing, lead optimization or lead identification stages beyond MAT9001. We cannot be certain that MAT9001 will prove to be sufficiently effective and safe to meet applicable regulatory standards for any indication. If we fail to successfully commercialize MAT9001 as a treatment for severe hypertriglyceridemia or any other indication, whether as a stand-alone therapy or in combination with other treatments, our business would be adversely affected. If this occurs, we may seek out opportunities to discover, develop, acquire or license additional promising product candidates or drug compounds to expand our product candidate pipeline beyond MAT9001. This would constitute a significant change in our strategy and would likely require substantial additional capital. We would also be exposed to numerous additional risks related to our ability to identify, select and acquire the right product candidates and products on terms that are acceptable to us, and there is no guarantee that we would be successful in these efforts.

Even if we receive regulatory approval for MAT9001, we still may not be able to successfully commercialize it and the revenue that we generate from its sales, if any, may be limited.

If approved for marketing, the commercial success of MAT9001 will depend upon its acceptance by the medical community, including physicians, patients and health care payors. The degree of market acceptance of MAT9001 will depend on a number of factors, including:

- demonstration of clinical safety and efficacy of prescription omega-3 products generally;
- relative convenience, pill burden and ease of administration;
- the prevalence and severity of any adverse effects;
- the willingness of physicians to prescribe MAT9001 and of the target patient population to try new therapies;
- efficacy of MAT9001 compared to competing products, including Lovaza, Vascepa and omega-3 dietary supplements;
- the introduction of any new products, including generic prescription omega-3 products and dietary supplements, that may in the future become available to treat indications for which MAT9001 may be approved;
- new procedures or methods of treatment that may reduce the incidences of any of the indications in which MAT9001 may show utility;
- pricing and cost-effectiveness;
- the inclusion or omission of prescription omega-3 products in applicable treatment guidelines;
- the effectiveness of our or any future collaborators' sales and marketing strategies;
- limitations or warnings contained in FDA-approved labeling;

- our ability to obtain and maintain sufficient third-party coverage or reimbursement from government health care programs, including Medicare and Medicaid, private health insurers and other third-party payors; and

- the willingness of patients to pay out-of-pocket in the absence of third-party coverage or reimbursement.

If MAT9001 is approved, but does not achieve an adequate level of acceptance by physicians, health care payors and patients, we may not generate sufficient revenue and we may not be able to achieve or sustain profitability. Our efforts to educate the medical community and third-party payors on the benefits of MAT9001 may require significant resources and may never be successful.

In addition, even if we obtain regulatory approvals, the timing or scope of any approvals may prohibit or reduce our ability to commercialize MAT9001 successfully. For example, if the approval process takes too long, we may miss market opportunities and give other companies the ability to develop competing products or establish market dominance. Any regulatory approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render MAT9001 not commercially viable. For example, regulatory authorities may approve MAT9001 for fewer or more limited indications than we request, may not approve the price we intend to charge for MAT9001, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve MAT9001 with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that indication. Further, the FDA may place conditions on approvals including potential requirements or risk management plans and the requirement for a Risk Evaluation and Mitigation Strategy ("REMS") to assure the safe use of the drug. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of MAT9001. Moreover, product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following the initial marketing of the product. Any of the foregoing scenarios could materially harm the commercial success of MAT9001.

We currently have no sales and marketing organization. If we are unable to establish satisfactory sales and marketing capabilities, we may not successfully commercialize MAT9001.

At present, we have no sales or marketing personnel. In order to commercialize products that are approved for commercial sales, we must either develop a sales and marketing infrastructure or collaborate with third parties that have such commercial infrastructure. If we elect to develop our own sales and marketing organization, we do not intend to begin to hire sales and marketing personnel until the time of NDA submission to the FDA at the earliest, and we do not intend to establish our own sales organization in the United States until shortly prior to FDA approval of MAT9001. Therefore, at the time of our anticipated commercial launch of MAT9001, assuming regulatory approval of the drug by the FDA, our sales and marketing team will have worked together for only a limited period of time. Accordingly, we may not be successful in marketing MAT9001 in the United States.

We may not be able to establish a direct sales force in a cost-effective manner or realize a positive return on this investment. In addition, we will have to compete with established and well-funded pharmaceutical and biotechnology companies to recruit, hire, train and retain sales and marketing personnel. Factors that may inhibit our efforts to commercialize MAT9001 in the United States without strategic partners or licensees include:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;

- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe MAT9001;

- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and

- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are not successful in recruiting sales and marketing personnel or in building a sales and marketing infrastructure, or if we do not successfully enter into appropriate collaboration arrangements, we will have difficulty successfully commercializing MAT9001, which would adversely affect our business, operating results and financial condition. Outside the United States, we intend to commercialize MAT9001 by entering into collaboration agreements with pharmaceutical partners. We may not be able to enter into such agreements on terms acceptable to us or at all. In addition, even if we enter into such relationships, we may have limited or no control over the sales, marketing and distribution activities of these third parties. Our future revenues may depend heavily on the success of the efforts of these third parties.

We face competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. We have competitors in a number of jurisdictions, many of which have substantially greater name recognition, commercial infrastructures and financial, technical and personnel resources than we have. Established competitors may invest heavily to quickly discover and develop novel compounds that could make MAT9001 obsolete or uneconomical. Any new product that competes with an approved product may need to demonstrate compelling advantages in efficacy, cost, convenience, tolerability and safety to be commercially successful. Other competitive factors, including generic competition, could force us to lower prices or could result in reduced sales. In addition, new products developed by others could emerge as competitors to MAT9001. If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will suffer.

Our potential competitors both in the United States and Europe include large, well-established pharmaceutical companies, specialty pharmaceutical sales and marketing companies and specialized cardiovascular treatment companies. These companies include GlaxoSmithKline plc, which currently markets Lovaza, a prescription omega-3 fatty acid indicated for patients with severe hypertriglyceridemia, and Abbvie, Inc., which currently markets Tricor® and Trilipix® (both fibrates) and Niaspan® (niacin) for the treatment of high triglycerides and severe hypertriglyceridemia in the United States and Omacor (the equivalent of Lovaza) in Europe and Asia. In March 2011, Pronova BioPharma Norge AS, which owns the patents for Lovaza, entered into an agreement with Apotex Corp. and Apotex Inc. to settle their patent litigation related to Lovaza in the United States. Pursuant to the terms of the settlement agreement, Pronova granted Apotex a license to enter the U.S. market with a generic version of Lovaza in the first quarter of 2015, or earlier depending on circumstances. Generic versions of Lovaza from Apotex or other companies, if available, will also create greater market competition for our product and may take market share away from us. Amarin currently markets Vascepa, an ethyl-ester form of EPA for the treatment of patients with severe hypertriglyceridemia. In February 2013, Amarin submitted a supplemental NDA (sNDA) to the FDA seeking approval of Vascepa for the treatment of patients with high triglyceride levels (TG ≥200 mg/dL and <500 mg/dL) who are also on statin therapy for elevated LDL-C levels. This indication is also referred to as mixed dyslipidemia. On October 16, 2013, the FDA convened an advisory committee to review Amarin's sNDA for mixed dyslipidemia and the advisory committee voted 9 to 2 against recommending approval of Amarin's sNDA based on the information presented at that meeting. In its decision whether to approve Amarin's sNDA, the FDA will consider the recommendation of the advisory committee, but the final decision will be made by the FDA. Amarin's sNDA for mixed dyslipidemia is subject to a standard review and has been assigned a Prescription Drug User Fee Act, or PDUFA, date of December 20, 2013. The PDUFA date is the target date for the FDA to complete its review of the sNDA. On October 29, 2013, the FDA notified Amarin that it rescinded the SPA agreement entered into between the FDA and Amarin. On November 7, 2013, Amarin submitted a formal appeal of the FDA's decision to rescind the SPA.

Other companies are also developing products that, if approved, will compete directly with MAT9001. These companies that are in various stages of clinical development with omega-3 prescription therapies for the treatment of high triglycerides include AstraZeneca/Omthera Pharmaceuticals, Inc. (completed Phase III and filed NDA), Acasti Pharma Inc., a subsidiary of Neptune Technologies and Bioressources Inc. (Phase II), Resolvyx Pharmaceuticals, Inc. (Phase II) and Catabasis Pharmaceuticals, Inc. (Phase II). We also understand that another company, Trygg Pharma AS, has completed a Phase 3 study of an omega-3 based drug candidate for severe hypertriglyceridemia.

MAT9001 is designed to be a prescription-only omega-3 fatty acid based medication. Omega-3 fatty acid based products are also marketed by other companies as dietary supplements, which, unlike drugs, are not subject to FDA approval and therefore do not require a prescription and are not subject to pharmaceutical manufacturing standards. As a result, MAT9001, if approved, would be subject to competition from products for which no prescription is required.

If approved by the regulatory authorities, MAT9001 will be a prescription-only omega-3 fatty acid based medication. Mixtures of omega-3 fatty acids are naturally occurring substances in various foods, including fatty fish. Omega-3 fatty acids are also marketed as dietary supplements, which may generally be marketed without a lengthy FDA premarket review and approval process and are not subject to prescription. However, unlike prescription drug products, manufacturers of dietary supplements may not make therapeutic claims for their products; dietary supplements may be marketed with claims describing how the product affects the structure or function of the body without premarket approval, but may not expressly or implicitly represent that the dietary supplement will diagnose, cure, mitigate, treat, or prevent disease. We believe the exact omega-3 fatty acid composition and pharmaceutical-grade purity of MAT9001 has a superior therapeutic profile to the omega-3 compositions in commercially available dietary supplements. However, we cannot be sure that physicians or consumers will view MAT9001 as superior. To the extent the price of MAT9001 is significantly higher than the prices of commercially available omega-3 fatty acids marketed by other companies as dietary supplements, physicians may recommend these commercial alternatives instead of MAT9001 or patients may elect on their own to take commercially available non-prescription omega-3 fatty acids. Either of these outcomes may adversely impact our results of operations by limiting product sales and how we price our product, thereby limiting the revenue we receive from sales of MAT9001.

Even if we obtain marketing approval for MAT9001, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, MAT9001 could be subject to labeling and other restrictions and withdrawal from the market and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with MAT9001.

Even if we obtain United States regulatory approval of MAT9001, the FDA may still impose significant restrictions on its indicated uses or marketing or the conditions of approval, or impose ongoing requirements for potentially costly and time-consuming post-approval studies, including Phase IV clinical trials, and post-market surveillance to monitor safety and efficacy. MAT9001 will also be subject to ongoing regulatory requirements governing the manufacturing, labeling, packaging, storage, distribution, safety surveillance, advertising, promotion, recordkeeping and reporting of adverse events and other post-market information. These requirements include registration with the FDA, as well as continued compliance with current Good Clinical Practices regulations, or cGCPs, for any clinical trials that we conduct post-approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with current cGMP, requirements relating to quality control, quality assurance and corresponding maintenance of records and documents.

The FDA has the authority to require a REMS, as part of an NDA or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria or requiring patient testing, monitoring and/or enrollment in a registry.

With respect to sales and marketing activities by us or any future partner, advertising and promotional materials must comply with FDA rules in addition to other applicable federal, state and local laws in the United States and similar legal requirements in other countries. In the United States, the distribution of product samples to physicians must comply with the requirements of the U.S. Prescription Drug Marketing Act. Application holders must obtain FDA approval for product and manufacturing changes, depending on the nature of the change. We may also be subject, directly or indirectly through our customers and partners, to various fraud and abuse laws, including, without limitation, the U.S. Anti-Kickback Statute, U.S. False Claims Act, and similar state laws, which impact, among other things, our proposed sales, marketing, and scientific/educational grant programs. If we participate in the U.S. Medicaid Drug Rebate Program, the Federal Supply Schedule of the U.S. Department of Veterans Affairs, or other government drug programs, we will be subject to complex laws and regulations regarding reporting and payment obligations. All of these activities are also potentially subject to U.S. federal and state consumer protection and unfair competition laws. Similar requirements exist in many of these areas in other countries.

In addition, our product labeling, advertising and promotion would be subject to regulatory requirements and continuing regulatory review. The FDA strictly regulates the promotional claims that may be made about prescription products. In particular, a product may not be promoted for uses that are not approved by the FDA as reflected in the product's approved labeling. If we receive marketing approval for MAT9001, physicians may nevertheless legally prescribe our products to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant liability and government fines. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant sanctions, including revocation of its marketing approval. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees of permanent injunctions under which specified promotional conduct is changed or curtailed.

If we or a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, problems with the facility where the product is manufactured, or we or our manufacturers fail to comply with applicable regulatory requirements, we may be subject to the following administrative or judicial sanctions:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- issuance of warning letters or untitled letters;
- clinical holds;
- injunctions or the imposition of civil or criminal penalties or monetary fines;
- suspension or withdrawal of regulatory approval;
- suspension of any ongoing clinical trials;
- refusal to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of product license approvals;
- suspension or imposition of restrictions on operations, including costly new manufacturing requirements; or
- product seizure or detention or refusal to permit the import or export of product.

The occurrence of any event or penalty described above may inhibit our ability to commercialize MAT9001 and generate revenue. Adverse regulatory action, whether pre- or post-approval, can also potentially lead to product liability claims and increase our product liability exposure.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize MAT9001 and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval for MAT9001, restrict or regulate post-approval activities and affect our ability to profitably sell MAT9001.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We do not know whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of MAT9001, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

In the United States, the Medicare Modernization Act, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for drugs. In addition, this legislation authorized Medicare Part D prescription drug plans to use formularies where they can limit the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These cost reduction initiatives and other provisions of this legislation could decrease the coverage and price that we receive for MAT9001 and could seriously harm our business. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act of 2010 or, collectively, the Health Care Reform Law, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the Health Care Reform Law revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states. Further, the new law imposed a significant annual fee on companies that manufacture or import branded prescription drug products. Substantial new provisions affecting compliance have also been enacted, which may require us to modify our business practices with healthcare practitioners, and incur substantial costs to ensure compliance.

Despite initiatives to invalidate the Health Care Reform Law, the United States Supreme Court has upheld certain key aspects of the legislation, including the requirement that all individuals maintain health insurance coverage or pay a penalty, referred to as the individual mandate. Although there are legal challenges to the Health Care Reform Law in lower courts on other grounds, at this time it appears the implementation of the Health Care Reform Law will continue. We will not know the full effects of the Health Care Reform Law until applicable federal and state agencies issue regulations or guidance under the new law. Although it is too early to determine the effect of the Health Care Reform Law, the new law appears likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs.

In addition, other legislative changes have been proposed and adopted in the United States since the Health Care Reform Law was enacted. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, starting in 2013. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, or the ATRA, which delayed for another two months the budget cuts mandated by these sequestration provisions of the Budget Control Act of 2011. The ATRA, among other things, also reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. We expect that additional federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, and in turn could significantly reduce the projected value of certain development projects and reduce our profitability.

Our future growth depends, in part, on our ability to penetrate foreign markets, where we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future profitability will depend, in part, on our ability to commercialize MAT9001 in foreign markets for which we intend to rely on collaborations with third parties. If we commercialize MAT9001 in foreign markets, we would be subject to additional risks and uncertainties, including:

- our customers' ability to obtain reimbursement for MAT9001 in foreign markets;
- our inability to directly control commercial activities because we are relying on third parties;
- the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements;
- different medical practices and customs in foreign countries affecting acceptance in the marketplace;
- import or export licensing requirements;
- longer accounts receivable collection times;
- longer lead times for shipping;
- language barriers for technical training;
- reduced protection of intellectual property rights in some foreign countries;
- foreign currency exchange rate fluctuations; and
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute.

Foreign sales of MAT9001 could also be adversely affected by the imposition of governmental controls, political and economic instability, trade restrictions and changes in tariffs, any of which may adversely affect our results of operations.

If we market MAT9001 in a manner that violates healthcare fraud and abuse laws, or if we violate government price reporting laws, we may be subject to civil or criminal penalties.

The FDA enforces laws and regulations which require that the promotion of pharmaceutical products be consistent with the approved prescribing information. While physicians may prescribe an approved product for a so-called “off label” use, it is unlawful for a pharmaceutical company to promote its products in a manner that is inconsistent with its approved label and any company which engages in such conduct can subject that company to significant liability. Similarly, industry codes in the EU and other foreign jurisdictions prohibit companies from engaging in off-label promotion and regulatory agencies in various countries enforce violations of the code with civil penalties. While we intend to ensure that our promotional materials are consistent with our label, regulatory agencies may disagree with our assessment and may issue untitled letters, warning letters or may institute other civil or criminal enforcement proceedings. In addition to FDA restrictions on marketing of pharmaceutical products, several other types of state and federal healthcare fraud and abuse laws have been applied in recent years to restrict certain marketing practices in the pharmaceutical industry. These laws include the U.S. Anti-Kickback Statute, U.S. False Claims Act and similar state laws. Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of these laws.

The U.S. Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute has been interpreted broadly to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Our practices may not, in all cases, meet all of the criteria for safe harbor protection from anti-kickback liability. Moreover, recent health care reform legislation has strengthened these laws. For example, the Health Care Reform Law, among other things, amends the intent requirement of the U.S. Anti-Kickback Statute and criminal health care fraud statutes; a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Health Care Reform Law provides that the government may assert that a claim including items or services resulting from a violation of the U.S. Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the U.S. False Claims Act. Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid.

Over the past few years, several pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of alleged promotional and marketing activities, such as: allegedly providing free trips, free goods, sham consulting fees and grants and other monetary benefits to prescribers; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion that caused claims to be submitted to Medicare or Medicaid for non-covered, off-label uses; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates. Most states also have statutes or regulations similar to the U.S. Anti-Kickback Statute and the U.S. False Claims Act, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include substantial civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, substantial criminal fines and imprisonment.

The import of our fish oils containing Omega-3 fatty acids and concentrates thereof is subject to supervision and licensing by the United States Department of Agriculture.

The import of our fish oils containing Omega-3 fatty acids and concentrates thereof is subject to supervision and licensing by the United States Department of Agriculture ("USDA"). If the USDA were to halt the import of such materials or issuance of licenses for the import of such materials, the development,production, or sale of MAT9001 could be delayed.

We are, and will be, completely dependent on third parties to manufacture MAT9001, and our commercialization of MAT9001 could be halted, delayed or made less profitable if those third parties fail to obtain manufacturing approval from the FDA or comparable foreign regulatory authorities, fail to provide us with sufficient quantities of MAT9001 or fail to do so at acceptable quality levels or prices.

We do not currently have, nor do we plan to acquire, the capability or infrastructure to manufacture the active pharmaceutical ingredient, or API, in MAT9001 for use in our clinical trials or for commercial product, if any. In addition, we do not have the capability to encapsulate MAT9001 as a finished drug product for commercial distribution. As a result, we will be obligated to rely on contract manufacturers, if and when MAT9001 is approved for commercialization. We have not entered into an agreement with any contract manufacturers for commercial supply and may not be able to engage a contract manufacturer for commercial supply of MAT9001 on favorable terms to us, or at all.

The facilities used by our contract manufacturers to manufacture MAT9001 must be approved by the FDA pursuant to inspections that will be conducted after we submit our NDA to the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with cGMPs for manufacture of both active drug substances and finished drug products. These cGMP regulations cover all aspects of the manufacturing, testing, quality control and record keeping relating to MAT9001. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of MAT9001 or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market MAT9001, if approved.

Our contract manufacturers will be subject to ongoing periodic unannounced inspections by the FDA and corresponding state and foreign agencies for compliance with cGMPs and similar regulatory requirements. We do not have control over our contract manufacturers' compliance with these regulations and standards. Failure by any of our contract manufacturers to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure to grant approval to market MAT9001, delays, suspensions or withdrawals of approvals, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. Failure by our contract manufacturers to comply with or maintain any of these standards could adversely affect our ability to develop, obtain regulatory approval for or market MAT9001.

If, for any reason, these third parties are unable or unwilling to perform, we may not be able to terminate our agreements with them, and we may not be able to locate alternative manufacturers or formulators or enter into favorable agreements with them and we cannot be certain that any such third parties will have the manufacturing capacity to meet future requirements. If these manufacturers or any alternate manufacturer of finished drug product experiences any significant difficulties in its respective manufacturing processes for our API or finished MAT9001 product or should cease doing business with us, we could experience significant interruptions in the supply of MAT9001 or may not be able to create a supply of MAT9001 at all. Were we to encounter manufacturing issues, our ability to produce a sufficient supply of MAT9001 might be negatively affected. Our inability to coordinate the efforts of our third party manufacturing partners, or the lack of capacity available at our third party manufacturing partners, could impair our ability to supply MAT9001 at required levels. Because of the significant regulatory requirements that we would need to satisfy in order to qualify a new bulk or finished product manufacturer, if we face these or other difficulties with our current manufacturing partners, we could experience significant interruptions in the supply of MAT9001 if we decided to transfer the manufacture of MAT9001 to one or more alternative manufacturers in an effort to deal with the difficulties.

Any manufacturing problem or the loss of a contract manufacturer could be disruptive to our operations and result in lost sales. Additionally, we rely on third parties to supply the raw materials needed to manufacture our potential products. Any reliance on suppliers may involve several risks, including a potential inability to obtain critical materials and reduced control over production costs, delivery schedules, reliability and quality. Any unanticipated disruption to a future contract manufacturer caused by problems at suppliers could delay shipment of MAT9001, increase our cost of goods sold and result in lost sales.

We cannot guarantee that our manufacturing and supply partners will be able to reduce the costs of commercial scale manufacturing of MAT9001 over time. If the commercial-scale manufacturing costs of MAT9001 are higher than expected, these costs may significantly impact our operating results. In order to reduce costs, we may need to develop and implement process improvements. However, in order to do so, we will need, from time to time, to notify or make submissions with regulatory authorities, and the improvements may be subject to approval by such regulatory authorities. We cannot be sure that we will receive these necessary approvals or that these approvals will be granted in a timely fashion. We also cannot guarantee that we will be able to enhance and optimize output in our commercial manufacturing process. If we cannot enhance and optimize output, we may not be able to reduce our costs over time.

Any termination or suspension of, or delays in the commencement or completion of, any necessary studies of MAT9001 for any additional indications could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.

We will review our strategy with respect to additional indications for MAT9001. In the event we initiate an outcomes study or another type of study, delays in the commencement or completion of such study could significantly affect our product development costs. We do not know whether such study will begin or will be completed on schedule, if at all. The commencement and completion of clinical studies can be delayed for a number of reasons, including delays related to:

- the FDA failing to grant permission to proceed or placing a clinical study on hold;
- subjects failing to enroll or remain in our trials at the rate we expect;
- subjects choosing an alternative treatment for the indications for which we are developing MAT9001, or participating in competing clinical studies;
- subjects experiencing severe or unexpected drug-related adverse effects;
- reports from clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- third-party clinical investigators losing their license or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or employing methods consistent with the clinical trial protocol, good laboratory practices, good clinical practices,, or third parties not performing data collection and analysis in a timely or accurate manner;
- inspections of clinical study sites finding regulatory violations that require us to undertake corrective action, result in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study, or that prohibit us from using some or all of the data in support of our marketing applications;
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or any of the data produced by such contractors in support of our marketing applications;
- one or more IRBs refusing to approve, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- deviations of the clinical sites from trial protocols or withdrawal from a trial;
- the addition of new clinical trial sites;
- the inability of the CRO to execute any clinical trials for any reason; and
- government or regulatory delays or "clinical holds" requiring suspension or termination of a trial.

Product development costs for MAT9001 in a future indication will increase if we have delays in testing or approval or if we need to perform more or larger clinical studies than planned. Additionally, changes in regulatory requirements and policies may occur and we may need to amend study protocols to reflect these changes. Amendments may require us to resubmit our study protocols to the FDA and IRBs for reexamination, which may impact the costs, timing or successful completion of that study. If we experience delays in completion of, or if we, the FDA or other regulatory authorities, the IRB, or other reviewing entities, or any of our clinical study sites suspend or terminate any of our clinical studies of MAT9001, its commercial prospects may be materially harmed and our ability to generate product revenues will be delayed. Any delays in completing our clinical trials will increase our costs, slow the development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, termination or suspension of, or a delay in the commencement or completion of, clinical studies may also ultimately lead to the denial of regulatory approval of MAT9001. In addition, if one or more clinical studies are delayed, our competitors may be able to bring products to market before we do, and the commercial viability of MAT9001 could be significantly reduced.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Since we may be required by the FDA to pursue an outcomes study for an indication for MAT9001 for the reduction of the risk of cardiovascular events and may pursue other clinical studies for other indications, we will continue to be subject to risks related to clinical trials. Pre-clinical and clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the pre-clinical or clinical trial process. The results of pre-clinical studies and early clinical trials may not be predictive of the results of later-stage clinical trials. We cannot assure you that the FDA will view the results as we do or that any future trials of MAT9001 for other indications will achieve positive results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Likewise, any future clinical trial results for MAT9001 may not be successful.

In addition, a number of factors could contribute to a lack of favorable safety and efficacy results for MAT9001 for other indications. For example, such trials could result in increased variability due to varying site characteristics, such as local standards of care, differences in evaluation period and surgical technique, and due to varying patient characteristics including demographic factors and health status.

We expect that we will rely on third parties to conduct clinical trials for MAT9001. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize MAT9001 and our business could be substantially harmed.

We expect to enter into agreements with third-party CROs to conduct and manage our clinical programs. We would rely heavily on these parties for execution of clinical studies for MAT9001 and would control only certain aspects of their activities. Nevertheless, we would be responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on CROs would not relieve us of our regulatory responsibilities. We and our CROs would be required to comply with cGCPs, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area and comparable foreign regulatory authorities for any products in clinical development. The FDA enforces these cGCP regulations through periodic inspections of trial sponsors, principal investigators and trial sites. If we or our CROs fail to comply with applicable cGCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, the FDA will determine that any of our clinical trials comply with cGCPs. In addition, our clinical trials must be conducted with products produced under cGMP regulations and will require a large number of test subjects. Our failure or the failure of our CROs to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process and could also subject us to enforcement action up to and including civil and criminal penalties.

Although we intend to design the clinical trials for MAT9001, we expect that the CROs would conduct all of the clinical trials. As a result, many important aspects of our drug development programs would be outside of our direct control. In addition, the CROs may not perform all of their obligations under arrangements with us or in compliance with regulatory requirements. If the CROs do not perform clinical trials in a satisfactory manner, breach their obligations to us or fail to comply with regulatory requirements, the development and commercialization of MAT9001 for the subject indication may be delayed or our development program materially and irreversibly harmed. We cannot control the amount and timing of resources these CROs would devote to our program or MAT9001. If we are unable to rely on clinical data collected by our CROs, we could be required to repeat, extend the duration of, or increase the size of our clinical trials, which could significantly delay commercialization and require significantly greater expenditures.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, any such clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for or successfully commercialize MAT9001. As a result, our financial results and the commercial prospects for MAT9001 would be harmed, our costs could increase and our ability to generate revenue could be delayed.

Third-party coverage and reimbursement and health care cost containment initiatives and treatment guidelines may constrain our future revenues.

Our ability to successfully market MAT9001 will depend in part on the level of reimbursement that government health administration authorities, private health coverage insurers and other organizations provide for the cost of our products and related treatments. Countries in which MAT9001 is sold through reimbursement schemes under national health insurance programs frequently require that manufacturers and sellers of pharmaceutical products obtain governmental approval of initial prices and any subsequent price increases. In certain countries, including the United States, government-funded and private medical care plans can exert significant indirect pressure on prices. We may not be able to sell MAT9001 profitably if adequate prices are not approved or coverage and reimbursement is unavailable or limited in scope. Increasingly, third-party payors attempt to contain health care costs in ways that are likely to impact our development of products including:

- failing to approve or challenging the prices charged for health care products;
- introducing reimportation schemes from lower priced jurisdictions;
- limiting both coverage and the amount of reimbursement for new therapeutic products;
- denying or limiting coverage for products that are approved by the regulatory agencies but are considered to be experimental or investigational by third-party payors; and
- refusing to provide coverage when an approved product is used in a way that has not received regulatory marketing approval.

Risks Relating to Our Intellectual Property Rights

It is difficult and costly to protect our intellectual property rights, and we cannot ensure the protection of these rights.

Our commercial success will depend, in part, on obtaining and maintaining patent protection for our technologies, products and processes, successfully defending these patents against third-party challenges and successfully enforcing these patents against third party competitors. The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Changes in either the patent laws or in interpretations of patent laws may diminish the value of our intellectual property. Accordingly, we cannot predict the breadth of claims that may be allowable or enforceable in our patents (including patents owned by us). We currently have no issued patents and the pending patent applications for MAT9001 may never be approved by United States or foreign patent offices and the existing patent applications relating to MAT9001 and related technologies may be challenged, invalidated or circumvented by third parties and might not protect us against competitors with similar products or technologies.

The degree of future protection for our proprietary rights is uncertain, because legal means afford only limited protection and may not adequately protect our rights, permit us to gain or keep our competitive advantage, or provide us with any competitive advantage at all. For example, others have filed, and in the future are likely to file, patent applications covering products and technologies that are similar, identical or competitive to MAT9001, or important to our business. We cannot be certain that any patent application owned by a third party will not have priority over patent applications filed by us, or that we will not be involved in interference, opposition or invalidity proceedings before United States or foreign patent offices.

We also rely on trade secrets to protect technology, especially in cases when we believe patent protection is not appropriate or obtainable. However, trade secrets are difficult to protect. While we require employees, academic collaborators, consultants and other contractors to enter into confidentiality agreements, we may not be able to adequately protect our trade secrets or other proprietary or licensed information. Typically, research collaborators and scientific advisors have rights to publish data and information in which we may have rights. If we cannot maintain the confidentiality of our proprietary technology and other confidential information, our ability to receive patent protection and our ability to protect valuable information owned by us may be imperiled. Enforcing a claim that a third-party entity illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts are sometimes less willing to protect trade secrets than patents. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

If we fail to obtain or maintain patent protection or trade secret protection for MAT9001 or our technologies, third parties could use our proprietary information, which could impair our ability to compete in the market and adversely affect our ability to generate revenues and attain profitability.

We may also rely on the trademarks we may develop to distinguish our products from the products of our competitors. We cannot guarantee that any trademark applications filed by us or our business partners will be approved. Third parties may also oppose such trademark applications, or otherwise challenge our use of the trademarks. In the event that the trademarks we use are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands. Further, we cannot provide assurance that competitors will not infringe the trademarks we use, or that we will have adequate resources to enforce these trademarks.

MAT9001 may infringe the intellectual property rights of others, which could increase our costs and delay or prevent our development and commercialization efforts.

Our success depends in part on avoiding infringement of the proprietary technologies of others. The pharmaceutical industry has been characterized by frequent litigation regarding patent and other intellectual property rights. Identification of third party patent rights that may be relevant to our proprietary technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Additionally, because patent applications are maintained in secrecy until the application is published, we may be unaware of third-party patents that may be infringed by commercialization of MAT9001 or any future product candidate. There may be certain issued patents and patent applications claiming subject matter that we may be required to license in order to research, develop or commercialize MAT9001, and we do not know if such patents and patent applications would be available to license on commercially reasonable terms, or at all. Any claims of patent infringement asserted by third parties would be time-consuming and may:

- result in costly litigation;
- divert the time and attention of our technical personnel and management;
- prevent us from commercializing a product until the asserted patent expires or is held finally invalid or not infringed in a court of law;
- require us to cease or modify our use of the technology and/or develop non-infringing technology; or
- require us to enter into royalty or licensing agreements.

Although no third party has asserted a claim of infringement against us, others may hold proprietary rights that could prevent MAT9001 from being marketed. Any patent-related legal action against us claiming damages and seeking to enjoin commercial activities relating to MAT9001 or our processes could subject us to potential liability for damages and require us to obtain a license to continue to manufacture or market MAT9001 or any future product candidates. We cannot predict whether we would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable terms, if at all. In addition, we cannot be sure that we could redesign MAT9001 or any future product candidates or processes to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent us from developing and commercializing MAT9001 or a future product candidate, which could harm our business, financial condition and operating results.

A number of companies, including several major pharmaceutical companies, have conducted research on pharmaceutical uses of omega-3 fatty acids, which resulted in the filing of many patent applications related to this research. We are aware of third-party United States patents/applications, and corresponding foreign counterparts, that contain broad claims related to methods of using these general types of compounds, which may be construed to include potential uses of MAT9001 or any future product candidates. If we were to challenge the validity of these or any issued United States patent in court, we would need to overcome a statutory presumption of validity that attaches to every issued United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. If we were to challenge the validity of these or any issued United States patent in an administrative trial before the Patent Trial and Appeal Board in the United States Patent and Trademark Office, we would have to prove that the claims are unpatentable by a preponderance of the evidence. There is no assurance that a jury and/or court would find in our favor on questions of infringement, validity or enforceability.

As an alternate path for FDA approval, we may file a Section 505(b)(2) NDA. Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act was enacted as part of the Drug Price Competition and Patent Term Restoration Act of 1984, otherwise known as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit us to rely upon certain preclinical or clinical studies conducted by third parties for their approved product. As a result, we are allowed under Section 505(b)(2) to file an NDA utilizing information from these studies even though we have not obtained a right of reference The FDA may require us to perform additional studies or measurements to support any changes in our product as compared to the approved product. If we utilize Section 505(b)(2), the FDA may approve our new product for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by us.

If a Paragraph I or II certification is filed FDA may make approval of the application effective immediately upon completion of its review. If a Paragraph III certification is filed the approval may be made effective on the patent expiration date specified in the application, although a tentative approval may be issued before that time. If an application contains a Paragraph IV certification, a series of events will be triggered, the outcome of which will determine the effective date of approval of the 505(b)(2) application. The Section 505(b)(2) application also will not be approved until any non-patent exclusivity, such as exclusivity for obtaining approval of a new chemical entity, listed in the Orange Book for the Referenced Listed Drug has expired.

A certification that the new product will not infringe the Reference Listed Drug's listed patents or that such patents are invalid is called a Paragraph IV certification. If the applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders for the Reference Listed Drug once the applicant's NDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a legal challenge to the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days of their receipt of a Paragraph IV certification automatically prevents the FDA from approving the Section 505(b)(2) NDA by imposing a 30 month automatic statutory injunction. The court may shorten or lengthen the 30 month stay period in a pending patent case if either party fails to reasonably cooperate in expediting the case. The 30 month stay terminates if a court issues a final order determining that the patent is invalid unenforceable or not infringed. Thus, the Section 505(b)(2) applicant may invest a significant amount of time and expense in the development of its products only to be subject to significant delay and patent litigation before its products may be commercialized. Alternatively, if the listed patent holder does not file a patent infringement lawsuit within the required 45-day period, the applicant's NDA will not be subject to the 30-month stay.

We may be subject to claims that we have wrongfully hired an employee from a competitor or that we or our employees have wrongfully used or disclosed alleged confidential information or trade secrets of their former employers.

As is commonplace in our industry, we employ individuals who were previously employed at other pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject in the future to claims that our employees or prospective employees are subject to a continuing obligation to their former employers (such as non-competition or non-solicitation obligations) or claims that our employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

General Company-Related Risks

In order to establish our sales and marketing infrastructure, we will need to grow the size of our organization, and we may experience difficulties in managing this growth.

We currently have only eight employees. As our development and commercialization plans and strategies develop, we will need to expand the size of our employee base for managerial, operational, sales, marketing, financial and other resources. Future growth would impose significant added responsibilities on members of management, including the need to identify, recruit, maintain, motivate and integrate additional employees. In addition, our management may have to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. Our future financial performance and our ability to commercialize MAT9001 and any other future product candidates and our ability to compete effectively will depend, in part, on our ability to effectively manage any future growth.

If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy. In addition, the loss of the services of certain key employees, including Roelof Rongen, our President and CEO, Jerome Jabbour, our Chief Business Officer and General Counsel, George Bobotas, our Chief Scientific Officer, and Abdel A. Fawzy, our Executive Vice President for Pharmaceutical and Supply Chain Development would adversely impact our business prospects.

Our ability to compete in the highly competitive pharmaceuticals industry depends in large part upon our ability to attract highly qualified managerial, scientific and medical personnel. In order to induce valuable employees to remain with us, we intend to provide employees with stock options that vest over time. The value to employees of stock options that vest over time will be significantly affected by movements in our stock price that we will not be able to control and may at any time be insufficient to counteract more lucrative offers from other companies.

Our management team has expertise in many different aspects of drug development and commercialization. However, we will need to hire additional personnel as we further develop MAT9001. Competition for skilled personnel in our market is intense and competition for experienced scientists may limit our ability to hire and retain highly qualified personnel on acceptable terms. Despite our efforts to retain valuable employees, members of our management, scientific and medical teams may terminate their employment with us on short notice. We have employment agreements with certain of our executive officers. However, these employment arrangements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. The loss of the services of any of our executive officers or other key employees could potentially harm our business, operating results or financial condition. In particular, we believe that the loss of the services of Roelof Rongen, our President and Chief Executive Officer, Jerome Jabbour, our Chief Business Officer and General Counsel, George Bobotas, our Chief Scientific Officer, or Abdel A. Fawzy, our Executive Vice President for Pharmaceutical and Supply Chain Development, would have a material adverse effect on our business. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level, and senior managers as well as junior, mid-level, and senior scientific and medical personnel.

Other pharmaceutical companies with which we compete for qualified personnel have greater financial and other resources, different risk profiles, and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can develop and commercialize product candidates would be limited.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of MAT9001.

We face a potential risk of product liability as a result of the clinical testing of MAT9001 and will face an even greater risk if we commercialize MAT9001 or any other future product. For example, we may be sued if any product we develop, including MAT9001, or any materials that we use in our products allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of MAT9001. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for MAT9001 or any future products that we may develop;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;

- loss of revenue;
- the inability to commercialize MAT9001; and
- a decline in our stock price.

Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. We intend to obtain product liability insurance covering our clinical trials in the amount of $5 million in the aggregate. Although we will maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

We may acquire businesses or products, or form strategic alliances, in the future, and we may not realize the benefits of such acquisitions.

We may acquire additional businesses or products, form strategic alliances or create joint ventures with third parties that we believe will complement or augment our existing business. If we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses if we are unable to successfully integrate them with our existing operations and company culture. We may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic alliance or acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot assure you that, following any such acquisition, we will achieve the expected synergies to justify the transaction.

Risks Related to Our Common Stock

Our majority stockholders will control our company for the foreseeable future, including the outcome of matters requiring stockholder approval.

Our founders, officer and directors and 5% stockholders collectively beneficially own approximately 55.3% of our outstanding shares of common stock. In addition, these stockholders have entered into a voting agreement, whereby they have agreed to vote in favor of nominees for directors selected by the parties to the voting agreement as described herein. As a result, such entities and individuals will have the ability, acting together, to control the election of our directors and the outcome of corporate actions requiring stockholder approval, such as: (i) a merger or a sale of our company, (ii) a sale of all or substantially all of our assets, and (iii) amendments to our articles of incorporation and bylaws. This concentration of voting power and control could have a significant effect in delaying, deferring or preventing an action that might otherwise be beneficial to our other stockholders and be disadvantageous to our stockholders with interests different from those entities and individuals. Certain of these individuals also have significant control over our business, policies and affairs as officers or directors of our company. Therefore, you should not invest in reliance on your ability to have any control over our company. See “Principal Stockholders.”

An investment in our company should be considered illiquid.

An investment in our company requires a long-term commitment, with no certainty of return. Because we do not plan to become an SEC reporting company by the traditional means of conducting an initial public offering of our common stock, we may be unable to establish a liquid market for our common stock. Moreover, we do not expect security analysts of brokerage firms to provide coverage of our company in the near future. In addition, investment banks may be less likely to agree to underwrite primary or secondary offerings on behalf of our company or its stockholders in the future than they would if we were to become a public reporting company by means of an initial public offering of common stock. If all or any of the foregoing risks occur, it would have a material adverse effect on our company.

No public market for our common stock currently exists, and an active trading market may not develop or be sustained.

As we are in our early stages, an investment in our company will likely require a long-term commitment, with no certainty of return. There is no public market for our common stock, and even if we become a publicly-listed company, of which no assurances can be given, we cannot predict whether an active market for our common stock will ever develop in the future. In the absence of an active trading market:

- investors may have difficulty buying and selling or obtaining market quotations;
- market visibility for shares of our common stock may be limited; and
- a lack of visibility for shares of our common stock may have a depressive effect on the market price for shares of our common stock.

Assuming we can find market makers to establish quotations for our common stock, we expect that our common stock will be quoted on the OTC Bulletin Board (known as the OTCBB) or OTCQB market operated by OTC Markets Group, Inc. These markets are relatively unorganized, inter-dealer, over-the-counter markets that provide significantly less liquidity than NASDAQ or the NYSE MKT (formerly known as the NYSE AMEX). No assurances can be given that our common stock, even if quoted on such markets, will ever trade on such markets, much less a senior market like NASDAQ or NYSE MKT. In this event, there would be a highly illiquid market for our common stock and you may be unable to dispose of your common stock at desirable prices or at all. Moreover, there is a risk that our common stock could be delisted from the OTCBB/OTCQB, in which case it might be listed on the so called "Pink Sheets", which is even more illiquid than the OTC Bulletin Board.

The lack of an active market impairs your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire additional intellectual property assets by using our shares as consideration.

We may not qualify for OTC Bulletin Board inclusion, and therefore you may be unable to sell your shares.

We believe that, at some time following the effectiveness of this registration statement of which this prospectus forms a part, our common stock will become eligible for quotation on the OTC Bulletin Board and/or OTCQB Market, which we refer to herein as the OTCBB/OTCQB. No assurances can be given, however, that this eligibility will be granted. OTCBB/OTCQB eligible securities include securities not listed on a registered national securities exchange in the U.S. and that are also required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1933, as amended (which we refer to herein as the Securities Act), and require that we be current in its periodic securities reporting obligations.

Among other matters, in order for our common stock to become OTCBB/OTCQB eligible, a broker/dealer member of FINRA, must file a Form 211 with FINRA and commit to make a market in our securities once the Form 211 is approved by FINRA. As of the date of this prospectus, a Form 211 has not been filed with FINRA by any broker/dealer. If for any reason our common stock does not become eligible for quotation on the OTCBB/OTCQB or a public trading market does not develop, purchasers of shares of our common stock may have difficulty selling their shares should they desire to do so. If we are unable to satisfy the requirements for quotation on the OTCBB/OTCQB, any quotation of in our common stock would be conducted in the "pink" sheets market. As a result, a purchaser of our common stock may find it more difficult to dispose of, or to obtain accurate quotations as to the price of their shares. The above-described rules may materially adversely affect the liquidity of our securities. See "Plan of Distribution."

Even if our common stock becomes publicly-traded and an active trading market develops, the market price our common stock may be significantly volatile.

Even if our securities become publicly-traded and even if an active market for our common stock develops, of which no assurances can be given, the market price for our common stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States or elsewhere.

In particular, the market prices of biotechnology companies like ours have been highly volatile due to factors, including, but not limited to:

- any delay or failure to conduct a clinical trial for our product or receive approval from the FDA and other regulatory agents;
- developments or disputes concerning our product's intellectual property rights;
- our or our competitors' technological innovations;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, capital commitments, new technologies, or patents; and
- failure to complete significant transactions or collaborate with vendors in manufacturing our product.

The securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of shares of our common stock.

The registration for resale of a significant portion of our outstanding shares of common stock in this registration statement may have a depressive effect on our stock price.

We are registering for resale 15,000,000 shares of our common stock plus 13,000,000 shares of common stock underlying outstanding warrants. If our existing stockholders sell substantial amounts of our common stock in the public market, or if the public perceives that such sales could occur, this could have an adverse impact on the market price of our common stock, even if there is no relationship between such sales and the performance of our business.

Our common stock may be considered a "penny stock," and thereby be subject to additional sale and trading regulations that may make it more difficult to sell.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The OTCBB does not meet such requirements and if the price of our common stock is less than $5.00, our common stock will be deemed penny stocks. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that prior to effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stock holders may have difficulty selling their shares.

FINRA sales practice requirements may also limit your ability to buy and sell our common stock, which could depress the price of our shares.

FINRA rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

You may face significant restrictions on the resale of your shares due to state "blue sky" laws.

Each state has its own securities laws, often called "blue sky" laws, which (1) limit sales of securities to a state's residents unless the securities are registered in that state or qualify for an exemption from registration, and (2) govern the reporting requirements for broker-dealers doing business directly or indirectly in the state. Before a security is sold in a state, there must be a registration in place to cover the transaction, or it must be exempt from registration. The applicable broker-dealer must also be registered in that state.

We do not know whether our securities will be registered or exempt from registration under the laws of any state. A determination regarding registration will be made by those broker-dealers, if any, who agree to serve as market makers for our common stock. We have not yet applied to have our securities registered in any state and will not do so until we receive expressions of interest from investors resident in specific states after they have viewed this prospectus. There may be significant state blue sky law restrictions on the ability of investors to sell, and on purchasers to buy, our securities. You should therefore consider the resale market for our common stock to be limited, as you may be unable to resell your shares without the significant expense of state registration or qualification.

The shares you purchase in this offering may experience substantial dilution by exercises of outstanding warrants and options.

As of November 30, 2013, we had outstanding warrants to purchase an aggregate of 15,250,000 shares of our common stock at a weighted average exercise price of $1.90 and options to purchase an aggregate of 3,035,000 shares of our common stock at an exercise price of $0.94 per share. The exercise of such outstanding options and warrants will result in substantial dilution of your investment. In addition, you may experience additional dilution if we issue common stock in the future. As a result of this dilution, you may receive significantly less than the full purchase price you paid for the shares in the event of liquidation.

We are an "emerging growth company," and will be able take advantage of reduced disclosure requirements applicable to "emerging growth companies," which could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and, for as long as we continue to be an "emerging growth company," we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will incur significantly increased costs and devote substantial management time as a result of operating as a public company particularly after we are no longer an "emerging growth company."

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be required to comply with certain of the requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the Securities and Exchange Commission, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. We are just beginning the process of compiling the system and processing documentation needed to comply with such requirements. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. In that regard, we currently do not have an internal audit function, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge.

However, for as long as we remain an "emerging growth company" as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an "emerging growth company."

Under the JOBS Act, "emerging growth companies" can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not "emerging growth companies."

After we are no longer an "emerging growth company," we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act.

We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs

There may be limitations on the effectiveness of our internal controls, and a failure of our control systems to prevent error or fraud may materially harm our company.

Proper systems of internal controls over financial accounting and disclosure are critical to the operation of a public company. As we are a start-up company, we are at the very early stages of establishing, and we may be unable to effectively establish such systems, especially in light of the fact that we expect to operate as a publicly reporting company. This would leave us without the ability to reliably assimilate and compile financial information about our company and significantly impair our ability to prevent error and detect fraud, all of which would have a negative impact on our company from many perspectives.

Moreover, we do not expect that disclosure controls or internal control over financial reporting, even if established, will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Failure of our control systems to prevent error or fraud could materially adversely impact us.

We may be unable to complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We may be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by our management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of the registration statement of which this prospectus is a part. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective.

If we are unable to assert that our internal control over financial reporting is effective, or, if applicable, our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. We will also be required to disclose changes made in our internal control and procedures on a quarterly basis.

However, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an “emerging growth company” as defined in the recently enacted JOBS Act, if we take advantage (as we expect to do) of the exemptions contained in the JOBS Act. We will remain an “emerging growth company” for up to five years, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an “emerging growth company” as of the following December 30.

At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in our internal control over financial reporting in the future. Any of the foregoing occurrences, should they come to pass, could negatively impact the public perception of our company, which could have a negative impact on our stock price.

We may be subject to penalties under a registration rights agreement if the registration statement of which this prospectus forms a part is not declared effective within one hundred and fifty (150) days after we file this registration statement.

In connection with the 2013 Private Placement, we entered into a registration rights agreement with the private placement investors, the placement agent and the holders of our outstanding warrants. We were required to file with the SEC no later than October 7, 2013 (the “Filing Deadline”), a registration statement covering the resale of the shares of common stock and the shares of common stock underlying the warrants, issued in the 2013 Private Placement, as well as the shares of common stock underlying the formation warrants, the merger warrants, and the private placement warrants. We are also required to use commercially reasonable efforts to have the registration statement declared effective within one hundred and fifty (150) days after the registration statement is filed (the "Effectiveness Deadline"), and to keep the registration statement continuously effective under the Securities Act of 1933, as amended (the “Securities Act”), until the earlier of the date when all the registrable securities covered by the registration statement have been sold or such time as all of the registrable securities covered by the registration statement can be sold under Rule 144 without any volume limitations.

If this registration statement is not declared effective on or before the Effectiveness Deadline, we shall pay to each holder of registrable securities purchased in the 2013 Private Placement an amount in cash equal to one-half of one percent (0.5%) of such holder's investment amount on every thirty (30) day anniversary of such Effectiveness Deadline until such failure is cured. The payment amount shall be prorated for partial thirty (30) day periods. The maximum aggregate amount of payments to be made by us as the result of such failures shall be an amount equal to 6% of each holder's investment amount. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the holder's registrable securities may be sold by such holder without restriction under Rule 144.

We do not currently intend to pay dividends on our common stock in the foreseeable future, and consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid cash dividends on our common stock and do not anticipate paying any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.

Upon dissolution of our company, you may not recoup all or any portion of your investment.

In the event of a liquidation, dissolution or winding-up of our company, whether voluntary or involuntary, the proceeds and/or assets of our company remaining after giving effect to such transaction, and the payment of all of our debts and liabilities will be distributed to the stockholders of common stock on a pro rata basis. There can be no assurance that we will have available assets to pay to the holders of common stock, or any amounts, upon such a liquidation, dissolution or winding-up of our Company. In this event, you could lose some or all of your investment.

Our certificate of incorporation allows for our board to create new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our common stock.

Our board of directors has the authority to fix and determine the relative rights and preferences of preferred stock. We anticipate that our board of directors will have the authority to issue up to 10,000,000 shares of our preferred stock without further stockholder approval. As a result, our board of directors could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our board of directors could authorize the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing stockholders.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As a result of the Merger, our ability to utilize our federal net operating loss, carryforwards and federal tax credit may be limited under Sections 382 of the Internal Revenue Code of 1986, as amended. The limitations apply if an "ownership change," as defined by Section 382, occurs. Generally, an ownership change occurs if the percentage of the value of the stock that is owned by one or more direct or indirect "five percent shareholders" increases by more than 50 percentage points over their lowest ownership percentage at any time during the applicable testing period (typically three years). In addition, future changes in our stock ownership, which may be outside of our control, may trigger an "ownership change" and, consequently, Section 382 limitations. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and other tax attributes to offset United States federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements," which include information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- our limited operating history;
- our history of operating losses in each year since inception and expectation that we will continue to incur operating losses for the foreseeable future;
- our current and future capital requirements to support our development and commercialization efforts for MAT9001 and our ability to satisfy our capital needs;
- our dependence on MAT9001, our sole product candidate, which is still in early pre-clinical development,
- our ability to manufacture GMP batches of MAT9001 as required for pre-clinical and clinical trials and, subsequently, our ability to manufacture commercial quantities of MAT9001;
- our ability to complete required clinical trials for MAT9001 and obtain approval from the FDA or other regulatory agents in different jurisdictions;
- our lack of a sales and marketing organization and our ability to commercialize MAT9001, if we obtain regulatory approval;
- our dependence on third-parties to manufacture MAT9001;
- our reliance on third-party CROs to conduct our clinical trials for MAT9001;
- our ability to maintain or protect the validity of our patents and other intellectual property;
- our ability to retain key executive members;
- our ability to internally develop new inventions and intellectual property;
- interpretations of current laws and the passages of future laws;
- acceptance of our business model by investors;
- the accuracy of our estimates regarding expenses and capital requirements; and
- our ability to adequately support growth.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipate in our forward-looking statements. Please see "Risk Factors" for additional risks which could adversely impact our business and financial performance.

Moreover, new risks regularly emerge and it is not possible for our management to predict or articulate all risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this prospectus are based on information available to us on the date of this prospectus. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained above and throughout this prospectus.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the common stock by the selling stockholders named in this prospectus. All proceeds from the sale of the common stock will be paid directly to the selling stockholders.

We would, however, receive proceeds upon the exercise of the warrants held by the selling stockholders which, if such warrants are exercised in full (and assuming no "cashless" exercise features are utilized), would be approximately $26,000,000. Proceeds, if any, received from the exercise of such warrants will be used for working capital and general corporate purposes. No assurances can be given that any of such warrants will be exercised.

DIVIDEND POLICY

We have never paid any cash dividends on our common stock. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors deems relevant. In addition, the terms of any future debt or credit financings may preclude us from paying dividends.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and the related notes and the other financial information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly those under "Risk Factors." Dollars in tabular format are presented in thousands, except per share data, or otherwise indicated.

Overview

We are a development stage biopharmaceutical company, founded in 2011, with a focus on identifying and developing novel pharmaceutical products for the treatment of abnormalities in blood lipids, referred to as dyslipidemia, and the treatment of cardiovascular disease. By capitalizing on our management's experience working on pharmacological formulation, evaluation and clinical development in the field of lipid science and the therapeutic benefits of omega-3 fatty acids in treating lipid disorders, we have designed a program to develop our lead product candidate MAT9001. Our goal is to establish significant differentiation over existing available therapies by demonstrating significant reductions in triglyceride levels, lowering of cholesterol levels, and improving other important physiological parameters and thus address what we believe is currently a significant unmet medical need.

MAT9001 is a proprietary prescription-grade omega-3 fatty acid composition, comprised of a complex mixture of omega-3 fatty acids, including eicosapentaenoic acid ("EPA"), another key omega-3 fatty acid, several other omega-3 fatty acids, and only relatively small amounts of docosahexaenoic acid ("DHA") and non-omega-3 fatty acids. Each of the components of MAT9001 have previously been tested in other studies involving animals and humans. We are currently developing the GMP manufacturing process for our exact composition and have initiated animal studies. To date, we have been developing the manufacturing process for the MAT9001 active pharmaceutical ingredient and initiated preparations for our Investigational New Drug ("IND") filing with the FDA.

We are primarily focused on developing and commercializing MAT9001 through approval by the FDA, with an indication for the treatment of severe hypertriglyceridemia. Severe hypertriglyceridemia refers to a condition in which patients have high blood levels of triglycerides (TG ≥500 mg/dl) and is recognized as an independent risk factor for pancreatitis and cardiovascular disease. Based on information provided by the National Heart, Lung and Blood Institute and National Cholesterol Education Program ("NCEP") ATP III Guidelines (collectively, the "NCEP Guidelines"), we estimate that more than seven million people in the United States have severe hypertriglyceridemia. If we receive FDA approval for severe hypertriglyceridemia, we may seek approval for use of MAT9001 in additional indications, including the treatment of patients with mixed dyslipidemia who are already undergoing treatment with a statin, a commonly used class of cholesterol lowering medications. Mixed dyslipidemia refers to a condition in which patients have a combination of both elevated triglycerides (≥200mg/dl), and elevated cholesterol levels. Based on the NCEP Guidelines, we estimate that approximately 30 to 35 million Americans have mixed dyslipidemia.

We are a development stage company and have not generated any revenues. We have never been profitable and, from inception to September 30, 2013, our losses from operations have been approximately $2.0 million. Our net loss was approximately $1.9 million and $116,000 for the nine months ended September 30, 2013 and the year ended December 31, 2012, respectively. We expect to incur significant expenses and increasing operating losses for the foreseeable future. We expect our expenses to increase significantly in connection with our ongoing activities to develop, seek regulatory approval and commercialization of MAT9001. Furthermore, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need additional financing to support our continuing operations. We will seek to fund our operations through public or private equity or debt financings or other sources, which may include collaborations with third parties. Adequate additional financing may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. We will need to generate significant revenues to achieve profitability, and we may never do so.

Financial Operations Overview

Revenue

To date, we have not generated any revenue. Our ability to generate product revenue, which we do not expect will occur before late 2016, if ever, will depend solely on the successful development and eventual commercialization of our sole product candidate, MAT9001.

Research and Development Expenses

Research and development expenses consist of costs incurred for the development of MAT9001, which include:

- the cost of acquiring, developing and manufacturing pre-clinical trial materials;
- costs for consultants and contractors associated with Chemistry and Manufacturing Controls (CMC), pre-clinical activities and regulatory operations;
- expenses incurred under agreements with contract research organizations, or CROs, that conduct our pre-clinical trials; and
- employee-related expenses, including salaries and stock-based compensation expense for those employees involved in the research and development process.

The table below summarizes our direct research and development expenses for MAT9001 for the periods indicated. Our direct research and development expenses consist principally of external costs, such as fees paid to contractors, consultants, analytical laboratories and CROs, in connection with our development work. We have been developing MAT9001 and typically use our employee and infrastructure resources.

	Nine Months Ended September 30,		Year Ended December 31,	From August 11, 2011 (date of inception) to December 31,
	2013	2012	2012	2011
	(In thousands)			
Direct research and development expense by program:				
MAT9001 Manufacturing process development	$ 812	$ 0	$ 73	$ 0
MAT9001 – Other expenses	$ 223	$ 6	$ 6	$ 1
Total research & development	$ 1,035	$ 6	$ 79	$ 1

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage human trials.

We continue to develop the manufacturing process for the active pharmaceutical ingredient of MAT9001 and have initiated animal studies with the MAT9001 active ingredient. We completed the first animal studies of MAT9001 during the fourth quarter of 2013. We expect to commence manufacturing of GMP manufacturing batches of MAT9001 during the first quarter of 2014, file our IND with the U.S. FDA and commence a human study with MAT9001 during the second quarter of 2014, initiate a Special Protocol Assessment Review with the FDA during the first half of 2014, commence of the first pivotal Phase III study during the second half of 2014, complete our Phase III program and plan to submit an NDA with the FDA during 2016, and to commercialize MAT9001 in the United States for the treatment of patients with triglyceride levels greater than or equal to 500 mg/dl, or severe hypertriglyceridemia, during 2017.

The continued development of MAT9001 is subject to a number of risks including, but not limited to:

- the uncertainty of the outcome of animal studies with MAT9001;
- the uncertainty of the timing and outcome of regulatory IND submissions for MAT9001 and subsequent FDA review thereof;
- the uncertainty of the timing and outcome of the manufacturing of GMP batches of MAT9001;
- the uncertainty of the timing and outcome of initial human studies with MAT9001;
- the possibility of changes to existing treatment guidelines for dyslipidemia and cardiovascular disease;
- the uncertainty of the timing and outcome of regulatory review of the potential Special Protocol Assessment for the pivotal Phase III program for MAT9001;
- the uncertainty of the timing and outcome of our Phase III program for MAT9001;
- the uncertainty of the timing and outcome of an NDA submission for MAT9001 and subsequent FDA review thereof;
- the uncertainty of the timing and outcome of the prosecution of patents covering MAT9001, within the U.S. or abroad;
- the possibility that the emergence of competing technologies and products and other adverse market developments could impede our fund raising and commercial efforts; and
- the requirement that the facilities used by our contract manufacturers to manufacture MAT9001 must be approved by the FDA pursuant to inspections that will be conducted after we submit our NDA to the FDA.

The estimated costs expected to be incurred for the research and development activities prior to the initiation of Phase III pivotal studies are between $5.0 million and $7.0 million, which we expect to fund from the proceeds the 2013 Private Placement. The estimated additional costs expected to be incurred for research and development activities thereafter through the filing of our first NDA with the U.S. FDA are between $20.0 million and $60.0 million, which we expect to fund through future capital raising activities.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance functions. Other general and administrative expenses include facility costs, communication expenses, and professional fees for legal, patent review, consulting and accounting services. Prior to the close of our 2013 Private Placement, our founders and board members did not receive any compensation for their services. We have entered into employment agreements with our executive officers and we have adopted a director cash compensation policy.

We anticipate that our general and administrative expenses will increase in 2013 and 2014 due to many factors, the most significant of which include:

- increased personnel expenses as the founders of our company have entered into employment agreements and as we expand our operations to prepare for our Phase III pivotal studies of MAT9001, which we expect to commence in 2014; and

- increased expenses related to becoming a publicly-traded company, including increased legal and accounting services, stock registration and printing fees, expenses in support of compliance and communication needs, and increased insurance premiums.

Other Income (Expense)

Other income (expense) is comprised of interest income earned and tax penalties.

Net Operating Losses and Tax Carryforwards

As of December 31, 2012, we had approximately $92,000 of federal and state net operating loss carryforwards. We also potentially have federal and state research and development tax credits which would offset future taxable income. We have not completed a study to assess whether an ownership change has occurred, or whether there have been multiple ownership changes since our inception, due to the significant costs and complexities associated with such studies. Accordingly, our ability to utilize the aforementioned carryforwards may be limited. Additionally, U.S. tax laws limit the time during which these carryforwards may be utilized against future taxes. As a result, we may not be able to take full advantage of these carryforwards for federal and state tax purposes. Through September 30, 2013, all of our deferred tax assets (derived from net operating losses and research and development credits) were fully offset by a valuation allowance.

Application of Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this prospectus. We believe the following accounting policies to be most critical to the judgments and estimates used in the preparation of our financial statements.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued expenses, particularly for product development costs. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments as necessary. Examples of estimated accrued research and development expenses include:

- fees paid to contractors in connection with the development of manufacturing processes for MAT9001;
- fees paid to CROs in connection with preclinical development activities;
- fees paid to contractors in connection with preparation of regulatory submissions; and
- fees paid to vendors related to product manufacturing, development and distribution of study supplies.

We will base our expenses related to pre-clinical and human studies on our estimates of the services received and efforts expended pursuant to contracts with multiple development contractors that conduct and manage development work and studies on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the clinical expense. Payments under some of these contracts depend on factors such as the successful enrollment of subjects and the completion of specific study milestones. In accruing service fees, we estimate the time period over which services will be performed, the completion of certain tasks, enrollment of subjects, study center activation and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or prepaid accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting amounts that are too high or too low in any particular period. Based on limited historical experience, actual results have not been materially different from our estimates.

Research and Development expenses

Research and development expenses are charged to operations as they are incurred. Legal fees and other direct costs incurred in obtaining and protecting patents are also expensed as incurred, due to the uncertainty with respect to future cash flows resulting from the patents.

Stock-Based Compensation

We have included stock-based compensation as part of our operating expenses in our statements of operations as follows:

	For nine months ended September 30, (unaudited)	
	2013	**2012**
General and administrative	$ 43,000	-
Research and development	$ 27,000	-
Total	$ 70,000	-

We are privately held with no active public market for its common stock. As previously noted, management has for financial reporting purposes determined the estimated per share fair value of our common stock and redeemable convertible preferred stock using valuation consistent with the American Institute of Certified Public Accountants Practice Aid, “Valuation of Privately-Held Company Equity Securities Issued as Compensation,” also known as the Practice Aid. This valuation was performed as of September 1, 2013 with the assistance of a third-party valuation specialist. In conducting the valuation, management considered all objective and subjective factors that it believed to be relevant, including management’s best estimate of our business condition, prospects and operating performance at the valuation date. Within the valuation performed, a range of factors, assumptions and methodologies were used as previously described in this section. The significant factors included external market conditions affecting the biotechnology industry, trends within the biotechnology industry, the prices at which we sold shares of preferred stock, the superior rights and preferences of the preferred stock relative to common stock at the time of each grant, the prices at which we sold units of common stock and warrants, the results of operations, financial position, status of research and development efforts, stage of development and business strategy, the lack of an active public market for the common and preferred stock, and the likelihood of achieving a liquidity event such as an initial public offering, or IPO, or sale of the company in light of prevailing market conditions.

We estimate the forfeiture rate at the time of grant and revises, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on management's expectation through industry knowledge and historical data.

The 2013 Equity Compensation Plan, or the Plan is the only active plan pursuant to which options to acquire common stock or restricted stock awards can be granted and are currently outstanding. As of September 30, 2013, there were approximately 6,415,000 shares of our common stock available for issuance under the Plan.

As of September 30, 2013, we had outstanding options to purchase an aggregate of 1,835,000 shares of our common stock with an exercise price of $0.79. At September 30, 2013, 101,944 options vested at a weighted average exercise price of $0.79 per share. The computation of the aggregate intrinsic value is based upon the difference between the original exercise price of the options and our estimate of the deemed fair value of our common stock at December 31, 2012. The total intrinsic value of options outstanding and vested at September 30, 2013 was de-minims.

A summary of our stock option activity and related data is as follows:

	Shares
Options outstanding at June 30, 2013	0
Option grant to Board Members and Officers, at an exercise price of $0.79 on August 1, 2013	1,835,000
Options outstanding at September 30,2013*	1,835,000
Options at exercise price of $0.79 terminated on October 3,2013	(1.835,000)
Option grant at exercise price of $0.94 on October 3,2013	1,835,000
Options grant at exercise price of $0.94 to employee at October 4, 2013	200,000
Option grant at exercise price of $0.94 to consultants at October 15,2013	375,000
Option grant at $0.94 to new employees at November 1, 2013	475,000

Option grant at $0.94 to new board member on November 15, 2013	150,000
Options outstanding at November 30, 2013 all at exercise price of 94 cents	3,035,000

* All grants outstanding as of September 30, 2013 (1,835,000) were terminated and reissued at an exercise price of $ 0.94 on October 3, 2013, to reflect the independent valuation contracted by the company on September 1, 2013.

We recognize compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period, with the exception of options granted subject to a consulting agreement, whereby the option vesting period and the service period defined pursuant to the terms of the consulting agreement may be different. Stock options issued to consultants are revalued quarterly until fully vested, with any change in fair value expensed. The following weighted-average assumptions were used to calculate share based compensation for the nine months ended September 30, 2013:

	For the nine months ended September 30,	
	2013	**2012**
Volatility	81.06%	N/A
Risk-free interest rate	1.85% - 2.15%	N/A
Dividend yield	0.0%	N/A
Expected life	5.0 - 6.0 years	N/A

The expected term of stock options represents the weighted average period the stock options are expected to remain outstanding and is based on the options vesting term, contractual terms, and industry peers as we did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

The expected stock price volatility assumption was determined by examining the historical volatilities for industry peers, as we did not have any trading history for our common stock. We will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for our common stock becomes available. The risk-free interest rate assumption is based on the U.S.

Treasury instruments whose term was consistent with the expected term of our stock options. The expected dividend assumption is based on our history and expectation of dividend payouts.

We have never paid dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Accordingly, we have assumed no dividend yield for purposes of estimating the fair value of our share-based compensation.

September 1, 2013 Valuation

On September 1, 2013, a valuation report was submitted by an independent third party valuation firm. The results of this analysis indicated the estimated fair value of our common stock to be $ 0.94 per share, and further such report indicated the estimated fair value of common stock warrants with an exercise price of $2.00 per share to be $0.11 per warrant. Such valuations were utilized to set the exercise price of stock options issued in October 2013, and for recognition of accounting charges related to options and warrants issued in the third quarter of 2013.

The valuation was conducted by applying measures that the IRS has identified in Revenue Ruling 59-60 and IRC Section 409A as reasonable to employ in determining fair market value. Since the IRS has indicated that all available information must be taken into account in establishing fair market value, each measure was considered in calculating fair market value. The sanctioned IRS methodology was employed in a manner consistent with the AICPA Statement on Standards for Valuation Services ("SSVS"), which governs valuations of businesses, business ownership interests, securities, or intangible assets. Interpretive guidance was obtained from the AICPA practice aid titled Valuation of Privately-Held-Company Equity Securities Issued as Compensation ("AICPA Practice Guide"). Methodology contained in the Uniform Standards of Professional Appraisal Practice ("USPAP") and other appraisal industry guidelines was also employed in performing the valuation. The final appraised fair market value reflects results yielded by these methods, with subjective adjustment made as necessary and appropriate.

The AICPA Practice Aid identifies three ways of allocating value to separate classes of shares. These include: (a) the probability-weighted expected return method; (b) the option-pricing method; and (c) the current-value method.

The probability-weighted expected return method establishes the value of an enterprise's stock is estimated based upon an analysis of future values assuming various possible future liquidity events. Share value is based upon the probability-weighted present value of expected future net cash flows (distributions to shareholders), considering each of the possible future events, as well as the rights and preferences of each share class.

The option-pricing method establishes the fair market value of the stock by treating the different classes of shares as a series of call options, representing the future returns to the common stock shareholders. The rights of the common shareholders are equivalent to a call option on any value of the company above the respective preferred shareholders' liquidation preferences, with adjustment to account for the rights retained by the preferred shareholders related to their share in any value above the values at which they would convert to common shares. Thus, the common stock can be valued by estimating the value of our share in each of these call option rights.

The current-value method is based on allocating the enterprise value of the company to the preferred stock based on the greater of the preferred stock's liquidation preferences or conversion value. An assumption underlying this method is that each preferred shareholder will, at the valuation date, exercise our conversion rights in the manner most beneficial to such preferred shareholder. In general, use of the current value is limited to two types of circumstances. The first is when a liquidity event in the form of an acquisition or dissolution of the enterprise is imminent, and expectations about the future of the enterprise as a going concern are virtually irrelevant. The second occurs when an enterprise is at such an early stage of our development that (a) no material progress has been made on the enterprise's business plan, (b) no significant common equity value has been created in the business above the liquidation preference on the preferred shares, and (c) there is no reasonable basis for estimating the amount and timing of any such common equity value above the liquidation preference that might be created in the future

As of September 30, 2013, we had only one class of issued shares, common stock. Therefore, differences in shareholders' rights have no effect on the fair value of the common stock.

Additional consideration was given by us to measures expressly identified in SSVS-1 and IRC Section 409A as sanctioned methodology for establishing fair market value. Summarized below are other factors considered in determining the valuation:

Asset-Based Approach: We had a book value of approximately $15.0 million as of the valuation date. However, we are beyond the stage that an asset-based approach is the preferred method of establishing fair market value. We have built significant value in our intellectual property that is not recorded on the balance sheet, but attempting to value these assets is problematic since their value is meaningful only as part of the overall enterprise. For this reasons, an asset-based approach is not the most appropriate method of determining fair market value.

Income-Based Approach: We have prepared projections through the end of 2017. Earnings and cash flow over the forecast period are projected to remain negative. Application of an income-based approach would therefore result in a nil value for the common stock and common stock warrants. However, we have established significant value in our intellectual property. Also, we have raised significant capital through an arm's-length financing round that involved outside, accredited investors. For these reasons, an income-based approach does not provide an appropriate method of establishing the fair market value of the common stock and common stock warrants.

Market-Based Approach – Market Multiples: We had no revenue and had negative earnings as on the valuation date. Application of multiple of market value to revenue or earnings for comparable public and private companies would therefore result in a nil value for the common stock and common stock warrants. However, we have established significant value in our intellectual property. Also, we have raised significant capital through an arm's-length financing round that involved outside, accredited investors. For these reasons, referencing market multiples does not provide an appropriate method of establishing the fair market value of the common stock and common stock warrants.

In July and August 2013, we raised $15.0 million by selling 15,000,000 shares of our common stock and issuing warrants to purchase 7,500,000 shares of common stock at $2.00 per share. That is, an investment of $2.00 resulted in the investor receiving two shares of common stock and a warrant to purchase one share of common stock for $2.00 that is subject to a call option by us to repurchase the warrant for $5.00 per share. Because this financing was a material arm's-length transaction that involved informed venture capital and individual investors, the purchase price of $1.00 may be regarded as indicative of the fair market value of the combined value of the common stock and the warrants. In view of these considerations, the fair market value of the common stock can be estimated by employing real-options analysis, whereby the value of the company implied by the most recent financing is estimated as the net value of a series of call options, representing the future returns to various classes of shareholders such that the combined value of the common stock and the warrants is equal to $1.00.

As part of our analysis, it was necessary to establish a most likely date for the liquidity event. In this case, we assumed five years from the valuation date is a reasonable estimate of the time to exit.

Based on our analysis, and because our situation did not change materially between the July and August private placements and the valuation date, the fair value of our common stock, on a closely-held basis, can be reasonably established at $0.94 per share and the fair value of the common stock warrants can be reasonably estimated at $0.11 per share.

Emerging Growth Company Status

Under Section 107(b) of the Jumpstart Our Business Startups Act of 2012, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Results of Operations

Comparison of Nine Months Ended September 30, 2013 and 2012

	Nine Months Ended September 30,		Increase
	2013	2012	(Decrease)
		(In thousands)	
Expenses:			
Research and development	$ 1,034	$ 6	$ 1,028
General and administrative	874	16	858
Operating loss	1,909	(22)	1,887
Net loss	$ 1,912	$ (22)	$ 1,890

Research and Development expenses. Research and development expense for the nine months ended September 30, 2013 was $1,034,000, compared to $6,000 for the nine months ended September 30, 2012, an increase of $1,020,000. The increase in research and development expense was primarily due to an increase in activities for the development of the manufacturing process for MAT9001 and preparations of supplies for our animal studies.

General and Administrative expenses. General and administrative expenses for the nine months ended September 30, 2013 was $874,000, compared to $16,000 for the nine months ended September 30, 2012, an increase of $858,000. The increase in general and administrative expense was primarily due to compensation expenses particularly associated, new employee compensation, accounting and legal services.

Comparison of Year Ended December 31, 2012 and Period Ended December 31, 2011

	Year Ended December 31, 2012	From August 11, 2011 (date of inception) to December 31, 2011	Increase (Decrease)
		(In thousands)	
Expenses:			
Research and development	$ 79	$ 1	$ 78
General and administrative	37	1	36
Operating loss	(116)	(2)	(114)
Net loss	$ (116)	$ (2)	$ (114)

Research and Development expenses. Research and development expense for the year ended December 31, 2012 was $79,000, compared to $1,000 for the period ended December 31, 2011, an increase of $78,000. The increase in research and development expense was primarily due to an increase in activities for the development of the manufacturing process for MAT9001.

General and Administrative expenses. General and administrative expense for year ended December 31, 2012 was $37,000, compared to $1,000 for the period ended December 31, 2011, an increase of $36,000. The increase in general and administrative expense was primarily attributable to increased legal fees and costs associated with compliance and corporate organizational matters.

Liquidity and Capital Resources

Sources of Liquidity

We have funded our operations since inception through private placements of preferred stock and our common stock and warrants. As of September 30, 2013, we raised a total of $13,650,000 million in net proceeds from sales of our Series A Preferred Stock and from the net proceeds of the 2013 Private Placement. As part of the Merger, this Series A Preferred Stock converted into common stock and warrants.

As of September 30, 2013, we had cash and cash equivalents totaling $12.6 million.

2013 Private Placement

In July and August 2013, we completed the 2013 Private Placement, under which we sold an aggregate of 15,000,000 shares of our common stock and warrants to purchase an aggregate of 7,500,000 shares of our common stock with an exercise price of $2.00 per share, which warrants are exercisable for a period of five years from the initial closing date (the "Investor Warrants"). Aegis Capital Corp. acted as the Placement Agent for the 2013 Private Placement (the "Placement Agent"). The gross proceeds to us from the 2013 Private Placement were $15 million.

In connection with the 2013 Private Placement, we paid the Placement Agent (i) a cash fee of $1,500,000 and (ii) a non-accountable expense allowance equal to $450,000. In addition, as part of its compensation for acting as placement agent for the 2013 Private Placement, we issued (x) warrants to the Placement Agent to purchase 750,000 shares of our common stock with an exercise price of $2.00 per share and (y) warrants to the Placement Agent to purchase 1,500,000 shares of our common stock with an exercise price of $1.00 per share. Such warrants contain a "cashless exercise" feature and are exercisable at any time prior to July 30, 2018. See the section entitled "Description of Capital Stock –Warrants" for a discussion of the terms of the Investor Warrants.

Warrant Private Placement

Contemporaneously with the initial closing of the 2013 Private Placement, we sold 500,000 Private Placement Warrants to Herbert Conrad, our chairman of the board, for a purchase price of $0.04 per warrant. The Private Placement Warrants have an exercise price of $2.00 per share. The Private Placement Warrants were offered to all preferred stockholders of Matinas BioPharma prior to the Merger, including Mr. Conrad. See the section entitled "Description of Capital Stock –Warrants" for a discussion of the terms of the Private Placement Warrants.

Cash Flows

The following table sets forth the primary sources and uses of cash for each of the periods set forth below:

	Nine Months Ended September 30,		Year Ended December 31,	From August 11, 2011 (date of inception) to December 31,
	2013	2012	2012	2011
			(In thousands)	
Cash used in operating activities	$ (1,321)	$ -	$ (57)	$ -
Cash used in investing activities	(28)	-	-	-
Cash provided by (used in) financing activities	13,498	-	479	2
Net increase (decrease) in cash and cash equivalents	$ 12,148	$ -	$ 422	$ 2

Operating Activities

We have incurred significant costs in the area of research and development, including manufacturing, analytical, regulatory and other development costs, as the manufacturing process for our product is being developed. However, we will have significantly increased development costs in conducting animal and human studies, regulatory filing activities, preparation of the NDA for MAT9001 as well as costs for continued development and validation of the manufacturing process. We also expect our general and administrative expenses to increase as we have entered into employment agreements with our founders and expand our administrative, compliance and investor relations activities and prepare for establishing our company as a publicly traded company. Net cash used in operating activities was approximately $1.2 million for the nine months ended September 30, 2013 and $13,000 for the nine months ended September 30, 2012. The increase in cash used in operating activities for nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 was primarily due to higher development costs in connection with development of the manufacturing process and the costs in connection with fund raising activities. Net cash used in operating activities was $57,000 for the year ended December 31, 2012 and $0 for the period ended December 31, 2011. The increase in cash used in operating activities for year ended December 31, 2012 compared to the period ended December 31, 2011 was primarily due to higher development costs in connection with development of the manufacturing process and corporate development activities.

Financing Activities

Net cash provided by financing activities was $13.5 million for the nine months ended September 30, 2013 and net cash used in financing activities was $10,000 for the nine months ended September 30, 2012. The cash provided by financing activities for the nine months ended September 30, 2013 was primarily due to the sale and issuance of 15 million shares of our Common Stock for net proceeds of 12.6 million, inclusive of legal costs associated with the transaction. Net cash provided by financing activities was $479,000 for the year ended December 31, 2012 and $2,000 for the period ended December 31, 2011. The increase in net cash provided by financing activities was primarily due to the issuance of 500,000 shares of our Series A Preferred Stock in 2012 for net proceeds of $457,000, ($500,000 gross proceeds offset by legal costs).

Funding Requirements and Other Liquidity Matters

MAT9001 is still in early stage development. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- commence manufacturing of GMP batches of MAT9001;
- initiate human trials with MAT9001;
- commence non-clinical studies of MAT9001;
- initiate our Phase III clinical program for MAT9001;
- enter and invest into manufacturing and supply agreements for MAT9001;
- seek to identify additional indications for MAT9001;
- maintain, leverage and expand our intellectual property portfolio;
- acquire or in-license other products and technologies;
- add operational, financial and management information systems and personnel, including personnel to support our product development and future compliance and/or commercialization efforts;
- seek marketing approval for MAT9001for the currently planned or any additional indication; and
- establish a sales and marketing infrastructure to commercialize MAT9001 in the United States.

We expect that our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditures requirements for at least the next nine to twelve months and will allow us to conduct our pre-clinical studies, file additional patent applications and enhance our intellectual property position, file our IND and initial special protocol assessment with the FDA for our MAT9001 Phase III clinical program. We have based this estimate on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Significant additional funds are required to initiate and complete our Phase III clinical program for MAT9001. We believe that we will need at least $20.0 to $60.0 million of additional capital to complete our Phase III clinical program and submit an NDA.

Until the time we can generate substantial product revenues from commercializing MAT9001, if ever, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and/or licensing arrangements. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or licensing arrangements with pharmaceutical partners, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or MAT9001 or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market MAT9001 that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

We may enter into contracts in the normal course of business with clinical research organizations for clinical trials and clinical supply manufacturing and with vendors for preclinical research studies, research supplies and other services and products for operating purposes. These contracts generally provide for termination on notice, and therefore we believe that our non-cancelable obligations under these agreements are not material. As of September 30, 2013, we had no material Contractual Obligations or Commitments that will affect our future liquidity.

On November 1, 2013, we entered into a seven year lease for office space in Bedminster, New Jersey. The commencement date and subsequent obligation to pay rent is February 2014, with annual rent beginning at approximately $ 157,000 per year, increasing to $ 175,000 in the final year.

In December 2013, we entered into an agreement to lease laboratory space for one year commencing January 1, 2014 in Monmouth Junction, New Jersey. Base rent for the year will be approximately $ 25,000.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk is limited to our cash, cash equivalents, all of which have maturities of one year or less. The primary objectives of our investment activities are to preserve principal, provide liquidity and maximize income without significantly increasing risk. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operation. We do not have any foreign currency or other derivative financial instruments.

BUSINESS

Overview

We are a development stage biopharmaceutical company founded in 2011 with a focus on identifying and developing novel pharmaceutical products for the treatment of abnormalities in blood lipids, referred to as dyslipidemia, and the treatment of cardiovascular disease. We believe that by capitalizing on our management's experience working on pharmacological formulation, evaluation and clinical development in the field of lipid science and the therapeutic benefits of omega-3 fatty acids in treating lipid disorders, we have designed a program to develop our lead product candidate MAT9001. Our objective is to establish significant differentiation of MAT9001 as compared to existing available therapies by demonstrating significant reductions in triglyceride levels, lowering of cholesterol levels and improvement of important physiological parameters and thus address what we believe currently is a significant unmet medical need.

MAT9001 is a proprietary prescription-grade omega-3 fatty acid composition, comprised of a complex mixture of omega-3 fatty acids, including eicosapentaenoic acid ("EPA"), another key omega-3 fatty acid, several other omega-3 fatty acids, and only relatively small amounts of docosahexaenoic acid ("DHA") and non-omega-3 fatty acids. Each of the components of MAT9001 have previously been tested in other studies involving animals and humans. We are currently developing the GMP manufacturing process for our exact composition and have initiated animal studies. To date, we have been developing the manufacturing process for the MAT9001 active pharmaceutical ingredient and initiated preparations for our Investigational New Drug ("IND") filing with the FDA.

We believe that based upon MAT9001's unique composition, it will prove to be differentiated from other existing therapies for the treatment of very high triglycerides ("hypertriglyceridemia") and mixed dyslipidemia. Unlike the current approved therapies in this product category, many of which have been repurposed following clinical failures in their originally intended indications, we have specifically developed MAT9001, which has been designed to optimize and target the treatment of hypertriglyceridemia and mixed dyslipidemia. We believe that the results of these targeted development activities and related clinical investigations may yield a stronger therapeutic profile compared to the currently-existing therapies, characterized most importantly by MAT9001's differentiating mechanistic features associated with its unique composition and enhanced potency.

We are primarily focused on developing and commercializing MAT9001 through approval by the FDA, with an indication for the treatment of severe hypertriglyceridemia. Severe hypertriglyceridemia refers to a condition in which patients have high blood levels of triglycerides (TG ≥ 500 mg/dl) and is recognized as an independent risk factor for pancreatitis and cardiovascular disease. Based on information provided by the National Heart, Lung and Blood Institute and National Cholesterol Education Program ("NCEP") ATP III Guidelines (collectively, the "NCEP Guidelines"), we estimate that more than 7 million people in the United States have severe hypertriglyceridemia. If we receive FDA approval for severe hypertriglyceridemia, we may seek approval for use of MAT9001 in additional indications, including the treatment of patients with mixed dyslipidemia who are already undergoing treatment with a statin, a commonly used class of cholesterol lowering medications. Mixed dyslipidemia refers to a condition in which patients have a combination of both elevated triglycerides (≥200mg/dl), and elevated cholesterol levels. According to the NCEP Guidelines, we estimate that approximately 30 to 35 million Americans have mixed dyslipidemia.

Currently Available Treatment Options and Market Opportunity

The dramatic rise in obesity over the last few decades has led to a concomitant increase in cholesterol and triglyceride levels among the population. The collective term for high blood lipid levels such as high cholesterol and high triglyceride levels often used is "dyslipidemia." Observational studies, such as the Framingham and PROCAM studies, have resulted in an increased awareness of the critical role that high cholesterol and high triglyceride levels have as a predictor of cardiovascular events. Accordingly, the introduction of new drugs and novel mechanisms of action to lower the risk of cardiovascular events has become a priority. The initial treatment recommendation for patients with dyslipidemia is typically a low-fat diet. If that is not effective, dyslipidemia is then often treated with statins, which account for approximately 80% of all dyslipidemia prescriptions. Statins became a highly successful class of medications for the treatment of dyslipidemia due to their ability to reduce cardiovascular risk in patients at high risk for heart attacks, strokes, and other adverse cardiovascular events. Because of these outcome benefits, the statin utilization rate as compared to the incidence and prevalence of dyslipidemia in the general population, which we refer to as the epidemiology, has risen to almost 40% in the United States. However, the primary activity of statins is in the reduction of LDL-cholesterol levels and they have only modest effects on triglyceride levels. Recognizing that statins alone are not very effective triglyceride lowering drugs, the National Cholesterol Education Program panel recommends the use of more focused therapies to lower triglyceride levels in patients with severe hypertriglyceridemia. Fibrates (a class of amphipathic carboxylic acids), omega-3 fatty acid-based medications and niacin have all been utilized to lower triglycerides levels. In patients with severe hypertriglyceridemia, first-line drug therapy is often a prescription omega-3 or fibrate. According to the National Center for Biotechnology Information's ("NCBI") publication, entitled the "*Role of prescription omega-3 fatty acids in the treatment of hypertriglyceridemia*," prescription omega-3 based products have been shown to reduce triglyceride levels in the range of 20%-45%.

The treatment rate of hypertriglyceridemia has remained relatively low – below ten percent - compared to the adult population with hypertriglyceridemia according to the NCEP Guidelines and data released by IMS Health. Historically, fibrates such as gemfibrozil (Lopid) and fenofibrate (Tricor or Trilipix) have led the class of treatments of hypertriglyceridemia. However, due to their inability to establish clinical outcome benefits and their limited compatibility with statin therapy, the fibrate utilization rate has remained relatively low and is currently declining. Other products used to treat severe hypertriglyceridemia incorporating niacin as the active pharmaceutical ingredient have not been able to establish additional outcome benefits as compared to statin treatment alone, and are also encountering declining utilization according to data released by IMS Health and a recent article published by the NCBI, entitled "*Utilization patterns of extended-release niacin in Canada: Analysis of an administrative claims database*." Because of their lack of outcome benefits, fibrate and niacin use has been mostly concentrated in severe hypertriglyceridemia.

Many omega-3 fatty acid based products have anti-thrombotic and anti-inflammatory effects that have been proven to inhibit atherosclerosis in animal models as well as reduce the rate of adverse cardiovascular events in humans at high risk for such events. Omega-3 fatty acid based products, either concentrates of both EPA and DHA or EPA alone, have been demonstrated in multiple clinical trials to lower serum concentrations in patients with hypertriglyceridemia. In a study published in the New England Journal of Medicine in July 2012 entitled "*n-3 Fatty Acids and Cardiovascular Outcomes in Patients with Dysglycemia*," increased levels of EPA and DHA in red blood cells directly correlated with significant reductions in cardiovascular health risks. However, omega-3 fatty acid based medications with significant levels of DHA have been shown to increase LDL-cholesterol levels, which is a negative side effect.

The global prescription omega-3 market has been growing steadily over the last two decades and we estimate the market currently is approaching $2 billion in global sales. The leading omega-3 prescription pharmaceutical products currently approved for the treatment of hypertriglyceridemia are GlaxoSmithKline's Lovaza (omega-3-acid ethyl esters, an omega-3 mixture containing mostly EPA and DHA, branded as Omacor in the rest of the world), Omacor and Seacor, very similar to Lovaza and marketed in Europe; and Mochida Pharmaceutical Co., Ltd's ("Mochida") Epadel (98% ethyl eicosapentaenoate), the leading Japanese omega-3 product. Recently, a new omega-3 based medication, Amarin's Vascepa (97% ethyl eicosapentaenoate), was approved and launched in the United States.

Differentiation Strategy

In contrast to certain other omega-3 based perscription products, MAT9001 is not a product repurposed from a previous development program for another disease or condition, as it was specifically designed for the treatment of severe hypertriglyceridemia and mixed dyslipidemia. Specifically, we are pursuing two avenues of differentiation from existing products, including Vascepa and Lovaza:

1. MAT9001 has unique mechanistic features due to its proprietary composition of omega-3 fatty acids, including a key differentiating omega-3 fatty acid component (*i.e.*, a component that is neither EPA nor DHA); and

2. MAT9001 is designed to have a highly concentrated potency versus other omega-3 products due to its improved formulation.

We believe that based upon both publicly available pre-clinical and human data associated with one of the key omega-3 components contained in MAT9001, our product will likely:

- Better control cholesterol, and may decrease low-density lipoproteins, or LDL, cholesterol levels;
- Better control triglyceride levels; and
- Produce aspirin-like anti-coagulatory effects.

In addition, MAT9001 contains a much lower concentration of DHA than certain competitive omega 3 products, such as Lovaza or Epanova (products with mixtures of mostly EPA and DHA). As described above, these products reduce triglycerides as the main desired effect but also have the negative side effect of increasing LDL-cholesterol levels. This side effect is observed with the use of Lovaza and Epanova in patients with severe hypertriglyceredemia as well as in patients with mixed dyslipidemia. In contrast, products with very low concentrations of DHA, such as Vascepa, have not shown the increase in LDL-cholesterol levels relative to placebo in either the severe hypertriglyceridemia or mixed dyslipedemia patient populations. Omega-3 products containing low DHA levels have also demonstrated reductions in LDL-cholesterol and non-HDL-cholesterol levels. We believe MAT9001's unique composition will produce differentiating results in reducing both cholesterol and triglyceride levels. Further, based on our product design, we believe that MAT9001 is well positioned to become a leading treatment for severe hypertriglyceridemia if approved by the FDA.

MAT9001 Development Program

Our MAT9001 development and regulatory program for severe hypertriglyceridemia has been designed based on the clinical development pathway set forth below, which is similar to the clinical trial programs used by other pharmaceutical companies for FDA approval of other omega-3 fatty acid based products for an indication to treat severe hypertriglyceridemia. By designing the MAT9001 development program in a manner consistent with established FDA guidance, we believe the required clinical development program for MAT9001 for severe hypertriglyceridemia is predictable and may be relatively lower in risk compared to other typical clinical development programs in the cardiovascular field. We intend to initiate the following:

Anticipated Development Timeline

Activity	Description	Planned Commencement
Pre-clinical Studies	• Initiate safety and toxicology animal studies of MAT9001 based on FDA discussions and development pathways chosen by us. • Conduct our first human bioavailability studies for MAT9001.	• First half of 2014 • Second quarter of 2014

Anticipated Development Timeline

Activity	Description	Planned Commencement
IND Application Filing	• Request pre-IND meetings with the FDA	• First quarter of 2014
	• Submit an IND to the FDA seeking to initiate our first clinical trial in humans in the United States.	• Second quarter of 2014
Pivotal Registration Study	• Conduct a Phase III, 12-week study with approximately 320 patients with severe hypertriglyceridemia (TG ≥ 500 mg/dL).	• Second half of 2014
Explore requirements for potential NDA Filing - Europe	• We plan to initiate detailed exploration and planning for filing the NDA or its equivalent in countries within the European Union and/or other potentially viable countries as a targeted secondary potential filing geography in addition to the United States.	• First half of 2015
NDA Filing - US	• Following results from our Phase III program, we expect to file an NDA pursuant to the Prescription Drug User Fee Act ("PDUFA") for the treatment of severe hypertriglyceridemia in patients with TG ≥ 500 mg/dL.	• 2016

Pre-clinical Studies. Pre-clinical acute safety and long term toxicology studies are required for approval of drug products under Section 505(b)(1) of the Food & Drug Act (the "Act") and may be required for approval pursuant to Section 505(b)(2) of the Act. We plan to conduct such studies as may be agreed to with the FDA upon our IND filing. Such studies may include 13-week safety and toxicology animal studies of MAT9001 involving one or two species, genotox studies (the effect of a medication on DNA and chromosomal integrity as measured by Ames, Chromosomal Abberation, and Mouse Lymphoma tests), 28-day acute toxicity studies in one or two species, critical function studies and a long term, two year animal safety and toxicology study. Section 505(b)(1) and Section 505(b)(2) of the Food & Drug Act are the provisions governing the type of NDA filings that may be submitted under the Act.

IND Application Filing. We plan to file an IND in the second quarter of 2014, which is required prior to initiating any significant clinical trials in the United States. Our IND will include analytical methods, specifications, manufacturing and testing site information, plus active pharmaceutical ingredient ("API") and product release/stability data. Formal pharmaceutical development reports will be submitted later to the IND as well as literature and public domain safety and efficacy evaluations of omega-3 based products. We may also file non-clinical and clinical study protocols as well as the results from these studies as additions to the IND on an ongoing basis.

Pharmacokinetic ("PK") Studies. During the second quarter of 2014, we will also conduct a PK study, which we believe may demonstrate MAT9001's potency advantage due to its formulation on a comparative basis. The first study will involve an open label 4-way cross-over PK study assessing comparative bioavailability of MAT9001 under fed and fasting drug administration conditions. Other endpoints will be assessed to substantiate the differentiation potential of MAT9001. Following interaction with the FDA, we may also elect to conduct drug interaction PK studies concurrently with our pivotal Phase III study to document the interaction of MAT9001 with selected likely concomitant therapies in clinical practice.

Pivotal Registration Study. The safety and efficacy in reducing triglycerides by omega-3 fatty acid based products is well understood by the FDA. For instance, the FDA approved Lovaza and Vascepa for the treatment of severe hypertriglyceridemia. Under established regulatory pathways, pharmaceutical products with active ingredients equal or similar to those known by the FDA often enter more streamlined development programs than compounds entirely new to the FDA. Omega-3 based products fall into this category of known active ingredients, and both Amarin and Omthera were not required to conduct Phase I and 2 studies for Vascepa and Epanova, respectively, prior to their pivotal Phase III registration studies in patients with severe hypertriglyceridemia. Based on this pathway, we believe we will be able to follow the same approval process for this indication.

We are planning a Phase III study in order to meet the requirements for FDA approval for the primary indication, severe hypertriglyceridemia, or the reduction of very high triglycerides (>500 mg/dl). This study, planned to start in the second half of 2014, is a 12-week, 4-arm, 320-patient randomized double-blind placebo controlled trial in patients with TG500-2000 mg/dL, with long term follow-up. This trial will study three doses of MAT9001, and first results are expected in late 2015.

Following interaction and discussion with the FDA, we will explore the viability of, and requirements for, additional indications for MAT9001 and their associated clinical development pathways.

NDA Preparation . We intend to initiate the NDA compilation in fiscal 2015 and we expect to file the NDA for MAT9001 for its first indication (treatment of hypertriglyceridemia in patients with TG ≥ 500 mg/dL) under the PDUFA in electronic format during the first half of 2016. PDUFA allows us to qualify for a 10-month review period by the FDA. In addition, we plan to initiate detailed exploration and planning to assess a potential filing of an NDA or its equivalent in countries within the European Union as the targeted secondary filing geography in addition to the United States. Other countries may be considered as well in this evaluation.

We estimate that the cost of the MAT9001 development program as outlined above through the filing of the first NDA in the U.S., will be approximately $20.0 million to $60.0 million depending on the approval pathway we elect to pursue following our interactions with the FDA. As a result, we will need to raise additional capital. See, e.g., "Risk Factors – We will need to raise significant additional capital to support our development and commercialization efforts for MAT9001."

Manufacturing and Supply for MAT9001

The production of MAT9001 is a multi-step process and involves a complex supply chain. We do not own or operate manufacturing facilities for the production of MAT9001, nor do we have plans to develop our own manufacturing operations for the commercial manufacture of MAT9001 in the foreseeable future. We depend on third-party suppliers and manufacturing organizations for all of our required raw materials and drug substance and to manufacture, encapsulate, bottle and package clinical trial quantities of MAT9001.

One of our potential suppliers has developed the process for manufacturing MAT9001's active pharmaceutical ingredient and is preparing to manufacture good manufacturing practice (GMP) clinical batches during the fourth quarter of 2013 and for some time thereafter. We have also entered into an agreement with another company for encapsulation of MAT9001 clinical trial materials according to our specifications.

The main raw material for manufacturing MAT9001 is a naturally occurring substance which is sourced from fish oil that is readily available for purchase on global commodities markets. We are aware that certain other manufacturers have the ability to produce such raw materials to our specification. We have taken deliveries from several suppliers of such raw materials for our development program.

We plan to secure supply sources and contract with these or other parties to manufacture commercial quantities of any products we successfully develop. Among the conditions for FDA approval of a pharmaceutical product is the requirement that the manufacturer's quality control and manufacturing procedures conform to current Good Manufacturing Practice (cGMP), which must be followed at all times. The FDA typically inspects manufacturing facilities on an ongoing basis. In complying with cGMP regulations, pharmaceutical manufacturers must expend resources and time to ensure compliance with product specifications as well as production, record keeping, quality control, reporting, and other requirements.

Sales and Marketing

We currently have very minimal marketing, sales or distribution capabilities. In order to commercialize products that are approved for commercial sale, we must either develop our own sales, marketing and distribution infrastructure or collaborate with third parties that have such commercial infrastructure and relevant marketing and sales experience. With respect to MAT9001 for the treatment of dyslipidemia and cardiovascular indications, we plan to pursue partnership opportunities with other pharmaceutical companies for the launch, marketing and sale of MAT9001 outside the United States and potentially within the United States. In addition, we will consider the merits of developing our own sales, marketing and distribution infrastructure for the United States market. If we elect to develop our own sales and marketing personnel, we do not intend to establish our own sales organization in the United States until shortly prior to FDA approval of MAT9001. Therefore, at the time of our anticipated commercial launch of MAT9001, assuming regulatory approval of the drug by the FDA, our sales and marketing team, if we decide to have one, will have worked together for only a limited period of time.

Competition

The biopharmaceutical industry is highly competitive. There are many public and private biopharmaceutical companies, universities, governmental agencies and other research organizations actively engaged in the research and development of products that may be similar to our products or address similar medical conditions. It is expected that the number of companies seeking to develop products and therapies similar to our products will increase. Many of these and other existing or potential competitors have substantially greater financial, technical and human resources than us and may be better equipped to develop, manufacture and market products. These competitors may develop and market products comparable or superior to ours.

The current market for hypertriglyceridemia treatments is dominated by three therapeutic classes: fibrates, extended release niacin, and omega-3 fatty acid based products. Abbvie Inc. (previously Abbott Laboratories) currently markets Tricor (fenofibrate), Trilipix (a fenofibric acid salt) and Niaspan (extended release niacin) for treatment of severe hypertriglyceridemia and high triglycerides. According to IMS Health's market database, MIDAS, Tricor and Niaspan both reached over $1 billion in US sales in 2012. In addition, several generic formulations of fenofibrate and gemfibrozil (brand name: Lopid) are available for sales in the United States and other major markets. Bezafibrate is another fibrate available in Europe and other markets, although it was never approved in the United States. GlaxoSmithKline plc currently markets in the United States Lovaza, a prescription omega-3 fatty acid for patients with severe hypertriglyceridemia, which reached $1 billion in US sales in 2012 as reported by IMS Health. In Europe, Omacor, Zodin and Seacor (all essentially equivalents of Lovaza) are marketed by several local, European or global pharmaceutical companies. In the United States, Amarin recently launched Vascepa, an ethyl-ester form of EPA, for the treatment of patients with severe hypertriglyceridemia. In Japan, Mochida has been selling Epadel, an ethyl-ester form of EPA, for the treatment of patients with dyslipidemia, while Takeda Pharmaceutical Company Limited recently received approval of its version of Omacor in its home market.

Pursuant to a March 2011 agreement to settle patent litigation related to Lovaza in the United States, Pronova BioPharma Norge AS, which holds patents for Lovaza, granted Apotex Corp. and Apotex Inc. a license to enter the United States market with a generic version of Lovaza in the first quarter of 2015, or potentially sooner. Recently, Teva Pharmaceuticals USA Inc. and Par Pharmaceutical Inc. were successful in invalidating a key patent related to Lovaza. Generic versions of Lovaza from Apotex or other companies, if available, will also create greater market competition for our product.

There are other companies that are also developing prescription products that, if approved, will compete directly with MAT9001. These companies are in various stages of clinical development with omega-3 prescription therapies for the treatment of high triglycerides, including AstraZeneca/Omthera Pharmaceuticals (Epanova, Phase III completed filed NDA in July of 2013), Acasti Pharma Inc., a subsidiary of Neptune Technologies and Bioressources Inc. (Phase II), Resolvyx Pharmaceuticals, Inc. (Phase II) and Catabasis Pharmaceuticals, Inc. (Phase II). We also understand that another company, Trygg Pharma AS, has completed a Phase III study of an omega-3 based drug candidate for severe hypertriglyceridemia. Other companies, which may not have made any public disclosures about their development programs, may be developing additional products for the treatment of hypertriglyceridemia and/or mixed dyslipidemia, or may embark upon such development programs in the future.

MAT9001, along with currently-marketed prescription omega-3 products, may also compete with a multitude of omega-3 dietary supplements that are available over-the-counter without a prescription. We believe that the advantages of FDA-approved omega-3 products as compared with dietary supplement products include that a dietary supplement that is not required to be approved by the FDA (i) may contain different levels of active ingredients per capsule or different active ingredients than an Rx product; and (iii) may utilize a manufacturing process that may not be as controlled and consistent as an FDA-approved manufacturing process, particularly with respect to cholesterol and pollutant (PCBs, dioxins, furans, pesticides, etc.) levels. Most importantly, a dietary supplement omega-3 is not licensed for the treatment of any medical condition, and promotion or encouragement of such use is considered misbranding under the Food and Drug Act and thus punishable by law. Nevertheless, given the cost advantage of dietary supplement omega-3 products, we anticipate that they may be a category offering significant competition to MAT9001 at such time as it has become FDA-approved. Further, Euromonitor's global market research database, Passport, reports that the total sales of all omega-3 dietary supplements in the United States have steadily increased from $424 million in 2007 up to $1.04 billion in 2012.

Research and Development

We spent approximately $79,000 in fiscal year 2012 and approximately $1,100 in fiscal year 2011 on research and development activities. For the nine months ended September 30, 2013, we spent approximately $1.0 million on research and development activities. These expenses include cash and non-cash expenses relating to the development of our clinical and pre-clinical programs.

Intellectual Property

We will seek to protect MAT9001 and associated technologies for its manufacturing and development through a combination of patents, trade secrets, proprietary know-how, FDA exclusivity and contractual restrictions on disclosure. Our policy is to pursue, maintain and defend patent rights and to protect the technology, inventions and improvements that are commercially important to the development of our business.

Our current patent portfolio is comprised of twenty patent applications across four patent families covering the oil composition for MAT9001 and similar omega-3 fatty acid compositions, as well as formulations of MAT9001 and similar formulations. All of these filed patent applications also comprise methods of use of such oil compositions and formulations. Any patents that may issue from these filed United States patent applications and their counterpart international application covering MAT9001 drug substance, formulation, and methods for use in treatment would extend protection until at least 2033.

The FDA grants five years of exclusivity to the first applicant to obtain approval of an NDA for a new chemical entity, or NCE. A drug is an NCE if the FDA has not previously approved any other new drug containing the same active ingredient. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for a drug based on the same active ingredient, regardless of whether the drug is intended for the same indication as the original innovative drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder. As in these cases, the FDA can only accept and begin to review new applications after the exclusivity period has expired, the data exclusivity can effectively expand the protection period by another one and a half to a total of six and a half years, before competitors with the same active ingredient can reach the market. We believe MAT9001 is a novel and complex mixture different from any other FDA approved product, and, therefore, has the potential to be regarded as an NCE. Analogous data and market exclusivity provisions, of varying duration, may be available in Europe and other countries.

Our success will depend on the ability to obtain and maintain patent and other proprietary rights in commercially important technology, inventions and know-how related to our business, the validity and enforceability of our patents, the continued confidentiality of our trade secrets as well as our ability to operate without infringing the valid and enforceable patents and proprietary rights of third parties. We also rely on continuing technological innovation and in-licensing opportunities to develop and maintain our proprietary position.

We cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications we may own or license in the future, nor can we be sure that any of our existing patents or any patents we may own or license in the future will be useful in protecting our technology. For this and more comprehensive risks related to our intellectual property, please see "Risk Factors—Risks Relating to Our Intellectual Property."

In addition to patents, we rely on trade secrets and know-how to develop and maintain our competitive position. For example, significant aspects of our proprietary technology platform are based on unpatented trade secrets and know-how. Trade secrets and know-how can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by confidentiality agreements and invention assignment agreements with our employees, consultants, scientific advisors, contractors and commercial partners. These agreements are designed to protect our proprietary information and, in the case of the invention assignment agreements, to grant us ownership of technologies that are developed through a relationship with a third party. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

We also plan to seek trademark protection in the United States and outside of the United States where available and when appropriate. We intend to use these registered marks in connection with our pharmaceutical research and development as well as our product candidates.

Regulatory Matters

Government Regulation

Any product development activities related to MAT9001 or products that we may develop or acquire in the future will be subject to extensive regulation by various government authorities, including the FDA and other federal, state and local statutes and regulations and comparable regulatory authorities in other countries, which regulate the design, research, clinical and non-clinical development, testing, manufacturing, storage, distribution, import, export, labeling, advertising and marketing of pharmaceutical products and devices. Generally, before a new drug can be sold, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific to each regulatory authority, submitted for review and approved by the regulatory authority. The data is often generated in two distinct development states: pre-clinical and clinical. MAT9001 or other products that we may develop or acquire in the future must be approved by the FDA through the NDA process before they may be legally marketed in the United States. For new chemical entities, the pre-clinical development stage generally involves synthesizing the active component, developing the formulation and determining the manufacturing process, as well as carrying out non-human toxicology, pharmacology and drug metabolism studies which support subsequent clinical testing.

The clinical stage of development can generally be divided into three sequential phases that may overlap, Phase I, Phase II and Phase III clinical trials. In Phase I, generally, small numbers of healthy volunteers are initially exposed to single escalating doses and then multiple escalating doses of the product candidate. The primary purpose of these studies is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the drug. Phase II trials typically involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected. In some instances, formal Phase I and Phase II trials may not be deemed necessary or required by the FDA. Such is often the case when the safety and efficacy of an active ingredient is considered to be well understood by the FDA. Under established regulatory pathways, pharmaceutical products with active ingredients equal or similar to those known by the FDA often enter more streamlined development programs than compounds entirely new to the agency.

Post-approval studies, sometime referred to as Phase IV clinical trials, may be conducted after initial marketing approval. Sometimes, these studies are used to gain additional experience from the treatment of patients in the intended therapeutic condition, then often referred to as Phase IV clinical trials. In certain instances, the FDA may mandate the performance of Phase IV studies. In other situation, post-approval studies aim to gain additional indications for a medication, then often indicated as Phase IIIb studies.

Development of Drugs in the United States

In the United States, the process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable United States requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls or withdrawals from the market, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Prior to the start of human clinical studies for a new drug in the United States, pre-clinical laboratory and animal tests are often performed under the FDA's Good laboratory Practices regulations. The sponsor must submit the result of the pre-clinical tests, together with manufacturing information, analytical data and any available clinical data or literature and a proposed clinical protocol to the FDA as part of the IND. Similar filings are required in other countries. The amount of data that must be supplied in the IND depends on the phase of the study. Phase I studies typically require less data than larger Phase III studies. A clinical plan must be submitted to the FDA prior to commencement of a clinical trial. If the FDA has concerns about the clinical plan or the safety of the proposed studies, they may suspend or terminate the study at any time. Studies must be conducted in accordance with good clinical practice and regulator reporting of study progress and any adverse experiences is required. Studies are also subject to review by independent institutional review boards responsible for overseeing studies at particular sites and protecting human research study subjects. An independent institutional review board may also suspend or terminate a study once initiated. Accordingly, we cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin, or that once begun, issues will not arise that could cause the trial to be suspended or terminated.

Review and Approval in the United States

Following pivotal or Phase III trial completion, data is analyzed to determine safety and efficacy. Data is then filed with the FDA in an NDA along with proposed labeling for the product and information about the manufacturing and testing processes and facilities that will be used to ensure product quality. In the United States, FDA approval of an NDA must be obtained before marketing a product. The NDA must contain proof of safety, purity, potency and efficacy, which entails extensive pre-clinical and clinical testing.

The FDA will likely re-analyze the clinical trial data, which could result in extensive discussions between the FDA and us during the review process. The review and evaluation of applications by the FDA is extensive and time consuming and may take several years to complete. The FDA may conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with current good manufacturing practice requirements and may also audit data from clinical and pre-clinical trials.

There is no assurance that the FDA will act favorably or quickly in making such reviews and significant difficulties or costs may be encountered in our efforts to obtain FDA approvals. The FDA may require that certain contraindications, warning or precautions be including in the product labeling, or may condition the approval of the NDA on other changes to the proposed labeling, development of adequate controls and specifications, or a commitment to conduct post-marketing testing or clinical trials and surveillance programs to monitor the safety of approved products that have been commercialized. Further, the FDA may place conditions on approvals including the requirement for a risk evaluation and mitigation strategy ("REMS") to assure the safe use of the drug. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals maybe withdrawn for non-compliance with regulatory standards or if problems occur following the initial marketing of the product.

Section 505(b)(2) New Drug Applications

As an alternate path to FDA approval for new or improved formulations of previously approved products, a company may file a Section 505(b)(2) NDA. Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act was enacted as part of the Drug Price Competition and Patent Term Restoration Act of 1984, otherwise known as the Hatch-Waxman Amendments. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. The Hatch-Waxman Amendments permit the applicant to rely upon certain preclinical or clinical studies conducted for an approved product. The FDA may also require companies to perform additional studies or measurements to support the change from the approved product. The FDA may then approve the new product for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant.

To the extent that the Section 505(b)(2) applicant is relying on studies conducted for an already approved product, which is referred to as the Reference Listed Drug, the applicant is required to certify to the FDA concerning any listed patents in the FDA's Orange Book publication that relate to the Reference Listed Drug. Specifically, the applicant must certify for all listed patents one of the following certifications: (i) the required patent information has not been filed by the original applicant; (ii) the listed patent already has expired; (iii) the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or (iv) the listed patent is invalid or will not be infringed by the manufacture, use or sale of the new product.

If a Paragraph I or II certification is filed FDA may make approval of the application effective immediately upon completion of its

review. If a Paragraph III certification is filed the approval may be made effective on the patent expiration date specified in the application, although a tentative approval may be issued before that time. If an application contains a Paragraph IV certification, a series of events will be triggered, the outcome of which will determine the effective date of approval of the 505(b)(2) application. The Section 505(b)(2) application also will not be approved until any non-patent exclusivity, such as exclusivity for obtaining approval of a new chemical entity, listed in the Orange Book for the Referenced Listed Drug has expired.

A certification that the new product will not infringe the Reference Listed Drug's listed patents or that such patents are invalid is called a Paragraph IV certification. If the applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders for the Reference Listed Drug once the applicant's NDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a legal challenge to the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days of their receipt of a Paragraph IV certification automatically prevents the FDA from approving the Section 505(b)(2) NDA by imposing a 30 month automatic statutory injunction. The court may shorten or lengthen the 30 month stay period in a pending patent case if either party fails to reasonably cooperate in expediting the case. The 30 month stay terminates if a court issues a final order determining that the patent is invalid unenforceable or not infringed. Thus, the Section 505(b)(2) applicant may invest a significant amount of time and expense in the development of its products only to be subject to significant delay and patent litigation before its products may be commercialized. Alternatively, if the listed patent holder does not file a patent infringement lawsuit within the required 45-day period, the applicant's NDA will not be subject to the 30-month stay.

Drug Development in Europe

In the European Union, our future products may also be subject to extensive regulatory requirements. Similar to the United States, the marketing of medicinal products has been subject to the granting of marketing authorizations by regulatory agencies. Particular emphasis is also being placed on more sophisticated and faster procedures for reporting of adverse events to the competent authorities.

As in the United States, the various phases of pre-clinical and clinical research in the European Union are subject to significant regulatory controls. Although the regulatory controls on clinical research are currently undergoing a harmonization process following the adoption of the Clinical Trials Directive 2001/20/EC, there are currently significant variations in the member state regimes. All member states, however, currently require independent institutional review board approval of interventional clinical trials. Except for the United Kingdom Phase I studies in health volunteers, all clinical trials require either prior governmental notification or approval. Most regulators also require the submission of adverse event reports during a study and a copy of the final study report.

Review and Approval in the European Union

In the European Union, approval of new medicinal products can be obtained through one of three processes: the mutual recognition procedure, the centralized procedure and the decentralized procedure. We intend to determine which process we will follow, if any, in the future.

Mutual Recognition Procedure: An applicant submits an application in one European Union member state, known as the reference member state. Once the reference member state has granted the marketing authorization, the applicant may choose to submit applications in other concerned member states, requesting them to mutually recognize the marketing authorizations already granted. Under this mutual recognition process, authorities in other concerned member states have 55 days to raise objections, which must then be resolved by discussion among the concerned member states, the reference member state and the applicant within 90 days of the commencement of the mutual recognition procedure. If any disagreement remains, all considerations by authorities in the concerned member states are suspended and the disagreement is resolved through an arbitration process. The mutual recognition procedure results in separate national marketing authorizations in the reference

Centralized Procedure: This procedure is currently mandatory for products developed by means of a biotechnological process and optional for new active substances and other “innovative medicinal products with novel characteristics.” Under this procedure, an application is submitted to the European Agency for the Evaluation of Medical Products. Two European Union member states are appointed to conduct an initial evaluation of each application. These countries each prepare an assessment report that is then used as the basis of a scientific opinion of the Committee on Proprietary Medical Products. If this opinion is favorable, it is sent to the European Commission, which drafts a decision. After consulting with the member states, the European Commission adopts a decision and grants a marketing authorization, which is valid throughout the European Union and confers the same rights and obligations in each of the member states as a marketing authorization granted by that member state.

Decentralized Procedure: The most recently introduced of the three processes for obtaining approval of new medicinal processes in the European Union, the decentralized procedure is similar to the mutual recognition procedure described above, but with differences in the timing that key documents are provided to concerned member states by the reference member state, the overall timing of the procedure and the possibility of, among other things, “clock stops” during the procedure.

Post-Marketing Requirements

Following approval of a new product, a pharmaceutical company and the approved product are subject to continuing regulation by the FDA and other federal and state regulatory authorities, including, among other things, monitoring and recordkeeping activities, reporting to applicable regulatory authorities of adverse experiences with the product, providing the regulatory authorities with updated safety and efficacy information, product sampling an distribution requirements, and complying with promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, restrictions on promoting drugs for uses or in patient populations not described in the drug's approved labeling (known as "off-label use"), limitations on industry-sponsored scientific and educational activities, and requirements for promotional activities involving the internet. Although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such off-label uses. Modifications or enhancements to the products or labeling or changes of site of manufacture are often subject to the approval of the FDA and other regulators, which may or may not be received or may result in a lengthy review process.

Prescription drug advertising is subject to federal, state and foreign regulations. In the United States, the FDA regulates prescription drug promotion, including direct-to-consumer advertising. Prescription drug promotion materials must be submitted to the FDA in conjunction with their first use. Any distribution of prescription drug products and pharmaceutical samples must comply with the U.S. Prescription Drug Marketing Act ("PDMA"), a part of the U.S. Federal Food, Drug and Cosmetic Act. Once a product is approved, its manufacture is subject to comprehensive and continuing regulations by the FDA. The FDA regulations require the products be manufactured in specific approved facilities and in accordance with current good manufacturing practices, and NDA holders must list their products and register their manufacturing establishments with the FDA. These regulations also impose certain organizational, procedural and documentation requirements with respect to manufacturing and quality assurance activities. Drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with current good manufacturing practice and other laws. NDA holders using contract manufacturers, laboratories or packagers are responsible for the selection and monitoring of qualified firms. These firms are subject to inspections by the FDA at any time, and the discovery of violative conditions could result in enforcement actions that interrupt the operation of any such facilities or the ability to distribute products manufactured, processed or tested by them.

Special Protocol Assessment

The Federal Food, Drug and Cosmetic Act directs the FDA to meet with sponsors, pursuant to a sponsor's written request, for the purpose of reaching agreement on the design and size of clinical trials intended to form the primary basis of an efficacy claim in an NDA. If an agreement is reached, the FDA will reduce the agreement to writing and make it part of the administrative record. This agreement is called a special protocol assessment. While the FDA's guidance on SPAs states that documented SPAs should be considered binding on the review division, the FDA has latitude to change its assessment if certain exceptions apply. Exceptions include public health concerns emerge that were unrecognized at the time of the protocol assessment, identification of a substantial scientific issue essential to the safety or efficacy testing that later comes to light, a sponsor's failure to follow the protocol agreed upon, or the FDA's reliance on data, assumptions or information that are determined to be wrong.

Other Regulatory Matters

Manufacturing, sales, promotion and other activities following product approval are also subject to regulation by numerous regulatory authorities in addition to the FDA, including, in the United States, the Centers for Medicare & Medicaid Services ("CMS"), other divisions of the Department of Health and Human Services, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency, and state and local governments. Sales, marketing and scientific/educational programs must also comply with federal and state fraud and abuse laws. Pricing and rebate programs must comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. The handling of any controlled substances must comply with the U.S. Controlled Substances Act and Controlled Substances Import and Export Act. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities are also potentially subject to federal and state consumer protection and unfair completion laws.

The distribution of pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of product approvals, or refusal to allow a firm to enter into supply contracts, including government contracts. In addition, even if a firm complies with FDA and other requirements, new information regarding safety or effectiveness of a product could lead the FDA to modify or withdraw a product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations or statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

Third-Party Payor Coverage and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any of our drug candidates for which we obtain regulatory approval. In both the United States and foreign markets, our ability to commercialize our product candidates successfully, and to attract commercialization partners for our product candidates, depends in significant part on the availability of adequate financial coverage and reimbursement from third-party payors, including, in the United States, governmental payors such as the Medicare and Medicaid programs, managed care organizations, and private health insurers. Medicare is a federally funded program managed by the CMS, through local fiscal intermediaries and carriers that administer coverage and reimbursement for certain healthcare items and services furnished to the elderly and disabled. Medicaid is an insurance program for certain categories of patients whose income and assets fall below state defined levels and who are otherwise uninsured that is both federally and state funded and managed by each state. The federal government sets general guidelines for Medicaid and each state creates specific regulations that govern its individual program. Each payor has its own process and standards for determining whether it will cover and reimburse a procedure or particular product. Private payors often rely on the lead of the governmental payors in rendering coverage and reimbursement determinations. Therefore, achieving favorable CMS coverage and reimbursement is usually a significant gating issue for successful introduction of a new product. The competitive position of some of our products will depend, in part, upon the extent of coverage and adequate reimbursement for such products and for the procedures in which such products are used. Prices at which we or our customers seek reimbursement for our product candidates can be subject to challenge, reduction or denial by the government and other payors.

Currently, Lovaza and Vascepa are covered by the majority of health insurance plans in the United States, either available under a preferred reimbursement tier or a lower tier. Many insurance plans may require evidence that the patient has a medical condition consistent with the indication of the prescribed medication.

The United States Congress and state legislatures may, from time to time, propose and adopt initiatives aimed at cost containment, which could impact our ability to sell our product candidates profitably. For example, in March 2010, President Obama signed into law the Patient Protection and Affordable Care Act and the associated reconciliation bill, which we refer to collectively as the Health Care Reform Law, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the Health Care Reform Law revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states once the provision is effective. Further, the law imposes a significant annual fee on companies that manufacture or import branded prescription drug products. Substantial new provisions affecting compliance have also been enacted, which may require us to modify our business practices with healthcare practitioners. We will not know the full effects of the Health Care Reform Law until applicable federal and state agencies issue regulations or guidance under the new law. Although it is too early to determine the effect of the Health Care Reform Law, the new law appears likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs. Moreover, in the coming years, additional changes could be made to governmental healthcare programs that could significantly impact the success of our product candidates.

The cost of pharmaceuticals continues to generate substantial governmental and third-party payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, the increasing influence of managed care organizations and additional legislative proposals. Our results of operations could be adversely affected by current and future healthcare reforms.

Some third-party payors also require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers that use such therapies. While we cannot predict whether any proposed cost-containment measures will be adopted or otherwise implemented in the future, the announcement or adoption of these proposals could have a material adverse effect on our ability to obtain adequate prices for our product candidates and operate profitably.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal product for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the European Union do not follow price structures of the United States and generally tend to be significantly lower.

Other Healthcare Laws and Compliance Requirements

In the United States, our activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the CMS, other divisions of the United States Department of Health and Human Services (e.g., the Office of Inspector General), the United States Department of Justice and individual United States Attorney offices within the Department of Justice, and state and local governments. These regulations include:

- the federal healthcare program anti-kickback law which prohibits, among other things, persons from soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;

- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other government reimbursement programs that are false or fraudulent. The government may assert that a claim including items or services resulting from a violation of the federal healthcare program anti-kickback law or related to off-label promotion constitutes a false or fraudulent claim for purposes of the federal false claims laws;

- the federal Health Insurance Portability and Accountability Act of 1996 which prohibits executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters and which also imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;

- the federal transparency requirements under the Health Care Reform Law requires manufacturers of drugs, devices, biologics, and medical supplies to report to the Department of Health and Human Services information related to physician payments and other transfers of value and physician ownership and investment interests; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third party payor, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by federal laws, thus complicating compliance efforts.

Employees

We have eight employees. All of our employees are engaged in administration, finance, pharmaceutical, clinical, legal, regulatory and business development functions. We believe our relations with our employees are good. We anticipate that the number of employees will grow as we continue to develop our product candidates. In addition, we utilize and will continue to utilize consultants, clinical research organizations and third parties to perform our pre-clinical studies, clinical studies and manufacturing.

Facilities

On November 1, 2013, we entered into a seven year lease for approximately 5,872 square feet of office space in Bedminster, New Jersey. The commencement date and our subsequent obligation to pay rent is February 2014, with annual rent beginning at approximately $157,000, increasing to $175,000 in the final year.

In December 2013, we entered into an agreement to lease laboratory space for one year commencing January 1, 2014 in Monmouth Junction, New Jersey. The base rent for the year will be approximately $25,000.

Legal Matters

We are not currently subject to any material legal proceedings. However, we may from time to time become a party to various legal proceedings arising in the ordinary course of our business.

MANAGEMENT

All directors hold office for one-year terms until the election and qualification of their successors. Officers are appointed by our board of directors and serve at the discretion of the board, subject to applicable employment agreements. The following table sets forth information regarding our executive officers and the members of our board of directors.

Name	Age	Position(s)
Herbert Conrad	80	Chairman of the Board, Director
Roelof Rongen	48	President and Chief Executive Officer, Director
Jerome D. Jabbour	39	Executive Vice President Chief Business Officer, General Counsel and Secretary
George Bobotas	66	Executive Vice President and Chief Scientific Officer
Abdel A. Fawzy	61	Executive Vice President, Pharmaceutical Development and Supply Chain
Gary Gaglione	61	Vice President of Finance and Accounting and Interim Chief Financial Officer[(1)]
Stefano Ferrari	52	Director
Adam Stern	49	Director
James E. Scibetta	49	Director

Management

Roelof Rongen has served as our President and Chief Executive Officer and one of our directors since the Merger and as President, Chief Executive Officer and a director of Matinas BioPharma since April 2012. Mr. Rongen is the President and Chief Executive Officer and a Co-Founder of Matinas BioPharma. He is also the Founder and Chairman of Essential Fatty Acid Therapeutics LLC, a biotech company focused on the development of innovative fatty acid derivatives. Prior to Matinas BioPharma, Mr. Rongen was Executive Vice President North American Operations for Trygg Pharma AS (subsequently named EPAX AS) (2009-2012) and Vice President of Life Cycle Management and Intellectual Property at Reliant Pharmaceuticals, Inc. (2000-2008). While at Reliant, Mr. Rongen held various earlier positions, including head of the Omacor®/Lovaza® launch team, Executive Director of Marketing for Lescol® and Executive Director of Business Development. Prior to Reliant, Mr. Rongen was Global Product Director for Humira® at BASF Pharma (1998-2000), later acquired by Abbott Laboratories. He was also a consultant at The Wilkerson Group in New York (1995-1998) and Arthur D. Little in Amsterdam (1990-1993), and a Research Fellow in biochemistry at Baylor University in Texas (1989-1990). Mr. Rongen earned an MBA from Kellogg GSM at Northwestern University in Evanston, IL, and a graduate degree in Molecular Sciences from Wageningen University in the Netherlands.

Jerome D. Jabbour, JD has served as our Executive Vice President, Chief Business Officer, General Counsel and Secretary since October 2013 and as one of our directors from the Merger until November 2013. Mr. Jabbour is also a Co-Founder of Matinas BioPharma. Prior to joining our management team, he was the Executive Vice President and General Counsel of MediMedia USA from 2012 to October 2013, a privately held/ diversified health care services company. Prior to MediMedia, he was the Senior Vice President, head of Global Legal Affairs and US General Counsel of Wockhardt Limited (2008-2012) and Senior Counsel at Reliant (2004-2008). Earlier in his career, he held positions as Commercial Counsel at Alpharma, Inc. (2003-2004) and as a Corporate Associate at Lowenstein Sandler LLP (1999-2003). Mr. Jabbour earned his J.D. from Seton Hall University School of Law in New Jersey and a B.A. in Psychology from Loyola University in Baltimore.

George Bobotas, PhD has served as our Executive Vice President and Chief Scientific Officer since the Merger and as Executive Vice President and Chief Scientific Officer of Matinas BioPharma since August 2011. Dr. Bobotas is a Co-Founder of Matinas BioPharma. Prior to Matinas BioPharma, Dr. Bobotas was a founder of expert consulting firm Demelle BioPharma, LLC ("DeMelle BioPharma") (2008-2012) and Vice President Scientific Affairs at Reliant (2000-2008). Prior to Reliant, he was the founder and Executive Director of the Covance Center for CNS Research (1997-2000). Earlier in his career, Dr. Bobotas held senior positions at Somerset Pharmaceuticals, Inc. (1994-1997), Mylan Laboratories Limited (1988-1994), and Forest Laboratories Inc. (1981-1988). He is the inventor on 22 published patents and patent applications all related to the health and pharmaceutical development and manufacturing processes. Dr. Bobotas received his Ph.D. in Biochemistry from the City University of New York, an M.A. in Physical Chemistry from Smith College, Northhampton, MA, and a B.A. in Chemistry from Windham College, Vermont.

Abdel A. Fawzy, PhD has served as our Executive Vice President for Pharmaceutical and Supply Chain Development since the Merger and as Executive Vice President for Pharmaceutical and Supply Chain Development of Matinas BioPharma since August 2011. Dr. Fawzy is a Co-Founder of Matinas BioPharma. Prior to Matinas BioPharma, Dr. Fawzy was a founder of expert consulting firm DeMelle BioPharma (2008-2012) and Executive Director Pharmaceutical Development at Reliant, from 2000 to 2008. Earlier in his career, Dr. Fawzy held pharmaceutical development positions at Ascent Pharmaceuticals, Inc. (1994-2000), DuPont (1990-1994) and Squibb Marsam Pharmaceuticals (1989-1990). He is the inventor on 15 published patents and patent applications all related to the health and pharmaceutical development and manufacturing processes. Dr. Fawzy received his Ph.D. in Pharmaceutical Technology from Tuebingen University in Germany, a Pharmacy degree from Temple University in Philadelphia, PA, and a MS in Pharmaceutical Technology from the Cairo School of Pharmacy in Egypt.

Gary Gaglione, CPA has served as our Interim Chief Financial Officer, Vice President of Finance & Accounting on a consulting basis from April 2013 until October 2013 at which time he became a full time employee. Prior to joining us, Mr. Gaglione was President of MCM Consulting LLC From 2011 until October 2013. Prior to MCM Consulting, Mr. Gaglione was Senior Director of Finance at Shionogi USA, Inc., responsible for budgeting and planning (2011). In 2009 and 2010, he was Vice President of Finance and Controller for Phytomedics, Inc., a start-up botanical pharmaceutical company. Prior to Phytomedics, he was Controller for ProStrakan Inc.'s U.S. operations (2008-2009). From 2001 to 2008, Mr. Gaglione was an Executive Director at Reliant, initially as head of Planning, Budgets and Analysis, then, from 2006 on, as head of Internal Audit and Sarbanes Oxley Compliance in preparation for a potential Reliant initial public offering. Before Reliant, he held numerous finance positions of increasing responsibility at the U.S. subsidiary of Hoffmann-La Roche Inc. (1976-2001), including Vice President of R&D Finance (1997-2001), Director of Compensation with responsibility for executive payroll, payroll, benefits, and exempt/non-exempt compensation systems (1995-1997), and Controller for the US pharmaceutical division and sites (1985-1997). He started his finance career at KPMG LLP (1974-1976). Mr. Gaglione earned a B.S. degree in Business Administration with a major in Accounting from Villanova University, Villanova, PA, and an MBA in Finance from Seton Hall University, West Orange, NJ.

Directors

Herbert Conrad has served as our Chairman of the Board since the Merger and as Chairman of the Board of Matinas BioPharma since October 2012. He also serves on the board of directors of Celldex Therapeutics, Inc. (Nasdaq: CLDX) and as an Advisor to the Seaver Autism Center at Mount Sinai Hospital. Mr. Conrad was the President of the U.S. Pharmaceuticals Division of Hoffmann-La Roche, Inc. from 1982 until his retirement in 1993. Prior to that, he held many positions of increasing responsibility at Roche Pharmaceuticals in the United States. Since his retirement from Roche he has served on the boards of Pharmasset, Inc. (chairman), Savient Pharmaceuticals, Inc., (NASDAQ: SVNT) Dura Pharmaceuticals, Inc., UroCor, Inc., GenVec, Inc. (NASDAQ: GNVC) (chairman), Sicor, Inc., Bone Care International, Inc. (chairman), Sapphire Therapeutics, Inc. (chairman), the medical advisory board of Henry Schein Inc. (NASDAQ: HSIC), and he was a Director and Co-Founder of Reliant. Pharmasset was acquired by Gilead Sciences, Inc. for $11 billion in 2011. He received B.S. and M.S. degrees from the Brooklyn College of Pharmacy and an honorary Doctorate in Humane Letters from Long Island University. We believe Mr. Conrad is qualified to serve on our board of directors due to his extensive expertise and experience in the life sciences industry and his extensive board experience.

Roelof Rongen. See description under "Management." We believe Mr. Rongen is qualified to serve on our board of directors due to his status as one of our founders and his extensive expertise and experience in the development and commercialization of omega-3 based medications and other pharmaceutical/biotechnology products.

Stefano Ferrari has served on our board of directors since the Merger and as a director of Matinas BioPharma since October 2012. He is the founder and managing member of Chestnut Hill Sciences, LLC (2004), a human and animal health care company dedicated to the development of dietary supplements, including omega-3 based products. He is the founder of Murami Pharma, Inc. ("Murami") and has served as its CEO since its inception in 2011. Murami is a biopharmaceutical development stage company focusing on small-peptide therapeutics. Prior to Murami, Mr. Ferrari was the CEO of Bioseutica B.V. (2008-2011), a multinational holding company comprising KD-Pharma, a leading manufacturer of omega-3-concentrates, and the leading lysozyme manufacturers Fordras and Neova Technologies, amongst others. Over the last 17 years, Mr. Ferrari was founder, common shareholder and senior executive of several multinational companies operating in the pharmaceutical, food and ingredients industries. Besides Bioseutica, these companies include Prospa B.V. (1995-2002), a multinational holding company in the pharmaceutical industry, Fordras S.A. (2002-2008), ProAparts Lda (2001-2012), and Societa Prodotti Antibiotici S.p.A., the Italian pharmaceutical company that developed the first omega-3-based medication. Mr. Ferrari has served on several boards, including Ikonisys Inc., Carigent Therapeutics, Inc., The Richard B. Fisher Center for Performing Arts, and St. Simeon Lda, a private family fund. He has 25 years of experience in investing in diverse industries, including real estate, pharmaceuticals, and media and entertainment. Mr. Ferrari earned his B.A. degree in International Business Administration from the University of San Francisco. We believe Mr. Ferrari is qualified to serve on our board of directors due to his extensive expertise and experience in the development and marketing of omega-3 based drugs and dietary supplements, his extensive contacts in the manufacturing industry related to omega-3 based products and also his M&A experience.

Adam Stern has served as a member of our board of directors since July 2013. Mr. Stern has been the head Private Equity Banking at Aegis Capital Corp. and CEO of SternAegis Ventures since 2012 and became one of our directors following the Merger. Prior to Aegis, from 1997 to November 2012, he was with Spencer Trask Ventures, Inc., most recently as a Senior Managing Director, where he managed the structured finance group focusing primarily on the technology and life science sectors. Mr. Stern held increasingly responsible positions from 1989 to 1997 with Josephthal & Co., Inc., members of the New York Stock Exchange, where he served as Senior Vice President and Managing Director of Private Equity Marketing. He has been a FINRA licensed securities broker since 1987 and a General Securities Principal since 1991. Mr. Stern is a former Director of InVivo Therapeutics Holdings Corp. (OTCBB: NVIV) and Organovo Holdings, Inc. (OTCQX: ONVO). He currently serves as a Director of LabStyle Innovations Corporation (OTCBB: DRIO) and, since 2012, PROLOR Biotech (NYSE MKT: PBTH) where he previously served as a Director from 2007 to 2011. PROLOR recently announced its agreement to be acquired by OPKO Health, Inc. (NYSE: OPK). Mr. Stern holds a Bachelor of Arts degree with honors from The University of South Florida in Tampa. We believe Mr. Stern is qualified to serve on our board of directors because of his extensive experience in corporate finance and experience in the life science industries.

James S. Scibetta has served as a member of our board of directors since November 2013. Mr. Scibetta has been the Chief Financial Officer of Pacira Pharmaceuticals, Inc. (NASDAQ: PCRX) since August 2008. Prior to joining Pacira, Mr. Scibetta served as the Chief Financial Officer of Bioenvision, Inc. (NASDAQ: BIVN) from 2006 until its acquisition by Genzyme, Inc. in 2007. From 2001 to 2006, Mr. Scibetta was Executive Vice President and Chief Financial Officer of Merrimack Pharmaceuticals, Inc., and he was a member of the board of directors of Merrimack from 1998 to 2004. Mr. Scibetta formerly served as a senior investment banker at Shattuck Hammond Partners, LLC and PaineWebber Inc., providing capital acquisition, merger and acquisition, and strategic advisory services to healthcare companies. He currently serves as chairman of the board and audit committee of Nephros, Inc. (NASDAQ: NEPH). Mr. Scibetta holds a B.S. in physics from Wake Forest University, and an M.B.A. in finance from the University of Michigan. He completed executive education studies in the Harvard Business School Leadership & Strategy in Pharmaceuticals and Biotechnology program. We believe Mr. Scibetta is qualified to serve on our board of directors because of his extensive management experience in the pharmaceutical industry, his investment banking experience and his experience as a chief financial officer and audit committee member of several publicly traded companies.

Scientific Advisory Board

We believe in seeking and attracting scientific and clinical leaders in the field of cardiovascular medicine and their underlying physiology/biology to provide counsel and support our growth. We are in the process of developing a formal Scientific Advisory Board which will consist of individuals who are experts in their chosen fields and recipients of many academic honors and awards. We expect that our Scientific Advisory Board will ultimately have between four and seven members.

Committees of the Board

Our board of directors has three standing committees — an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee . The Audit Committee will oversee and monitor our financial reporting process and internal control system, review and evaluate the audit performed by our registered independent public accountants and report to the Board any substantive issues found during the audit. The Audit Committee will be directly responsible for the appointment, compensation and oversight of the work of our registered independent public accountants. The Audit Committee will review and approve all transactions with affiliated parties. The Board will adopt a written charter for the Audit Committee, which will be available on our website. James Scibetta, Herbert Conrad and Stefano Ferrari serve as members of the Audit Committee with James Scibetta, serving as its chairman. All the members of the Audit Committee are considered independent directors as defined under Nasdaq's listing standards. Mr. Scibetta qualifies as an audit committee "financial expert" as that term is defined by Commission regulations.

Compensation Committee . The Compensation Committee will provide advice and make recommendations to the Board in the areas of employee salaries, benefit programs and director compensation. The Compensation Committee will also review the compensation of our President and Chief Executive Officer and make recommendations in that regard to the Board as a whole. The Board will adopt a written charter for the Compensation Committee, which will available on our website. Stefano Ferrari Herbert Conrad, and James Scibetta serve as members of the Compensation Committee, with Stefano Ferrari serving as its chairman. All the members of the Compensation Committee are considered independent directors as defined under Nasdaq's listing standards.

Nominating and Corporate Governance Committee . The Nominating and Corporate Governance Committee will nominate individuals to be elected to the full Board by our stockholders. The Nominating and Corporate Governance Committee will consider recommendations from stockholders if submitted in a timely manner in accordance with the procedures set forth in our Bylaws and will apply the same criteria to all persons being considered. The Board will adopt a written charter for the Nominating and Corporate Governance Committee, which will be available on our website. Herbert Conrad, Stefano Ferrari and James Scibetta will initially serve as members of the Compensation Committee, with Herbert Conrad serving as its chairman. All the members of the Nominating and Corporate Governance Committee are considered independent directors as defined under Nasdaq's listing standards.

Director Independence

Our board of directors has reviewed the materiality of any relationship that each of our directors has with us, either directly or indirectly. Based on this review, our board has determined that Messrs. Herbert Conrad, Stefano Ferrari and James Scibetta sare "independent directors" as defined in the rules of the NASDAQ Stock Market corporate governance requirements and Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended.

Code of Business Conduct and Ethics

We have not adopted a Code of Business Conduct and Ethics but anticipate doing so following the effectiveness of the registration statement of which this prospectus is a part.

Limitation of Directors Liability and Indemnification

The Delaware General Corporation Law authorizes corporations to limit or eliminate, subject to certain conditions, the personal liability of directors to corporations and their stockholders for monetary damages for breach of their fiduciary duties. Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by Delaware law.

We have director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us, including matters arising under the Securities Act. Our certificate of incorporation and bylaws also provide that we will indemnify our directors and officers who, by reason of the fact that he or she is one of our officers or directors, is involved in a legal proceeding of any nature.

There is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

Indemnification Agreements

We plan to enter into indemnification agreements with each of our current directors and executive officers. The indemnification agreements will provide for indemnification against expenses, judgments, fines and penalties actually and reasonably incurred by an indemnitee in connection with threatened, pending or completed actions, suits or other proceedings, subject to certain limitations. The indemnification agreements also will provide for the advancement of expenses in connection with a proceeding prior to a final, nonappealable judgment or other adjudication, provided that the indemnitee provides an undertaking to repay to us any amounts advanced if the indemnitee is ultimately found not to be entitled to indemnification by us. The indemnification agreement will set forth procedures for making and responding to a request for indemnification or advancement of expenses, as well as dispute resolution procedures that will apply to any dispute between us and an indemnitee arising under the indemnification agreements.

EXECUTIVE COMPENSATION

Summary Compensation Table

There was no cash or equity compensation paid to our named executive officers for the year ended December 31, 2012. Please see the section entitled "Executive Compensation—Employment and Consulting Agreements" for a discussion of the compensation arrangements for our named executive officers in 2013.

Employment and Consulting Agreements

On July 30, 2013 and in connection with the Merger, we entered into an employment agreement with Mr. Rongen for a period of three years. Under the terms of Mr. Rongen's employment agreement, he received a signing bonus of $150,000 and will receive a base salary of $300,000 per year. In addition, Mr. Rongen will also be eligible to receive an annual bonus, which is targeted at 40% of his base salary but which may be adjusted by our Compensation Committee based on his individual performance and our performance as a whole. Mr. Rongen may also be eligible to receive option grants at the discretion of our Compensation Committee. In October 2013, Mr. Rongen received a grant of 350,000 options at an exercise price of $0.94 per share. The options vest in equal monthly installments over three years from August 1, 2013. If we terminate Mr. Rongen's employment without cause or Mr. Rongen resigns with good reason, we are required to pay him a severance of up to twelve months of his base salary plus benefits. In addition, the vesting of his outstanding options will be accelerated by six months upon such termination. If we terminate Mr. Rongen's employment without cause during the 24 month period immediately following a change of control or Mr. Rongen resigns with good reason during the 24 month period immediately following a change of control, we are required to pay him a severance of up to eighteen months of his base salary and his target annual bonus plus benefits. In addition, his outstanding options would vest in full upon such termination. Mr. Rongen's employment agreement provides for an increase in base salary of $50,000 annually, upon a future closing of an additional round of financing of at least $15 million and the initiation of the first Phase III study of MAT9001. Mr. Rongen will also be subject to a customary non-disclosure agreement, pursuant to which Mr. Rongen has agreed to be subject to a non-compete during the term of his employment and for a period of eighteen months following termination of his employment.

On July 30, 2013 and in connection with the Merger, we entered into an employment agreement with Mr. Bobotas for a period of three years. Under the terms of Dr. Bobotas' employment agreement, he received a signing bonus of $125,000 and he will receive a base salary of $250,000 per year. In addition, Dr. Bobotas will also be eligible to receive an annual bonus, which is targeted at 30% of his base salary but which may be adjusted by our Compensation Committee based on his individual performance and our performance as a whole. Dr. Bobotas will also be eligible to receive option grants at the discretion of our Compensation Committee. In October 2013, Mr. Bobotas received a grant of 350,000 options at an exercise price of $0.94 per share. The options vest in equal monthly installments over three years from August 1, 2013. If we terminate Dr. Bobotas's employment without cause or Dr. Bobotas resigns with good reason, we are required to pay him a severance of up to nine months of his base salary plus benefits. In addition, the vesting of his outstanding options will be accelerated by six months upon such termination. If we terminate Dr. Bobotas's employment without cause during the 24 month period immediately following a change of control or Dr. Bobotas resigns with good reason during the 24 month period immediately following a change of control, we are required to pay him a severance of up to eighteen months of his base salary and his target annual bonus plus benefits. In addition, his outstanding options would vest in full upon such termination. Dr. Bobotas' employment agreement provides for an increase in base salary of $50,000 annually, upon a future closing of an additional round of financing of at least $15 million and the initiation of the first Phase III study of MAT9001. Mr. Bobotas will also be subject to a customary non-disclosure agreement, pursuant to which Mr. Bobotas has agreed to be subject to a non-compete during the term of his employment and for a period of eighteen months following termination of his employment.

On July 30, 2013 and in connection with the Merger, we entered into an employment agreement with Dr. Fawzy for a period of three years. Under the terms of Dr. Fawzy's employment agreement, he received a signing bonus of $125,000 and he will receive a base salary of $250,000 per year. In addition, Dr. Fawzy will also be eligible to receive an annual bonus, which is targeted at 30% of his base salary but which may be adjusted by our Compensation Committee based on his individual performance and our performance as a whole. Dr. Fawzy will also be eligible to receive option grants at the discretion of our Compensation Committee. In October 2013, Dr. Fawzy received a grant of 350,000 options at an exercise price of $0.94 per share. The options vest in equal monthly installments over three years from August 1, 2013. If we terminate Dr. Fawzy's employment without cause or Mr. Dr. Fawzy resigns with good reason, we are required to pay him a severance of up to nine months of his base salary plus benefits. In addition, the vesting of his outstanding options will be accelerated by six months upon such termination. If we terminate Dr. Fawzy's employment without cause during the 24 month period immediately following a change of control or Dr. Fawzy resigns with good reason during the 24 month period immediately following a change of control, we are required to pay him a severance of up to eighteen months of his base salary and his target annual bonus plus benefits. In addition, his outstanding options would vest in full upon such termination. Dr. Fawzy's employment agreement provides for an increase in base salary of $50,000 annually, upon a future closing of an additional round of financing of at least $15 million and the initiation of the first Phase III study of MAT9001. Dr. Fawzy will also be subject to a customary non-disclosure agreement, pursuant to which Dr. Fawzy has agreed to be subject to a non-compete during the term of his employment and for a period of eighteen months following termination of his employment.

On April 8, 2013, we entered into a consulting agreement with Mr. Gaglione. From April 8, 2013 until October 31, 2013, Mr. Gaglione received an aggregate of $45,964 for providing services as a consultant. On October 31, 2013, Mr. Gaglione become a full time employee and entered into an employment letter with us. Under the terms of the letter, Mr. Gaglione serves as our Vice President of Finance and Accounting and Interim Chief Financial Officer, and receives a base salary of $210,000. In addition, Mr. Gaglione will be eligible to receive an annual bonus, which is targeted at 20% of his salary but which may be adjusted by our Compensation Committee based on his individual performance and our performance as a whole. Mr. Gaglione will be eligible to receive option grants at the discretion of our Compensation Committee. On November 1, 2013, Mr. Gaglione received a grant of 200,000 options at an exercise price of $0.94 per share. The options will vest in equal monthly installments over three years from the date of grant. Mr. Gaglione's employment is at will; however, we have agreed to provide advance written notice and eight (8) months of his then-current base salary as severance in the event of termination without cause (as defined in our equity compensation plan).

On September 3, 2013, we entered into an employment agreement with Mr. Jabbour for a period of three years, which will be effective as of October 4, 2013. Under the terms of Mr. Jabbour's employment agreement, Mr. Jabbour received a signing bonus of $75,000 and will receive a base salary of $275,000 per year. In addition, Mr. Jabbour will also be eligible to receive an annual bonus, which is targeted at 30% of his base salary but which may be adjusted by our Compensation Committee based on his individual performance and our performance as a whole. Mr. Jabbour will also be eligible to receive option grants at the discretion of our Compensation Committee. On October 4, 2013, Mr. Jabbour received a grant of 200,000 options at an exercise of $0.94 per share. The options will vest in equal monthly installments over three years from the date of grant. Mr. Jabbour also received a grant of 150,000 at an exercise price of $0.94 per share, which vests in equal monthly installments over three years beginning on August 1, 2013. If we terminate Mr. Jabbour's employment without cause or Mr. Jabbour resigns with good reason, we are required to pay him a severance of up to nine months of his base salary plus benefits. In addition, the vesting of his outstanding options will be accelerated by six months upon such termination. If we terminate Mr. Jabbour's employment without cause during the 24 month period immediately following a change of control or Mr. Jabbour resigns with good reason during the 24 month period immediately following a change of control, we are required to pay him a severance of up to eighteen months of his base salary and his target annual bonus plus benefits. In addition, his outstanding options would vest in full upon such termination. Mr. Jabbour's employment agreement provides for an increase in base salary of $50,000 annually, upon the closing of an additional round of financing of at least $15 million and the initiation of the first Phase III study of MAT9001. Mr. Jabbour will also be subject to a customary non-disclosure agreement, pursuant to which Mr. Jabbour has agreed to be subject to a non-compete during the term of his employment and for a period of eighteen months following termination of his employment.

From time to time, as needed, we will employ other consultants to support our various business and research and development activities. Our consulting agreements typically provide for 14 to 30 days termination notice.

Outstanding Equity Awards at Fiscal Year-End

There were no outstanding equity awards at December 31, 2012.

Director Compensation

There was no cash or equity compensation paid to our directors for the year ended December 31, 2012. We plan to adopt a compensation policy pursuant to which our independent board members receive annualized compensation of $20,000 per year, with an additional $10,000 per year for the Chairman of the Board and the Chair of the Audit Committee, as well as an additional $5,000 per year for the Chairs of the Compensation and Nomination & Governance Committees. In addition, our independent board members will receive an option grant of 150,000 options, with exception of the Chairman of the Board who will be granted 200,000 options. In October 2013, Mr. Conrad and Mr. Ferrari received 275,000 and 210,000 options, respectively, at an exercise price of $0.94 per share. The options will vest on a monthly basis during the three year period commencing on August 1, 2013.

2013 Equity Compensation Plan

General

On August 2, 2013, our Board of Directors adopted an Equity Compensation Plan (the "2013 Plan") pursuant to the terms described herein in connection with the closing of the Merger. The 2013 Plan was approved by the stockholders on August 7, 2013

The general purpose of the 2013 Plan is to provide an incentive to our employees, directors, consultants and advisors by enabling them to share in the future growth of our business. Our Board of Directors believes that the granting of stock options, restricted stock awards, unrestricted stock awards and similar kinds of equity-based compensation promotes continuity of management and increases incentive and personal interest in the welfare of our Company by those who are primarily responsible for shaping and carrying out our long range plans and securing our growth and financial success.

Our Board of Directors believes that the 2013 Plan will advance our interests by enhancing our ability to (a) attract and retain employees, consultants, directors and advisors who are in a position to make significant contributions to our success; (b) reward our employees, consultants, directors and advisors for these contributions; and (c) encourage employees, consultants, directors and advisors to take into account our long-term interests through ownership of our shares.

Description of the 2013 Equity Compensation Plan

The following description of the principal terms of the 2013 Plan is a summary and is qualified in its entirety by the full text of the 2013 Plan, which is attached as Exhibit 10.6 hereto.

Administration. The 2013 Plan will be administered by the Compensation Committee of our Board of Directors. The Compensation Committee may grant options to purchase shares of our common stock, stock appreciation rights, restricted stock units, restricted or unrestricted shares of our common stock, performance shares, performance units, other cash-based awards and other stock-based awards. The Compensation Committee also has broad authority to determine the terms and conditions of each option or other kind of equity award, adopt, amend and rescind rules and regulations for the administration of the 2013 Plan and amend or modify outstanding options, grants and awards. The Compensation Committee may delegate authority to the chief executive officer and/or other executive officers to grant options and other awards to employees (other than themselves), subject to applicable law and the 2013 Plan. No options, stock purchase rights or awards may be made under the Plan on or after the ten year anniversary of the adoption of the 2013 Plan by our Board of Directors, but the 2013 Plan will continue thereafter while previously granted options, stock appreciation rights or awards remain subject to the 2013 Plan.

Eligibility. Persons eligible to receive options, stock appreciation rights or other awards under the 2013 Plan are those employees, consultants, advisors and directors of our Company and our subsidiaries who, in the opinion of the Compensation Committee, are in a position to contribute to our success.

Shares Subject to the 2013 Plan. The aggregate number of shares of common stock available for issuance in connection with options and awards granted under the 2013 Plan will be a number of shares of common stock equal to fifteen percent (15%) of the shares of Holdings common stock outstanding, on a fully diluted basis as of the date the 2013 Plan was adopted, or 8,250,000 shares, subject to customary adjustments for stock splits, stock dividends or similar transactions. Incentive Stock Options may be granted under the 2013 Plan with respect to all of those shares. If any option or stock appreciation right granted under the 2013 Plan terminates without having been exercised in full or if any award is forfeited, or if shares of common stock are withheld to cover withholding taxes on options or other awards, the number of shares of common stock as to which such option or award was forfeited, or which were withheld, will be available for future grants under the 2013 Plan. No employee, consultant, advisor or director may receive options or stock appreciation rights relating to more than 1,500,000 shares of our common stock in the aggregate in any calendar year.

Terms and Conditions of Options. Options granted under the 2013 Plan may be either "incentive stock options" that are intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or "nonstatutory stock options" that do not meet the requirements of Section 422 of the Code. The Compensation Committee will determine the exercise price of options granted under the 2013 Plan. The exercise price of stock options may not be less than the fair market value, on the date of grant, per share of our common stock issuable upon exercise of the option (or 110% of fair market value in the case of incentive options granted to a ten-percent stockholder).

If on the date of grant the common stock is listed on a stock exchange or is quoted on the automated quotation system of Nasdaq, the fair market value shall generally be the closing sale price on the last trading day before the date of grant. If no such prices are available, the fair market value shall be determined in good faith by the Compensation Committee based on the reasonable application of a reasonable valuation method.

No option may be exercisable for more than ten years (five years in the case of an incentive stock option granted to a ten-percent stockholder) from the date of grant. Options granted under the 2013 Plan will be exercisable at such time or times as the Compensation Committee prescribes at the time of grant. No employee may receive incentive stock options that first become exercisable in any calendar year in an amount exceeding $100,000. The Compensation Committee may, in its discretion, permit a holder of an option to exercise the option before it has otherwise become exercisable, in which case the shares of our common stock issued to the recipient will continue to be subject to the vesting requirements that applied to the option before exercise.

Generally, the option price may be paid (a) in cash or by certified bank check, (b) through delivery of shares of our common stock having a fair market value equal to the purchase price, or (c) a combination of these methods. The Compensation Committee is also authorized to establish a cashless exercise program and to permit the exercise price (or tax withholding obligations) to be satisfied by reducing from the shares otherwise issuable upon exercise a number of shares having a fair market value equal to the exercise price.

No option may be transferred other than by will or by the laws of descent and distribution, and during a recipient's lifetime an option may be exercised only by the recipient. However, the Compensation Committee may permit the holder of an option, stock appreciation right or other award to transfer the option, right or other award to immediate family members or a family trust for estate planning purposes. The Compensation Committee will determine the extent to which a holder of a stock option may exercise the option following termination of service with us.

Stock Appreciation Rights. The Compensation Committee may grant stock appreciation rights independent of or in connection with an option. The Compensation Committee will determine the other terms applicable to stock appreciation rights. The exercise price per share of a stock appreciation right will be determined by the Compensation Committee, but will not be less than 100% of the fair market value of a share of our common stock on the date of grant, as determined by the Compensation Committee. The maximum term of any SAR granted under the 2013 Plan is ten years from the date of grant. Generally, each SAR stock appreciation right will entitle a participant upon exercise to an amount equal to:

- the excess of the fair market value on the exercise date of one share of our common stock over the exercise price, *multiplied by*
- the number of shares of common stock covered by the stock appreciation right.

Payment may be made in shares of our common stock, in cash, or partly in common stock and partly in cash, all as determined by the Compensation Committee.

Restricted Stock and Restricted Stock Units. The Compensation Committee may award restricted common stock and/or restricted stock units under the 2013 Plan. Restricted stock awards consist of shares of stock that are transferred to a participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. Restricted stock units confer the right to receive shares of our common stock, cash, or a combination of shares and cash, at a future date upon or following the attainment of certain conditions specified by the Compensation Committee. The Compensation Committee will determine the restrictions and conditions applicable to each award of restricted stock or restricted stock units, which may include performance-based conditions. Dividends with respect to restricted stock may be paid to the holder of the shares as and when dividends are paid to stockholders or at the time that the restricted stock vests, as determined by the Compensation Committee. Dividend equivalent amounts may be paid with respect to restricted stock units either when cash dividends are paid to stockholders or when the units vest. Unless the Compensation Committee determines otherwise, holders of restricted stock will have the right to vote the shares.

Performance Shares and Performance Units. The Compensation Committee may award performance shares and/or performance units under the 2013 Plan. Performance shares and performance units are awards, denominated in either shares or U.S. dollars, which are earned during a specified performance period subject to the attainment of performance criteria, as established by the Compensation Committee. The Compensation Committee will determine the restrictions and conditions applicable to each award of performance shares and performance units.

Other Stock-Based and Cash-Based Awards. The Compensation Committee may award other types of equity-based or cash-based awards under the 2013 Plan, including the grant or offer for sale of shares of our common stock that do not have vesting requirements and the right to receive one or more cash payments subject to satisfaction of such conditions as the Compensation Committee may impose.

Section 162(m) Compliance. If stock or cash-based awards are intended to satisfy the conditions for deductibility under Section 162(m) of the Code as "performance-based compensation," the performance criteria will be selected from among the following, which may be applied to our Company as a whole, or to an individual recipient, or to a department, unit, division or function within the Company or an affiliate, and they may apply on a pre- or post-tax basis, either alone or relative to the performance of other businesses or individuals (including industry or general market indices): (a) earnings (either in the aggregate or on a per-share basis, reflecting dilution of shares as the Compensation Committee deems appropriate and, if the Compensation Committee so determines, net of or including dividends) before or after interest and taxes ("EBIT") or before or after interest, taxes, depreciation, and amortization ("EBITDA"); (b) gross or net revenue or changes in annual revenues; (c) cash flow(s) (including either operating or net cash flows); (d) financial return ratios; (e) return on invested capital or assets, total stockholder return, stockholder return based on growth measures or the attainment by the shares of a specified value for a specified period of time, share price, or share price appreciation; (f) earnings growth or growth in earnings per share; (g) return measures, including return or net return on assets, net assets, equity, capital, investment, or gross sales; (h) adjusted pre-tax margin; (i) pre-tax profits; (j) operating margins; (k) operating profits; (l) operating expenses; (m) dividends; (n) net income or net operating income; (o) growth in operating earnings or growth in earnings per share; (p) value of assets; (q) market share or market penetration with respect to specific designated products or product groups and/or specific geographic areas; (r) aggregate product price and other product measures; (s) expense or cost levels, in each case, where applicable, determined either on a company-wide basis or in respect of any one or more specified divisions; (t) reduction of losses, loss ratios or expense ratios; (u) reduction in fixed costs; (v) operating cost management; (w) cost of capital; (x) debt reduction; (y) productivity improvements; (z) average inventory turnover; or (aa) satisfaction of specified business expansion goals or goals relating to acquisitions or divestitures.

At the end of the performance period established in connection with any award, the Compensation Committee will determine the extent to which the performance goal or goals established for such award have been attained, and shall determine, on that basis, the number of performance shares or performance units included in such award that have been earned and as to which payment will be made. The Compensation Committee will certify in writing the extent to which it has determined that the performance goal or goals established by it for such award have been attained.

With respect to awards intended to be performance-based compensation under Section 162(m) of the Code, no participant of the 2013 Plan may receive restricted stock units, restricted shares, performance shares, performance units or other stock-based awards relating to more than 1,500,000 shares of our common stock in the aggregate in any fiscal year of the Company and the maximum dollar value payable to any participant for a fiscal year of the Company with respect to any awards under the 2013 Plan payable in cash is $500,000.

Effect of Certain Corporate Transactions. The Compensation Committee may, at the time of the grant of an award, provide for the effect of a change in control (as defined in the 2013 Plan) on any award, including (i) accelerating or extending the time periods for exercising, vesting in, or realizing gain from any award, (ii) eliminating or modifying the performance or other conditions of an award, or (iii) providing for the cash settlement of an award for an equivalent cash value, as determined by the Compensation Committee. The Compensation Committee may, in its discretion and without the need for the consent of any recipient of an award, also take one or more of the following actions contingent upon the occurrence of a change in control: (a) cause any or all outstanding options and stock appreciation rights to become immediately exercisable, in whole or in part; (b) cause any other awards to become non-forfeitable, in whole or in part; (c) cancel any option or stock appreciation right in exchange for a substitute option; (d) cancel any award of restricted stock, restricted stock units, performance shares or performance units in exchange for a similar award of the capital stock of any successor corporation; (e) redeem any restricted stock, restricted stock unit, performance share or performance unit for cash and/or other substitute consideration with a value equal to the fair market value of an unrestricted share of our common stock on the date of the change in control; (f) cancel any option or stock appreciation right in exchange for cash and/or other substitute consideration based on the value of our common stock on the date of the change in control, and cancel any option or stock appreciation right without any payment if its exercise price exceeds the value of our common stock on the date of the change in control; or (g) make such other modifications, adjustments or amendments to outstanding awards as the Compensation Committee deems necessary or appropriate.

Amendment, Termination. The Compensation Committee may amend the terms of awards in any manner not inconsistent with the 2013 Plan, provided that no amendment shall adversely affect the rights of a participant with respect to an outstanding award without the participant's consent. In addition, our board of directors may at any time amend, suspend, or terminate the 2013 Plan, provided that (i) no such amendment, suspension or termination shall materially and adversely affect the rights of any participant under any outstanding award without the consent of such participant and (ii) to the extent necessary to comply with any applicable law or stock exchange rule, the 2013 Plan requires us to obtain stockholder consent. Stockholder approval is required for any plan amendment that increases the number of shares of common stock available for issuance under the 2013 Plan or changes the persons or classes of persons eligible to receive awards.

Tax Withholding

As and when appropriate, we shall have the right to require each optionee purchasing shares of common stock and each grantee receiving an award of shares of common stock under the 2013 Plan to pay any federal, state or local taxes required by law to be withheld.

Option Grants and Stock Awards

The grant of options and other awards under the 2013 Plan is discretionary, and we cannot determine now the specific number or type of options or awards to be granted in the future to any particular person or group.

PRINCIPAL STOCKHOLDERS

The following table sets forth the number of shares of common stock beneficially owned as of October 4, 2013 by:

each of our stockholders who is known by us to beneficially own 5% or more of our common stock;

each of our executive officers;

each of our directors; and

all of our directors and current executive officers as a group.

Beneficial ownership is determined based on the rules and regulations of the Commission. A person has beneficial ownership of shares if such individual has the power to vote and/or dispose of shares. This power may be sole or shared and direct or indirect. Applicable percentage ownership in the following table is based on 31,500,000 shares outstanding as of October 4, 2013. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock that are subject to options or warrants held by that person and exercisable as of, or within 60 days of, October 4, 2013. These shares, however, are not counted as outstanding for the purposes of computing the percentage ownership of any other person(s). Except as may be indicated in the footnotes to this table and pursuant to applicable community property laws, each person named in the table has sole voting and dispositive power with respect to the shares of common stock set forth opposite that person's name. Unless indicated below, the address of each individual listed below is c/o Matinas BioPharma Holdings, Inc., 915 Klosterman Road East, Tarpon Springs, Florida 34689.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders		
Jennifer Lorenzo (1)	2,850,000	8.8%
George Karfunkel (2)	1,800,000	5.6%
Laurence G. Allen (3)	2,111,250	6.5%
Named Executive Officers, Executive Officers and Directors:		
Roelof Rongen (4)	3,465,999	11.0%
Jerome Jabbour (5)	796,874	2.5%
Herbert Conrad (6)	1,514,757	4.7%
Stefano Ferrari (7)	630,729	2.0%
Adam Stern (8)	4,484,649	13.2%
Gary Gaglione	-	-
Abdel A. Fawzy, Ph.D.(9)	1,757,205	5.6%
George Bobotas, Ph.D. (10)	1,415,487	4.5%
James S. Scibetta (11)	8,330	*
All current directors and executive officers as a group(12)	14,073,833	39.8%

* Less than 1%

(1) Includes (i) 75,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and (ii) 1,750,000 shares of common stock and 875,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by GJG Life Sciences LLC, which is beneficially-owned by Ms. Lorenzo.

(2) Includes 600,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013.

(3) Includes (i) 100,000 shares of common stock and 50,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and registered in the name of Mr. Allen's individual retirement account, (ii) 50,000 shares of common stock and 25,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by ACP Partners, LP, which is beneficially-owned by Mr. Allen, (iii) 1,000,000 shares of common stock and 500,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by ACP X, LP, which is beneficially-owned by Mr. Allen. (iv) 86,250 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by NYPPEX, LLC, which is beneficially owned by Mr. Allen, and (v) 200,000 shares of common stock and 100,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by LGA Investments Family Limited Partnership, which is beneficially owned by Mr. Allen.

(4) Includes 48,611 shares of common stock issuable upon exercise of options that are exercisable within sixty days of November 30, 2013. Does not include 301,389 options that are not exercisable within sixty days of November 30, 2013.

(5) Includes 37,499 shares of common stock issuable upon exercise of options that are exercisable within sixty days of November 30, 2013. Does not include 312,501 options that are not exercisable within sixty days of November 30, 2013.

(6) Includes (i) 875,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and (ii) 38,194 shares of common stock issuable upon exercise of options that are exercisable within sixty days of November 30, 2013. Does not include 236,806 options that are not exercisable within sixty days of November 30, 2013.

(7) Includes (i) 351,563 shares of common stock and 250,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by 1010 Holdings LLC, which is beneficially owned by Mr. Ferrari and (ii) 29,166 shares of common stock issuable upon exercise of options that are exercisable within sixty days of November 30, 2013. Does not include 180,834 options that are not exercisable within sixty days of November 30, 2013.

(8) Includes (i) 2,013,816 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013, (ii) 20,833 shares of common stock issuable upon exercise of options that are exercisable within sixty days of November 30, 2013, (iii) 200,000 shares of common stock and 100,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by Pavilion Capital Partners, LLC, which is wholly-owned by Mr. Stern, (iv) 200,000 shares of common stock and 100,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by Piper Ventures Partners, LLC, which is wholly-owned by Mr. Stern and (v) 250,000 shares of common stock issuable upon exercise of outstanding Warrants that are exercisable within sixty days of November 30, 2013 and are owned by SternAegis Advisers LLC, which is wholly-owned by Mr. Stern. Does not include 129,167 options that are not exercisable within sixty days of November 30, 2013.

(9) Includes 48,611 shares of common stock issuable upon exercise of options that are exercisable within 60 days of November 30, 2013. Does not include 301,389 options that are not exercisable within sixty days of November 30, 2013.

(10) Includes (i) 683,438 shares held by Mr. Bobotas and 683,438 shares held by his wife and (ii) 48,611 shares of common stock issuable upon exercise of options that are exercisable within sixty days of November 30, 2013. Does not include 301,389 options that are not exercisable within sixty days of November 30, 2013.

(11) Includes 8,333 shares of common stock issuable upon exercise of options that are exercisable within 60 days of November 30, 2013. Does not include 141,667 options that are not exercisable within sixty days of November 30, 2013.

(12) See notes (4) through (10).

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our named executive officers and directors, we describe below each transaction or series of similar transactions, since January 1, 2010, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Compensation and indemnification arrangements for our named executive officers and directors are described in the section entitled "Executive and Director Compensation."

Formation of Holdings

In connection with our formation in June 2013, we sold an aggregate of 7,500,000 shares of our common stock and 3,750,000 warrants to purchase 3,750,000 shares of our common stock, for an aggregate of $375,000 (at a purchase price of $0.10 for two shares and one warrant), including 2,000,000 shares and warrants to purchase 1,000,000 shares of our common stock to Adam Stern and entities owned by Mr. Stern. Mr. Stern is an affiliate of Aegis Capital Corp., the placement agent in our 2013 Private Placement and a member of our board of directors. In addition, at such time, we sold Mr. Stern 250,000 warrants to purchase 250,000 shares of our common stock, for which he paid $10,000 (at a purchase price of $0.04 per warrant) (the "Formation Warrants"). Pursuant to the registration statement of which this prospectus is a part, we are registering the shares of common stock underlying the Formation Warrants issued in connection with our formation for public resale by the selling stockholders named herein and their assigns.

2013 Private Placement

In July and August 2013, we completed the 2013 Private Placement, under which we sold an aggregate of 15,000,000 shares of our common stock and warrants to purchase an aggregate of 7,500,000 shares of our common stock with an exercise price of $2.00 per share, which warrants are exercisable for a period of five years from the initial closing date (the "Investor Warrants"). Herbert Conrad, our chairman of the board, purchased 250,000 shares of common stock and 125,000 Investor Warrants. Aegis Capital Corp. acted as the Placement Agent for the 2013 Private Placement (the "Placement Agent"). The gross proceeds to us from the 2013 Private Placement were $15 million.

In connection with the 2013 Private Placement, we paid the Placement Agent (i) a cash fee of $1,500,000 and (ii) a non-accountable expense allowance equal to $450,000. In addition, as part of its compensation for acting as placement agent for the 2013 Private Placement, we issued (x) warrants to the Placement Agent to purchase 750,000 shares of our common stock with an exercise price of $2.00 per share and (y) warrants to the Placement Agent to purchase 1,500,000 shares of our common stock with an exercise price of $1.00 per share. Such warrants contain a "cashless exercise" feature and are exercisable at any time prior to July 30, 2018.

In connection with the closing of the 2013 Private Placement, the Placement Agent had a right to appoint one member of our Board of Directors for a two-year term from the initial closing (the "Aegis Nominee"). Adam Stern was appointed to the Board of Directors at the initial closing and his successor, if any, will be chosen by the Placement Agent, subject to the reasonable approval of the Company and the Voting Agreement described below.

We have agreed to engage the Placement Agent as our warrant solicitation agent in the event the Investor Warrants and the Offering Warrants are called for redemption and shall pay a warrant solicitation fee to the Placement Agent equal to five (5%) percent of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants and the Offering Warrants following such redemption.

Consulting Agreement

We also entered into a consulting agreement with the Placement Agent. The consulting agreement has a term of 12 months pursuant to which we pay the Placement Agent $20,000 per month. Under the terms of the consulting agreement, the Placement Agent shall provide customary financial advisory services as are reasonably requested by us, including consulting services for financing and capital markets activity, mergers, acquisitions, joint ventures and licensing agreements. This consulting agreement terminates on July 30, 2014.

Voting Agreement

In connection with the initial closing of the 2013 Private Placement, the stockholders of Matinas BioPharma prior to the Merger and the 2013 Private Placement (the "Matinas Stockholders") and the stockholders of Holdings prior to the Merger (the "Holdings Stockholders"), entered into a Voting Agreement (the "Voting Agreement"). Pursuant to the terms of the Voting Agreement, (i) the Matinas Stockholders shall have the right to nominate four (4) members to our Board (the "Matinas Stockholders' Nominees"), (ii) the Holdings Stockholders shall vote in favor of the election and removal of the Matinas Stockholders' Nominees and (iii) the Holdings Stockholders shall nominate the Aegis Nominee to our Board and (iv) the Matinas Stockholders shall vote in favor of the election and removal of the Aegis Nominee. The Voting Agreement will expire upon the earlier of (i) the approval of at least 75% of the Matinas Stockholders and the Holdings Stockholders voting together based upon their ownership of our common stock or (ii) the closing of a firm commitment underwritten public offering of shares of our common stock resulting in gross proceeds of at least $20 million.

Merger Transaction

On July 11, 2013, Matinas BioPharma entered into the Merger Agreement with Merger Sub, a wholly owned subsidiary of Holdings. Pursuant to the terms of the Merger Agreement, as a condition of and contemporaneously with the initial closing of the 2013 Private Placement, Merger Sub will merge with and into Matinas BioPharma and Matinas BioPharma will become a wholly owned subsidiary of Holdings. In connection with the Merger, all shares of common stock and preferred stock of Matinas BioPharma were cancelled and the stockholders of Matinas BioPharma received an aggregate of 9,000,000 shares of our common stock and warrants to purchase 1,000,000 shares of our common stock at an exercise price of $2.00 per share (the "Merger Warrants"), including Herbert Conrad, our chairman of the board, who received 351,563 shares of our common stock and 250,000 Merger Warrants; Roelof Rongen, our president and chief executive officer, who received 3,417,186 shares of our common stock, Abdel A. Fawzy, our executive vice president, pharmaceutical development and supply chain development, who received 1,708,593 shares of our common stock; Geroge Bobotas, our executive vice president and chief scientific officer, and his spouse, who received an aggregate of 1,366,875 shares of our common stock; Jerome Jabbour, our executive vice president, chief business officer and general counsel, who received 759,374 shares of our common stock and Stefano Ferrari, a member of our board of directors, through an entity controlled by him, received 351,563 shares of our common stock and 250,000 Merger Warrants.

Warrant Private Placement

Contemporaneously with the initial closing of the 2013 Private Placement, we sold 500,000 Private Placement Warrants to Herbert Conrad, our chairman of the board, for a purchase price of $0.04 per warrant. The Private Placement Warrants have an exercise price of $2.00 per share. The Private Placement Warrants were offered to all preferred stockholders of Matinas BioPharma prior to the Merger, including Mr. Conrad. See the section entitled "Description of Capital Stock –Warrants" for a discussion of the terms of the Private Placement Warrants.

Indemnification Agreements

We plan to enter into indemnification agreements with each of our current directors and executive officers. The indemnification agreements will provide for indemnification against expenses, judgments, fines and penalties actually and reasonably incurred by an indemnitee in connection with threatened, pending or completed actions, suits or other proceedings, subject to certain limitations. The indemnification agreements also will provide for the advancement of expenses in connection with a proceeding prior to a final, nonappealable judgment or other adjudication, provided that the indemnitee provides an undertaking to repay to us any amounts advanced if the indemnitee is ultimately found not to be entitled to indemnification by us. The indemnification agreement will set forth procedures for making and responding to a request for indemnification or advancement of expenses, as well as dispute resolution procedures that will apply to any dispute between us and an indemnitee arising under the Indemnification Agreements.

Policies and Procedures for Related Party Transactions

Prior to the effectiveness of the registration of which this prospectus forms a part, we plan to adopt a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock, any members of the immediate family of any of the foregoing persons and any firms, corporations or other entities in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest, which we refer to collectively as related parties, are not permitted to enter into a transaction with us without the prior consent of our board of directors acting through the audit committee or, in certain circumstances, the chairman of the audit committee. Any request for us to enter into a transaction with a related party, in which the amount involved exceeds $100,000 and such related party would have a direct or indirect interest must first be presented to our audit committee, or in certain circumstances the chairman of our audit committee, for review, consideration and approval. In approving or rejecting any such proposal, our audit committee, or the chairman of our audit committee, is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the benefits to us, the availability of other sources of comparable products or services and the extent of the related party's interest in the transaction.

DESCRIPTION OF CAPITAL STOCK

Our current Certificate of Incorporation authorizes us to issue:

- 150,000,000 shares of common stock, par value $0.0001 per share; and
- 10,000,000 shares of preferred stock, par value $0.0001 per share, none of which have yet been designated.

As of September 30, 2013, there were 31,500,000 shares of common stock outstanding and no shares of preferred stock outstanding. The number of shares of common stock outstanding as of September 30, 2013 does not include (i) 15,250,000 shares of common stock issuable upon the exercise of warrants and (ii) 1,835,000 shares of our common stock issuable upon the exercise of outstanding stock options.

The following statements are summaries only of the material provisions of our authorized capital stock and are qualified in their entirety by reference to our Certificate of Incorporation, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Common Stock

Voting. The holders of our common stock are entitled to one vote for each share held of record on all matters on which the holders are entitled to vote (or consent to).

Dividends. The holders of our common stock are entitled to receive, ratably, dividends only if, when and as declared by our Board of Directors out of funds legally available therefor and after provision is made for each class of capital stock having preference over the common stock (including the common stock).

Liquidation Rights. In the event of our liquidation, dissolution or winding-up, the holders of our common stock are entitled to share, ratably, in all assets remaining available for distribution after payment of all liabilities and after provision is made for each class of capital stock having preference over the common stock (including the common stock).

Conversion Rights. The holders of our common stock have no conversion rights.

Preemptive and Similar Rights. The holders of our common stock have no preemptive or similar rights.

Redemption/Put Rights. There are no redemption or sinking fund provisions applicable to the common stock. All of the outstanding shares of our common stock are fully-paid and nonassessable.

Transfer Restrictions. Shares of our common stock are subject to transfer restrictions. See "Restrictions on the Transfer of Securities."

Preferred Stock

We are authorized to issue up to 10,000,000 shares of preferred stock, par value $0.0001 per share, with such designations, rights, and preferences as may be determined from time to time by our Board of Directors. Accordingly, our Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting, or other rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock, or delaying or preventing a change in control of our company, all without further action by our stockholders. We have no shares of our preferred stock outstanding.

Warrants

As of September 30, 2013, we had outstanding warrants to purchase an aggregate of 15,250,000 shares of common stock at exercise prices ranging from $1.00 to $2.00 per share.

The Warrants are exercisable immediately upon issuance and have a five-year term. The Warrants may be exercised at any time in whole or in part upon payment of the applicable exercise price until expiration of the Warrants. No fractional shares will be issued upon the exercise of the Warrants. The Warrants may be exercised on a "cashless" basis in certain circumstances, except the Placement Agent Warrants which may be exercise on a "cashless" basis at any time.

The exercise price and the number of warrant shares purchasable upon the exercise of the Investor Warrants are subject to adjustment upon the occurrence of certain events, including stock dividends, stock splits, combinations and reclassifications of our capital stock. Additionally, an adjustment would be made in the case of a reclassification or exchange, consolidation or merger of our company with or into another corporation (other than a consolidation or merger in which we are the surviving corporation) or sale of all or substantially all of our assets in order to enable holders of the Warrants to acquire the kind and number of shares of stock or other securities or property receivable in such event by a holder of the number of shares common stock that might otherwise have been purchased upon the exercise of the Warrants.

We may call the Warrants, other than the Placement Agent Warrants, at any time the common stock trades above $5.00 for twenty (20) consecutive days following the effectiveness of the registration statement covering the resale of the shares of common stock underlying the Warrants, provided that the Warrants can only be called if such registration statement is current and remains effective at the time of the call and provided further that we can only call the Investor Warrants for redemption, if we also call all other Warrants for redemption on the terms described above. The Placement Agent Warrants do not have a .redemption feature.

Options

As of November 30, 2013, we had outstanding options to purchase an aggregate of 3,035,000 shares of our common stock with an exercise price of $0.94 per share.

Registration Rights

In connection with the 2013 Private Placement, we entered into a registration rights agreement with the private placement investors, the placement agent and the holders of our outstanding warrants. We were required to with the SEC no later than October 7, 2013 (the "Filing Deadline"), a registration statement covering the resale of the shares of common stock and the shares of common stock underlying the warrants, issued in the 2013 Private Placement, as well as the shares of common stock underlying the formation warrants, the merger warrants, and the private placement warrants. We are also required to use commercially reasonable efforts to have the registration statement declared effective within one hundred and fifty (150) days after the registration statement is filed (the "Effectiveness Deadline"), and to keep the registration statement continuously effective under the Securities Act of 1933, as amended (the "Securities Act"), until the earlier of the date when all the registrable securities covered by the registration statement have been sold or such time as all of the registrable securities covered by the registration statement can be sold under Rule 144 without any volume limitations.

If this registration statement is not declared effective on or before the Effectiveness Deadline, we shall pay to each holder of registrable securities purchased in the 2013 Private Placement an amount in cash equal to one-half of one percent (0.5%) of such holder's investment amount on every thirty (30) day anniversary of such Effectiveness Deadline until such failure is cured. The payment amount shall be prorated for partial thirty (30) day periods. The maximum aggregate amount of payments to be made by us as the result of such failure, shall be an amount equal to 6% of each holder's investment amount. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the holder's registrable securities may be sold by such holder without restriction under Rule 144.

We shall keep the registration statement "evergreen" for one (1) year from the date it is declared effective by the Commission or until Rule 144 of the Securities Act is available to the holders of registrable securities purchased in the 2013 Private Placement with respect to all of their shares, whichever is earlier.

We will pay all costs and expenses incurred by us in complying with our obligations to file registration statements pursuant to the registration rights agreement, except that the selling holders will be responsible for their shares of the attorney's fees and expenses and any commissions or other compensation to selling agents and similar persons; provided, however, we will permit a single firm of counsel designated as selling stockholders' counsel by the holders of a majority of the shares of the registrable securities being registered pursuant to the registration rights agreement to review the subject registration statement (and all amendments and/or supplements thereto) for a reasonable period of time prior to their filing and reimburse their legal fees up to $25,000 per registration statement.

Transfer Agent and Registrar

VStock Transfer, LLC is the transfer agent and registrar for our common stock.

Quotation of Securities

We intend to seek to have a broker-dealer file a Form 211 in order to have our common stock quoted on the OTC Bulletin Board and/or OTCQB. It is anticipated that our common stock will be quoted on the OTC Bulletin Board and/or OTCQB on or promptly after the date of this prospectus, provided, however, that is no assurance that our common stock will actually be approved and quoted on the OTC Bulletin Board or OTCQB.

Anti-Takeover Effect of Delaware Law, Certain Charter and Bylaw Provisions

Our certificate of incorporation and bylaws contain provisions that could have the effect of discouraging potential acquisition proposals or tender offers or delaying or preventing a change of control of our company. These provisions are as follows:

- they provide that special meetings of stockholders may be called only by the board of directors, President or our Chairman of the Board of Directors, or at the request in writing by stockholders of record owning at least fifty (50%) percent of the issued and outstanding voting shares of common stock;

- they do not include a provision for cumulative voting in the election of directors. Under cumulative voting, a minority stockholder holding a sufficient number of shares may be able to ensure the election of one or more directors. The absence of cumulative voting may have the effect of limiting the ability of minority stockholders to effect changes in our board of directors; and

- they allow us to issue, without stockholder approval, up to 10,000,000 shares of preferred stock that could adversely affect the rights and powers of the holders of our common stock.

We are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in the following prescribed manner:

- prior to the time of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; and

- on or subsequent to the time of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, for purposes of Section 203, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, owned 15% or more of a corporation's outstanding voting securities.

SELLING STOCKHOLDERS

The following table sets forth information as of the date of this prospectus, to our knowledge, about the beneficial ownership of our common stock by the selling stockholders both before and immediately after the offering.

All of the selling stockholders received their securities in: (i) our formation, (ii) 2013 Private Placement; and/or (iii) the Warrant Private Placement, in each case prior to the initial filing date of the registration statement of which this prospectus is a part. We believe that the selling stockholders have sole voting and investment power with respect to all of the shares of common stock beneficially owned by them unless otherwise indicated. We believe that all securities purchased by broker-dealers or affiliates of broker-dealers were purchased by such persons and entities in the ordinary course of business and at the time of purchase, such purchasers did not have any agreements or understandings, directly or indirectly, with any person to distribute such securities.

The percent of beneficial ownership for the selling stockholders is based on 31,500,000 shares of common stock outstanding as of the date of this prospectus. Warrants to purchase shares of our common stock held by certain investors that are currently exercisable or exercisable within 60 days of the date of this prospectus are considered outstanding and beneficially owned by such investors for the purpose of computing the percentage ownership of their respective percentage ownership but are not treated as outstanding for the purpose of computing the percentage ownership of any other stockholder. Unless otherwise stated below, to our knowledge, none of the selling stockholders has had a material relationship with us other than as a stockholder at any time within the past three years or has ever been one of our officers or directors.

Pursuant to Rules 13d-3 and 13d-5 of the Exchange Act, beneficial ownership includes any shares of our common stock as to which a stockholder has sole or shared voting power or investment power, and also any shares of our common stock which the stockholder has the right to acquire within 60 days, including upon exercise of warrants to purchase shares of our common stock.

The shares of common stock being offered pursuant to this prospectus may be offered for sale from time to time during the period the registration statement of which this prospectus is a part remains effective, by or for the account of the selling stockholders. After the date of effectiveness, the selling stockholders may have sold or transferred, in transactions covered by this prospectus or in transactions exempt from the registration requirements of the Securities Act, some or all of their common stock.

Information about the selling stockholders may change over time. Any changed information will be set forth in an amendment to the registration statement or supplement to this prospectus, to the extent required by law.

Name of Selling Stockholder	Shares Beneficially Owned as of the date of this Prospectus[1]		Shares Offered by this Prospectus	Shares Beneficially Owned After the Offering[1][2]	
	Number	Percent		Number	Percent
Adam Stern[3]	3,634,651	10.8%	800,000	2,834,651	8.7%
A. Lauren Rhude Trust[4]	30,000	*	30,000	-	-
ABBA Properties Partnership[5]	112,500	*	112,500	-	-
Ali Bijan Rafie Trust[6]	52,500	*	52,500	-	-
Andrew Kaufman	75,000	*	75,000	-	-
Arnold Estates LLC[7]	240,625	*	100,000	140,625	*
Aspire Capital Fund LLC[8]	375,000	1.2%	375,000	-	-
Bel-Cal Joint Venture[9]	375,000	1.2%	375,000	-	-

Blue Ridge Financial Inc[10]	37,500	*	37,500	-	-
Bret Shupack	75,000	*	75,000	-	-
Christine Hassuk	15,000	*	15,000	-	-
Clyde J. Berg 2011 Charitable Remainder Trust 2011[11]	150,000	*	150,000	-	-
Collier Holdings LLC[12]	225,000	*	75,000	150,000	*
Craig Benson	240,626	*	100,000	140,626	*
CrL Management LLC [13]	750,000	2.4%	750,000	-	-
Daniel Cardone	30,000	*	30,000	-	-
Daniel S. Travelle	75,000	*	75,000	-	-
David Blonder	337,500	1.1%	337,500	-	-
David Bocchi Inc[14]	150,000	*	50,000	100,000	*
David Filer	75,000	*	25,000	50,000	*
David Kovacs	22,500	*	22,500	-	-
David M. Kutz, Patricia A. Kutz	150,000	*	150,000	-	-
Deborah Chin	37,500	*	37,500	-	-
Dominion Pension Plan Trustees (Jersey) Limited as Trustee of the Raffaele Ricci Pension Trust[15]	375,000	1.2%	375,000	-	-
Douglas P. Kaufman	37,500	*	37,500	-	-
Dov Sugarman	37,500	*	37,500	-	-
Fabrizio Balestri	37,500	*	37,500	-	-
Florence Luvera	15,000	*	15,000	-	-
FourJr. Investments LTD.[16]	562,500	1.8%	562,500	-	-
Fred A Wagner, Sr. & Rhonda M. Wagner	37,500	*	37,500	-	-
Fred A. Wagner, Jr. & Allison K. Wagner	75,000	*	75,000	-	-
Frederick B Carson and Barbara Kim Carson Ttee U/A Dtd 2/16/06 Carson Living Trust[17]	30,000	*	30,000	-	-

Gerald and Lynnette Hannahs	375,000	1.2%	375,000	-	-
Gerald Appel	37,500	*	37,500	-	-
Growth Ventures, Inc. Pension Plan & Trust[18]	75,000	*	75,000	-	-
Haitham Elsheikh	225,000	*	225,000	-	-
Henry Rothman	93,750	*	93,750	-	-
Ian Stern	15,000	*	15,000	-	-
Jack J. Springer, M.D., A Medical Corporation Defined Benefit Plan & Trust[19]	75,000	*	75,000	-	-
Jack Springer	37,500	*	37,500	-	-
Jacob Movtady	15,000	*	15,000	-	-
James and Sarah Lawler	46,875	*	46,875	-	-
Jan Koe	93,750	*	93,750	-	-
Jeffry F. Schoenbaum Revocable Trust U/A 3/4/96 [20]	225,000	*	225,000	-	-
Jeremy Office	75,000	*	75,000	-	-
JKW Family Ltd [21]	300,000	*	300,000	-	-
Joel Kovacs	22,500	*	22,500	-	-
John Burgraff	75,000	*	75,000	-	-
Joseph A. Scaniffe	75,000	*	75,000	-	-
Joseph Sharkey	75,000	*	75,000	-	-
Kalman A Barson	15,000	*	15,000	-	-
Keith E. Myers	37,500	*	12,500	25,000	*
Ken Chuzi IRA, Raymond James and Assoc. Inc. Custodian	30,000	*	30,000	-	-
Kenneth Weitzman	93,750	*	93,750	-	-
Kosir Living Trust[22]	93,750	*	93,750	-	-
Kyle Smith	15,000	*	15,000	-	-
Laura Dell	75,000	*	25,000	50,000	*
Lester Petracca	750,000	2.4%	750,000	-	-
LGA Investments Family Limited Partnership[23]	300,000	*	100,000	200,000	*
Martin and Diana Wolmark	225,000	*	225,000	-	-
Marvin Boehm Family Trust [24]	45,000	*	45,000	-	-
Mary L .Marcus - West Declaration of Trust [25]	52,500	*	52,500	-	-
MAT9 LLC [26]	241,875	*	241,875	-	-

Matthew D. and Regina M. MacLean	37,500	*	37,500	-	-
Maureen Campanella	37,500	*	37,500	-	-
Maurice Aaron	75,000	*	75,000	-	-
Michael D Ellerson IRA, Raymond James and Assoc. Inc. Custodian	30,000	*	30,000	-	-
Michael F Hannley IRA, Raymond James and Assoc. Inc. Custodian	30,000	*	30,000	-	-
Michael Garnick	600,000	1.9%	600,000	-	-
Michael Lerner	75,000	*	75,000	-	-
Michael Marino and Gina Rue	75,000	*	25,000	50,000	*
M.J. Fil Investments LLC[27]	37,500	*	37,500	-	-
Moggle Investors LLC[28]	600,000	1.9%	200,000	400,000	1.3%
MSSB C/F James Moore IRA Rollover	37,500	*	37,500	-	-
MSSB C/F James P. Maher IRA Rollover[29]	37,500	*	37,500	-	-
MSSB Custodian Bruce Emad IRA Rollover[30]	37,500	*	37,500	-	-
Nickel River LLC[31]	150,000	*	150,000	-	-
Option Opportunities Corp.[32]	75,000	*	75,000	-	-
Patrick Lorenz	75,000	*	75,000	-	-
Peter Janssen[33]	94,442	*	56,250	38,172	*
Peter S Sabo	75,000	*	75,000	-	-
Plank 2010 Family Trust[34]	120,313	*	50,000	70,313	*
PPG Trading, Inc.[35]	821,098	2.6%	187,500	633,598	2.0%
Precedo Fund LP[36]	150,000	*	150,000	-	-
Ramnarain Jaigobind	300,000	*	100,000	200,000	*
RBC Capital Markets FBO Ronald Lazar	37,500	*	37,500	-	-
RBC Capital Markets as Custodian for Barbara S. Dickler	187,500	*	187,500	-	-
RBC Custodian FBO Kevin Clarke IRA	15,000	*	15,000	-	-
RBC Custodian FBO Jonathan Young IRA	15,000	*	15,000	-	-
RL Capital Management Corp.[37]	15,000	*	15,000	-	-
RL Capital Partners, LP[38]	75,000	*	75,000	-	-

Robert deRose and Susan deRose Family Trust 11/18/86[39]	300,000	*	300,000	-	-
Robert H. Rowley and Dorothy W. Rowley Trust[40]	30,000	*	30,000	-	-
Robert L. Consley	75,000	*	75,000	-	-
Robert L. Montgomery	37,500	*	37,500	-	-
Robyn Schreiber	75,000	*	75,000	-	-
Roger Baumberger	606,510	1.9%	125,000	250,000	*
Rosalind Capital Partners L.P.[41]	281,250	*	281,250	-	-
Rosalind Master Fund L.P.[42]	168,750	*	168,750	-	-
S.T. Organovo LLC[43]	750,000	2.4%	750,000	-	-
Safier Enterprises LLC[44]	150,000	*	150,000	-	-
Samuel R Solis	93,750	*	93,750	-	-
Serenity Now LLC[45]	37,500	*	37,500	-	-
Seymore Goldstein and Danyale English	75,000	*	75,000	-	-
SJO Worldwide, LLC[46]	900,000	2.8%	900,000	-	-
Souheil Haddad	37,500	*	37,500	-	-
Stacy P. Paros	93,750	*	93,750	-	-
Steven C. Plank	120,313	*	50,000	70,313	*
Strategic Associates Ltd[47]	562,500	1.8%	187,500	375,000	1.2%
Terrence Oi	75,000	*	75,000	-	-
The Robert G. Mulchrone Trust[48]	97,500	*	97,500	-	-
The Wollheim Family Trust[49]	75,000	*	75,000	-	-
Timothy J Prouty IRA Raymond James and Assoc. Inc. Custodian	30,000	*	30,000	-	-
Timothy McInerney	37,500	*	37,500	-	-
Vantage FBO Laurence E. Lof Roth IRA[50]	75,000	*	75,000	-	-
Vantage FBO Regina M. MacLean Roth IRA	37,500	*	37,500	-	-
Vekoe Partners LLC[51]	67,500	*	67,500	-	-
Vidonia Holdings, LLC[52]	240,625	*	100,000	140,625	*
Wachtel Ventures, LLC[53]	240,626	*	100,000	140,626	*

Warberg Opportunistic Trading Fund LP[54]	75,000	*	75,000	-	-
William F. Miller, III	225,000	*	225,000	-	-
Wiltain Investors LLC[55]	750,000	2.4%	750,000	-	-
1010 Holdings LLC[56]	601,563	2.0%	351,563	51,563	1.2%
SPH Investments Inc. Profit Sharing Plan FBO Stephen Harrington[57]	450,000	1.4%	400,000	50,000	*
Sherif Sidhom Salib[58]	405,000	1.3%	355,000	50,000	*
Northlea Partners, LLLP[59]	150,000	*	100,000	50,000	*
NSH 2008 Family Trust[60]	150,000	*	100,000	50,000	*
Pavilion Capital Partners, LLC[61]	300,000	*	100,000	200,000	*
SternAegis Advisers LLC[62]	250,000	*	250,000	-	-
Piper Ventures Partners, LLC[63]	300,000	*	100,000	200,000	*
Laurence G. Allen	150,000	*	150,000	-	-
ACP Partners, LP[64]	75,000	*	75,000	-	-
ACP X, LP[65]	1,500,000	4.7%	1,500,000	-	-
George Karfunkel	1,800,000	5.6%	1,600,000	200,000	*
Herbert J. Conrad[66]	1,514,758	4.7%	1,125,000	389,758	1.2%
Jennifer Lorenzo	225,000	*	75,000	150,000	*
GJG Life Sciences LLC[67]	2,625,000	8.1%	2,625,000	-	-
Derek Sroufe	262,500	*	162,500	100,000	*
DIT Equity Investors, LLC[68]	375,000	1.2%	375,000	-	-
Edward M. Dunn	525,000	1.7%	425,000	100,000	*
BobCat Property Trust of Angel Fire, New Mexico[69]	750,000	2.4%	550,000	200,000	*
Bruce A. Ferguson IRA Raymond James and Assoc. Inc. Custodian	45,000	*	45,000	-	-
Bruce A. Ferguson and Dawn E. Gunter TIC	45,000	*	45,000	-	-
DIT Equity Holdings, LLC [70]	825,000	2.6%	275,000	550,000	1.7%
Aegis Capital Corp.[71]	150,000	*	50,000	100,000	*
Salib Holdings, LLC[72]	837,500	2.6%	837,500	-	-

* Less than 1%.

[1] Share numbers include shares underlying warrants held by the selling stockholder.

(2)Assumes the sale of all shares offered pursuant to this prospectus.

(3) Share numbers include shares of common stock issuable upon exercise of options that are exercisable within sixty days of October 4, 2013.

(4) A. Lauren Rhude is a trustee with voting and dispositive power over the shares held by the A. Lauren Rhude Trust.

(5) Avrom Balsam and Nathaniel Abramson are natural persons with voting and dispositive power over the shares held by ABBA Properties Partnership.

(6) Ali Bijan Rafie is a trustee with voting and dispositive power over the shares held by the Ali Bijan Rafie Trust.

(7) Steven Ellis is a natural person with voting and dispositive power over the shares held by Arnold Estates LLC.

(8) Steven G. Martin is a natural person with voting and dispositive power over the shares held by Aspire Capital Fund LLC.

(9) William Belzberg is a natural person with voting and dispositive power over the shares held by Bel-Cal Joint Venture.

(10) Nancy J. Cooper and Nicholas Ponzio are natural persons with voting and dispositive power over the shares held by Blue Ridge Financial Inc.

(11) Carl E. Berg and Carl Warden are co-trustees with voting and dispositive power over the shares held by the Clyde J. Berg 2011 Charitable Remainder Trust 2011.

(12) Todd Van Emburgh is a natural person with voting and dispositive power over the shares held by Collier Holdings LLC.

(13) Charles Raymond Langston is a natural person with voting and dispositive power over the shares held by CrL Management LLC.

(14) David Bocchi is a natural person with voting and dispositive power over the shares held by David Bocchi Inc.

(15) Dominion Pension Plan Trustees (Jersey) Limited is a trustee with voting and dispositive power over the shares held by the Raffaele Ricci Pension Trust. J.L. Piazza is a control person of Dominion Pension Plan Trustees (Jersey) Limited.

(16) Robert Burke is a natural person with voting and dispositive power over the shares held by FourJr. Investments LTD.

(17) Frederick B Carson and Barbara Kim Carson are co- trustees with voting and dispositive power over the shares held by the Carson Living Trust.

(18) Gary J. McAdam is a trustee with voting and dispositive power over the shares held by the Growth Ventures, Inc. Pension Plan & Trust.

(19) Jack Springer is a trustee with voting and dispositive power over the shares held by the Jack J. Springer, M.D., A Medical Corporation Defined Benefit Plan & Trust.

(20) Jeffry F. Schoenbaum and Susan M. Schoenbaum are co-trustees with voting and dispositive power over the shares held by the Jeffry F. Schoenbaum Revocable Trust U/A 3/4/96.

(21) Joshua S. Weiss is a natural person with voting and dispositive power over the shares held by JKW Family Ltd.

(22) B. Ted Kosir and Stojka Kosir are trustees with voting and dispositive power over the shares held by the Kosir Living Trust.

(23) Laurence G. Allen is a natural person with voting and dispositive power over the shares held by LGA Investments Family Limited Partnership, ACP Partners, LP and ACP X, LP.

(24) Marvin Boehm is a trustee with voting and dispositive power over the shares held by the Marvin Boehm Family Trust.

(25) Mary L. Marcus-West is a trustee with voting and dispositive power over the shares held by the Mary L. Marcus-West Declaration Trust.

(26) Ralph Pastore is a natural person with voting and dispositive power over the shares held by MAT9 LLC and S.T. Organovo LLC.

(27) Jonathan Blumberg is a natural person with voting and dispositive power over the shares held by M.J. Fil Investments LLC, Option Opportunities Corp., Serenity Now LLC, Warberg Opportunistic Trading Fund LP. Mr. Blumberg is affiliated with a FINRA Member firm.

(28) Stephen Harrington is a natural person with voting and dispositive power over the shares held by Moggle Investors LLC.

(29) Mr. Maher is a FINRA member.

(30) Mr. Emad is a FINRA member.

(31) Brooks McCartney is a natural person with voting and dispositive power over the shares held by Nickel River LLC. Nickel River LLC is affiliated with a FINRA-member broker-dealer.

(32) Jonathan Blumberg is a natural person with voting and dispositive power over the shares held by M.J. Fil Investments LLC, Option Opportunities Corp., Serenity Now LLC, Warberg Opportunistic Trading Fund LP. Mr. Blumberg is affiliated with a FINRA Member Firm.

(33) Mr. Janssen is a FINRA member broker-dealer.

(34) Julie Plank is a trustee with voting and dispositive power over the shares held by the Plank 2010 Family Trust.

(35) Raffaele Gambardella and Phil Michals are natural persons with voting and dispositive power over the shares held by PPG Trading, Inc.

(36) Timothy Moran is a natural person with voting and dispositive power over the shares held by Precedo Fund LP.

(37) Ronald Lazar is a natural person with voting and dispositive power over the shares held by RL Capital Management Corp. and RL Capital Partners, LP.

(38) Ronald Lazar is a natural person with voting and dispositive power over the shares held by RL Capital Management Corp. and RL Capital Partners, LP.

(39) Robert D. DeRose is a trustee with voting and dispositive power over the shares held by the Robert deRose and Susan deRose Family Trust 11/18/86.

(40) Robert H. Rowley and Dorothy W. Rowley are co-trustees with voting and dispositive power over the shares held by Robert H. Rowley and Dorothy W. Rowley Trust.

(41) Steven Salamon is a natural person with voting and dispositive power over the shares held by Rosalind Capital Partners L.P. and Rosalind Master Fund L.P.

(42) Steven Salamon is a natural person with voting and dispositive power over the shares held by Rosalind Capital Partners L.P. and Rosalind Master Fund L.P.

(43) Ralph Pastore is a natural person with voting and dispositive power over the shares held by MAT9 LLC and S.T. Organovo LLC.

(44) Jamie Safier is a natural person with voting and dispositive power over the shares held by Safier Enterprises LLC.

(45) Jonathan Blumberg is a natural person with voting and dispositive power over the shares held by M.J. Fil Investments LLC, Option Opportunities Corp., Serenity Now LLC, Warberg Opportunistic Trading Fund LP. Mr. Blumberg is affiliated with a FINRA Member Firm.

(46) Jeremy Office is a natural person with voting and dispositive power over the shares held by SJO Worldwide, LLC.

(47) Robert J. Eide is a natural person with voting and dispositive power over the shares held by Strategic Associates Ltd. Mr. Eide is chief executive officer of Aegis Capital Corp., a FINRA member.

(48) Robert G. Mulchrone is a trustee with voting and dispositive power over the shares held by the Robert G. Mulchrone Trust.

(49) Bryan J. Wollheim and Jaclyn S. Wollheim are co- trustee with voting and dispositive power over the shares held by the Wollheim Family Trust.

(50) Mr. Lof is a FINRA member.

(51) Jan Koe is a natural person with voting and dispositive power over the shares held by Vekoe Partners LLC.

(52) Tara Keiter is a natural person with voting and dispositive power over the shares held by Vidonia Holdings, LLC.

(53) Adam Wachtel is a natural person with voting and dispositive power over the shares held by Wachtel Ventures, LLC.

(54) Jonathan Blumberg is a natural person with voting and dispositive power over the shares held by M.J. Fil Investments LLC, Option Opportunities Corp., Serenity Now LLC, Warberg Opportunistic Trading Fund LP. Mr. Blumberg is affiliated with a FINRA Member Firm.

(55) John McCarthy is a natural person with voting and dispositive power over the shares held by Wiltain Investors LLC.

(56) Stefano Ferrari is a natural person with voting and dispositive power over the shares held by1010 Holdings LLC.

(57) Stephen Harrington is a natural person with voting and dispositive power over the shares held by SPH Investments Inc. Profit Sharing Plan FBO Stephen Harrington.

(58) Share numbers include shares of common stock that are registered in the name of Mr. Salib's individual retirement account.

(59) John H Abeles is a natural person with voting and dispositive power over the shares held by Northlea Partners, LLLP.

(60) David Hochman, Cynthia Hochman and Sara Hochman Allard are co-trustees with voting and dispositive power over the shares held by the NSH 2008 Family Trust.

(61) Adam Stern is a natural person with voting and dispositive power over the shares held by Pavilion Capital Partners, LLC, SternAegis Advisers LLC and Piper Ventures Partners, LLC.

(62) Adam Stern is a natural person with voting and dispositive power over the shares held by Pavilion Capital Partners, LLC, SternAegis Advisers LLC and Piper Ventures Partners, LLC.

(63) Adam Stern is a natural person with voting and dispositive power over the shares held by Pavilion Capital Partners, LLC, SternAegis Advisers LLC and Piper Ventures Partners, LLC.

(64) Laurence G. Allen is a natural person with voting and dispositive power over the shares held by ACP Partners, LP, ACP X, LP and LGA Investments Family Limited Partnership.

(65) Laurence G. Allen is a natural person with voting and dispositive power over the shares held by ACP Partners, LP, ACP X, LP and LGA Investments Family Limited Partnership.

(66) Share numbers include shares of common stock issuable upon exercise of options that are exercisable within sixty days of October 4, 2013.

(67) Jennifer Lorenzo is a natural person with voting and dispositive power over the shares held by GJG Life Sciences LLC.

(68) Howard Appel is a natural person with voting and dispositive power over the shares held by DIT Equity Investors, LLC and Wiltomo Redemption Foundation.

(69) Theresa O'Brien is a trustee with voting and dispositive power over the shares held by the BobCat Property Trust of Angel Fire, New Mexico.

(70) Kyung Won Lee is a natural person with voting and dispositive power over the shares held by DIT Equity Holdings, LLC.

(71) Robert J. Eide is a natural person with voting and dispositive power over the shares held by Aegis Capital Corp., a FINRA Member.

(72) Seon Yung Chang is a natural person with voting and dispositive over the shares held by Salib Holdings, LLC.

PLAN OF DISTRIBUTION

The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions.

The selling stockholders may sell some or all of their shares at a fixed price of $1.00 per share until our shares are quoted on the OTC Bulletin Board and/or OTCQB Market and thereafter at prevailing market prices or privately negotiated prices. Prior to being quoted on the OTC Bulletin Board and/or OTCQB Market, shareholders may sell their shares in private transactions to other individuals.

Our common stock is not listed or traded on any public exchange, and we have not applied for listing or quotation on any exchange. We are seeking sponsorship for the quotation of our common stock on the OTC Bulletin Board and/or OTCQB Market. In order to be quoted on the OTC Bulletin Board and/or OTCQB Market, a market maker must file an application on our behalf in order to make a market for our common stock. There can be no assurance that a market maker will agree to file the necessary documents with FINRA, nor can there be any assurance that such an application for quotation will be approved. There is further no assurance that an active trading market for our shares will develop, or, if developed, that it will be sustained. In the absence of a trading market or an active trading market, investors may be unable to liquidate their investment.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- privately negotiated transactions;
- short sales;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus; provided, however, that prior to any such transfer the following information (or such other information as may be required by the federal securities laws from time to time) with respect to each such selling beneficial owner must be added to the prospectus by way of a prospectus supplement or post-effective amendment, as appropriate: (1) the name of the selling beneficial owner; (2) any material relationship the selling beneficial owner has had within the past three years with us or any of our predecessors or affiliates; (3) the amount of securities of the class owned by such beneficial owner before the offering; (4) the amount to be offered for the beneficial owner's account; and (5) the amount and (if one percent or more) the percentage of the class to be owned by such beneficial owner after the offering is complete.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering, provided, however, we will receive proceeds from the exercise of the warrants held by certain investors.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders and any underwriters, broker-dealers or agents, or their affiliates, that participate in the sale of the common stock or interests therein may be "underwriters" within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

The maximum amount of compensation to be received by any FINRA member or independent broker-dealer for the sale of any securities registered under this prospectus will not be greater than 8.0% of the gross proceeds from the sale of such securities.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is no public trading market on which our common stock is traded. Among other matters, in order for our common stock to become OTCBB/OTCQB eligible, a FINRA-member broker/dealer must file a Form 211 with FINRA and commit to make a market in our securities once the Form 211 is approved by FINRA. As of the date of this prospectus, the Form 211 has not been filed with FINRA. There is no assurance that our common stock will be included on the OTCBB/OTCQB.

The shares of common stock registered hereby can be sold by selling stockholders at a fixed price of $1.00 per share until our shares are quoted on the OTC Bulletin Board and/or OTCQB Market and thereafter at prevailing market prices or privately negotiated prices. We determined such fixed price based on the highest price at which shares of our common stock were sold in our previous private placements.

We can offer no assurance that an active public market in our shares will develop or be sustained. Future sales of substantial amounts of our shares in the public market could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Holders

As of the date of this prospectus, there are 163 record holders of our common stock.

LEGAL MATTERS

The validity of the securities offered in this prospectus is being passed upon for us by Lowenstein Sandler LLP, New York, New York. A partner of the firm beneficially owns 50,000 shares and warrants to purchase 25,000 shares of our common stock with an exercise price of $2.00 per share.

EXPERTS

The consolidated financial statements of Matinas BioPharma Holdings, Inc. appearing in this prospectus and related registration statement have been audited by EisnerAmper LLP, an independent registered public accounting firm, as set forth in their report thereon and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

DISCLOSURE OF COMMISSION POSITION OF INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our directors and officers are indemnified to the fullest extent permitted under Delaware law. We may also purchase and maintain insurance which protects our officers and directors against any liabilities incurred in connection with their service in such a capacity, and such a policy may be obtained by us in the future.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of ours in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered by this prospectus. This prospectus, which is part of the registration statement, omits certain information, exhibits, schedules and undertakings set forth in the registration statement. For further information pertaining to us and our common stock, reference is made to the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents or provisions of any documents referred to in this prospectus are not necessarily complete, and in each instance where a copy of the document has been filed as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the matters involved.

You may read and copy all or any portion of the registration statement without charge at the office of the SEC at the Public Reference Room at Station Place, 100 F Street, N.E., Washington, D.C. 20549. Copies of the registration statement may be obtained from the SEC at prescribed rates from the Public Reference Section of the SEC at such address. In addition, registration statements and certain other filings made with the SEC electronically are publicly available through the SEC's web site at *http://www.sec.gov*. The registration statement, including all exhibits and amendments to the registration statement, has been filed electronically with the SEC.

Contemporaneously with the effectiveness of the registration statement of which this prospectus is a part, we will become subject to the information and periodic reporting requirements of the Exchange Act and, accordingly, will file annual reports containing financial statements audited by an independent public accounting firm, quarterly reports containing unaudited financial data, current reports, and other information with the Securities and Exchange Commission. You will be able to inspect and copy such periodic reports, and other information at the SEC's public reference room, and the web site of the SEC referred to above.

MATINAS BIOPHARMA, INC.

(Formerly NEREUS BIOPHARMA LLC)

(A Development Stage Company)

INDEX TO FINANCIALS

MATINAS BIOPHARMA HOLDINGS INC. AND SUBSIDIARY
(Formerly Matinas BioPharma, Inc.)
(A Development Stage Company)

FINANCIAL STATEMENTS

Nine Months Ended September 30, 2013

MATINAS BIOPHARMA HOLDINGS INC. AND SUBSIDIARY
(Formerly NEREUS BIOPHARMA LLC)
(A Development Stage Company)

MATINAS BIOPHARMA HOLDINGS, INC.
(Formerly MATINAS BIOPHARMA, INC.)
(A Development Stage Company)

Consolidated Balance Sheets

	(UNAUDITED) September 30, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash	$ **12,572,588**	$ 424,364
Prepaid Expenses	**30,393**	-
Total Current Assets	**12,602,981**	424,364
Equipment & Leasehold Improvements, net	**27,636**	-
TOTAL ASSETS	$ **12,630,617**	$ 424,364
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ **260,872**	$ 60,327
Accrued Expenses	**241,466**	-
Loans made by Founders	**-**	24,100
Total Current Liabilities	**502,338**	84,427
COMMITMENTS AND CONTINGENCIES		
Redeemable Convertible Preferred Stock, $0.0001 par value: 925,926 issued and outstanding at December 31, 2012		456,529
STOCKHOLDERS' DEFICIT		
Common Stock Par Value $ 0.001 150,000,000 Authorized, 31,500,000 Issued and outstanding as of September 30,2013	**3,150**	1,000
Additional Paid in Capital	**15,771,634**	
Deficit accumulated during the development stage	**(3,646,505)**	(117,592)
Total Stockholders' Equity (Deficit)	**12,128,279**	(116,592)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ **12,630,617**	$ 424,364

The accompanying notes are an integral part of these consolidated financial statements.

MATINAS BIOPHARMA HOLDINGS, INC.
(Formerly MATINAS BIOPHARMA INC.)
(A Development Stage Company)

Consolidated Statements of Operations
UNAUDITED

	For the Nine Months Ended September 30,		Cumulative Period From August 11, 2011 (Date of Inception) To September 30,
	2013	**2012**	**2013**
REVENUES	$ -	$ -	$ -
OPERATING EXPENSES			
Research and development	1,034,700	6,166	1,113,546
General and administrative	873,888	15,548	912,634
Total Operating Expenses	1,908,588	21,714	2,026,180
Other expense	3,202	-	3,202
NET LOSS	$ (1,911,790)	$ (21,714)	$ (2,029,382)
BASIC LOSS AND DILUTED LOSS PER SHARE	$ (0.06)	$ -	$ -
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	31,500,000	10,000,000	-

The accompanying notes are an integral part of these consolidated financial statements.

MATINAS BIOPHARMA HOLDINGS, INC.
(Formerly MATINAS BIOPHARMA INC.)
(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
UNAUDITED

	Redeemable Convertible Preferred Stock		Common Stock		Additional	Membership	Deficit Accumulated During the Development	Total Stockholders'
	(Shares)	(Amount)	(Shares)	(Amount)	Paid-in Capital	Units	Stage	Deficit
		$		$	$		$	$
Nereus Biopharma LLC. ownership units issued, August 11, 2011						2,000		2,000
Net loss for the year ended December 31, 2011							(1,517)	(1,517)
Balance at December 31, 2011	-	-	-	-		2,000	(1,517)	483
Conversion of LLC into Corporation and purchase of common stock			10,000,000	1,000				1,000
Repurchase of membership units						(2,000)		(2,000)
Series A Redeemable Convertible Preferred Stock issued on December 14, 2012 for cash at $ .54 per share, 1st tranche	925,926	500,000						-
Issuance cost paid in connection with Series A redeemable convertible preferred stock		(43,472)						-
Net loss for the year ended December 31, 2012							(116,075)	(116,075)
Balance at December 31, 2012	925,926	456,528	10,000,000	1,000		-	(117,592)	(116,592)
Series A Preferred Stock issued on February 1, 2013 for cash at $ .54 per share, 2nd tranche	555,557	300,001						
Series A Preferred Stock issued on February 26, 2013 for cash at $ .54 per share, 3rd tranche	185,185	100,000						
Series A Preferred Stock issued on April 1, 2013 for cash at $ .54 per share, 4rd tranche	185,184	100,000						
Issuance cost paid in connection with Series A convertible preferred stock		(4,140)						
Recapitalization								
Elimination of Matinas BioPharma Inc. equity (July 11,2013)	(1,851,852)	(952,389)	(10,000,000)	(1,000)				(1,000)
Issuance of shares in Matinas Holdings (July 11,2013)			9,000,000	900	952,489			953,389
Formation of Holdings (July 11, 2013)								
Sale of 7,500,000 shares and 3,750,000 warrants for $375,000 and related deemed dividend of $1,400,491			7,500,000	750	1,774,741		(1,400,491)	375,000
Sale of 250,000 warrants to Mr. Adam Stern (July 11, 2013) for $10,000 and related compensation charge of $108,316					118,316			118,316
Sale of 500,000 warrants to Mr. Herb Conrad (July 30, 2013) for $20,000 and related deemed dividend of $216,632					236,632		(216,632)	20,000
Private Placement (July 30, 2013 and August 8, 2013) - 15,000,000 shares and warrants to purchase 7,500,000 shares of common stock			15,000,000	1,500	14,998,500			15,000,000
Private Placement Issuance Costs					(2,378,672)			(2,378,672)
Stock based compensation expense relatedd to stock option issuance for the 9 months ended September 30, 2013					69,628			69,628
Net loss for the 9 months ended September 30, 2013							(1,911,790)	(1,911,790)
Balance at September 30, 2013 - **unaudited**	-	0	31,500,000	3,150	$ 15,771,634	-	$ (3,646,505)	$ 12,128,279

The accompanying notes are an integral part of these consolidated financial statements.

MATINAS BIOPHARMA, HOLDINGS INC.
(Formerly MATINAS BIOPHARMA INC.)
(A Development Stage Company)

Statements of Cash Flows
(unaudited)

	(UNAUDITED) September 30,		Cumulative Period From August 11, 2011 (date of inception) to September 30,
	2013	**2012**	**2013**
Cash flows from operating activites:			
Net loss	**$ (1,911,790)**	$ (21,714)	$ (2,029,382)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	**662**	-	662
Share based compensation - stock options	**69,628**	-	69,628
Share based compensation resulting from issuance of equity instruments below fair value	**108,392**	-	108,392
Changes in operating assets and liabilities			
Prepaid expense, net	**(30,392)**	-	(30,392)
Accrued expenses	**241,466**	-	241,466
Accounts payable	**200,469**	34,753	260,764
Net cash used in operating activities	**(1,321,565)**	13,039	(1,378,830)
Cash flows used by investing activities:			
Equipment Purchases	**(28,298)**	-	(28,298)
Net cash used by investing activities	**(28,298)**	-	**(28,298)**
Cash flows from financing activities:			
Loans provided by founders	**-**	7,000	24,100
Repayment of loans provided by founders	**(24,100)**	-	(24,100)
Proceeds from membership units issued for cash	**-**	900	2,000
Repurchase of membership units	**-**	-	(2,000)
Proceeds from common stock issued for cash	**-**	-	1,000
Proceeds from units (common stock with warrants) issued for cash	**15,000,000**	-	15,000,000
Common Stock Issuance Costs	**(2,378,674)**	-	(2,378,674)
Proceeds from redeemable convertible preferred stock issued for cash by Matinas BioPharma Inc.	**500,001**	-	1,000,001
Redeemable convertible preferred stock issuance costs	**(4,140)**	(18,158)	(47,611)
Proceeds from sale of Holding Common Stock	**375,000**	-	375,000
Proceeds from sale of Formation Warrants	**10,000**	-	10,000
Proceeds from sale of Private Placement Warrants	**20,000**	-	20,000
Net cash provided by financing activities	**13,498,087**	(10,258)	13,979,716
Net increase in cash	**12,148,224**	2,780	12,572,588
Cash at beginning of period	**424,364**	-	-
Cash at end of period	**$ 12,572,588**	$ 2,780	$ 12,572,588
Supplemental non-cash financing activities			
Issuance of shares in Matinas Holdings (July 11, 2013)	**$ 953,389**	-	953,389
Deemed dividend - Holdings private placement	**1,400,491**	-	1,400,491
Deemed dividend - Mr. Herbert Conrad warrants	**216,632**	-	216,632
Fair value of warrants issued to placement agent in private placement	**1,252,111**	-	1,252,111

The accompanying notes are an integral part of these financial statements.

MATINAS BIOPHARMA, HOLDINGS INC. AND SUBSIDIARY
(Formerly MATINAS BIOPHARMA INC.)

(A Development Stage Company)

Notes to the Financial Statements
September 30, 2013
(Unaudited)

Note A - Company Information And History

[1] Corporate History

Matinas BioPharma Holdings Inc. ("Holdings") is a Delaware corporation formed in 2013 and is the parent company of Matinas BioPharma, Inc., its operating subsidiary ("BioPharma" or "the Company"). Nereus BioPharma LLC, a Delaware limited liability company (and Matinas BioPharma's predecessor) ("Nereus") was formed on August 12, 2011. On February 29, 2012, Nereus converted from a limited liability company to a corporation and changed its name to Matinas BioPharma, Inc.

On July 11, 2013, and contemporaneously with the initial closing of the 2013 Private Placement, Matinas BioPharma Inc. entered into a Merger agreement ("Merger") whereby it become a wholly owned subsidiary of Holdings to effect its recapitalization plan. In connection with the Merger, the stockholders of Matinas BioPharma Inc. become the stockholders of the Holdings and received an aggregate of 9,000,000 shares of Holdings common stock and warrants to purchase 1,000,000 shares of Holdings common stock. See Note D for further discussion.

In July and August of 2013, the Company completed the 2013 Private Placement, under which the Company sold an aggregate of 15,000,000 shares of common stock and warrants to purchase an aggregate of 7,500,000 shares of common stock. See Note D for further discussion.

[2] Proprietary Product and Technology Portfolios

Matinas is a development stage biopharmaceutical company with a focus on identifying and developing novel pharmaceutical products for the treatment of abnormalities in blood lipids, referred to as dyslipidemia, and the treatment of cardiovascular disease. The Company believes that by capitalizing on its significant expertise and experience in the field of lipid science and the strong indicators for the therapeutic benefits of omega-3 fatty acids in treating lipid disorders, the Company has designed a program to develop lead product candidate MAT 9001 and to establish significant differentiation over existing available therapies by demonstrating potent reductions in triglyceride levels and improvement of cholesterol and other important physiological parameters and thus address an unmet medical need for these classes of patients.

The Company is primarily focused on developing MAT9001 through approval with the United States Food and Drug Administration ("FDA"), with a first indication for the treatment of severe hypertriglyceridemia. Severe hypertriglyceridemia refers to a condition in which patients have high blood levels of triglycerides (>500 mg/dl) and is recognized as an independent risk factor for pancreatitis.

The Company's MAT9001 development approach for the severe hypertriglyceridemia indication is similar to the clinical trial design used by other pharmaceutical companies for FDA approval of other omega-3 fatty acid based products. By designing MAT9001 development for this indication in a manner consistent with the established FDA guidance, the Company believes the required clinical development program for MAT9001 is more predictable and relatively lower in risk compared to other typical clinical development programs in the cardiovascular field.

[3] Business Risks

The Company's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include, but are not limited to: the results of clinical testing and trial activities of the Company's products, any changes in the regulatory environment and FDA requirements for approval within the dyslipidemia field, the Company's ability to obtain regulatory approval to market its products, competition from products manufactured and sold or being developed by other companies, the price of, and demand for, Company products, the Company's ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products, and the Company's ability to raise capital.

Note B - Going Concern And Plan Of Operation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern.

The Company has experienced net losses and negative cash flows from operations each period since its inception. Through September 30, 2013, the Company had an accumulated deficit of $3.7 million. The Company's operations have been financed through advances from officers and directors and from outside capital. The Company's net loss for the nine months ended September 30, 2013 was approximately $3.6 million.

The Company has been engaged in developing MAT9001 since 2011. To date, the Company has not generated any revenue from MAT9001 and the Company expects to incur significant expenses to complete clinical work and to prepare MAT9001 for Phase III trials in the United States. The Company may never be able to obtain regulatory approval for the marketing of MAT9001 in any indication in the United States or internationally and even if the Company is able to commercialize MAT9001 or any other product candidate, there can be no assurance that the Company will generate significant revenues or ever achieve profitability.

Assuming the Company obtained FDA approval, which the Company does not expect to receive prior to at least 2017, the Company expects that its expenses will increase if the Company reaches commercial launch of MAT9001. The Company also expects that its research and development expenses will continue to increase as it moves forward for other indications for MAT9001 and diversifies its R&D portfolio. As a result, the Company expects to continue to incur substantial losses for the foreseeable future, and these losses will be increasing.

The Company's recurring losses from operations raise substantial doubt about its ability to continue as a going concern, and as a result, the Company's independent registered public accounting firm included an explanatory paragraph in its report on the Company's financial statements as of and for the year ended December 31, 2012 with respect to this uncertainty.

During July and August, 2013 the Company, and its parent, Matinas BioPharma Holdings, Inc. were able to secure financing through a private placement. Aegis Capital Corp. served as the placement agent for this financing. The final close of this financing was on August 8, 2013 and amounted to $15 million before legal expenses and placement fees associated with the financing (see Note D). Such funding is expected to be sufficient to fund the Company's operations until inception of phase III trials, anticipated during the second half 2014. If subsequent financings are not received, the Company may be required to cease or delay its clinical activities.

Note C - Summary Of Significant Accounting Policies

[1] Basis of Presentation

The accompanying consolidated financial statements include the consolidated accounts of Matinas Biopharma Holdings Inc. (Holdings) and its wholly owned subsidiary, Matinas Biopharma Inc. Matinas Biopharma Inc. is the operational subsidiary of Holdings.

Note C - Summary Of Significant Accounting Policies (Continued)

[2] Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

[3] Cash and Cash Equivalents

For purposes of financial statement presentation the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

[4] Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Cash balances are maintained principally at two major U.S. financial institutions and are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to regulatory limits. At various times throughout the year, the Company's cash balances exceeded the FDIC insurance limit. The Company has not experienced any losses in such accounts.

[5] Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of our property, plant, and equipment range from three to ten years. Capitalized costs associated with leasehold improvements are depreciated over the lesser of the useful life of the asset or the remaining life of the lease.

[6] Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates.

The Company adopted the provisions of ASC 740-10 and has analyzed its filing positions in 2013 and 2012 in jurisdictions where it may be obligated to file returns. The Company believes that its income tax filing position and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded. The Company’s policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties as of September 30, 2013 and 2012. In addition, future changes in unrecognized tax benefits will have no impact on the effective tax rate due to the existence of the valuation.

Since the Company incurred net operating losses in every tax year since inception, 2011 and 2012 income tax returns are subject to examination and adjustments by the IRS for at least three years following the year in which the tax attributes are utilized.

Note C - Summary Of Significant Accounting Policies (Continued)

[7] Shared-Based Compensation

The Company accounts for stock-based payments to employees in conformity with the provisions of ASC Topic 718, "*Share Based Payments"*. Stock-based payments to employees consist of stock options grants and restricted shares that are recognized in the statement of operations based on their fair values at the date of grant.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC Topic 505, subtopic 50, *Equity-Based Payments to Non-Employees* based upon the fair-value of the underlying instrument. The equity instruments, consisting of stock options granted to consultants, are valued using the Black-Scholes valuation model. The measurement of stock-based compensation is subject to periodic adjustments as the underlying equity instruments vest and is recognized as an expense over the period which services are received.

The Company calculates the fair value of option grants utilizing the Black-Scholes pricing model, and estimates the fair value of the restricted stock based upon the estimated fair value or the common stock. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. The authoritative guidance requires forfeitures to be estimated at the time stock options are granted and warrants are issued and revised. If necessary in subsequent periods, an adjustment will be booked if actual forfeitures differ from those estimated. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, the Company monitors both stock option and warrant exercises as well as employee and non-employee termination patterns.

The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the requisite service period of the award.

[8] Financial Instruments

Deferred financing costs
Financing costs, such as investment banking commissions and legal costs, directly attributable to a financing transaction are capitalized until completion of the underlying transaction. If such transaction is not likely to be consummated, then the costs are immediately written off. Financing costs associated with the private placement of securities completed in July 2013 had been capitalized through June 30, 2013. Upon consummation of the financing, such costs were recorded as an offset to additional paid-in capital. Costs incurred for the registration of securities issued under our already completed private placement are expensed as incurred.

Accounting considerations
The Company evaluates the terms of the equity instruments to determine whether any embedded derivatives or other features required liability classification. The Company's instruments did not contain any features that would require liability or derivative accounting treatment in 2011 through September 30, 2013.

In connection with the Company's recapitalization plan described in Note A[1], the Company sold units or warrants to some of its investors, who are related parties or entities associated with related parties, at a price below the fair value of such instruments. The Company has accounted for this discount as a stock dividend and reflected it as a "deemed dividend" in the accompanying financial statements. Similar discounts granted to unrelated parties in connection with services received were recorded at fair value and expensed accordingly.

Note C - Summary Of Significant Accounting Policies (Continued)

[8] Financial Instruments (Continued)

July and August 2013 issuance pursuant to Private Placement
The Company allocated the aggregate proceeds of the units sold between the warrants and the common stock based on their relative fair values.

The fair value of the warrants issued to unit holders is calculated utilizing the Black-Scholes option-pricing model and similar assumptions as described in Note G. Since these warrant instruments were considered equity instruments, the allocation did not change the total amount of additional paid in capital.

As discussed in Note F, the placement agent was issued warrants as part of their cost of raising the funds in the private placement. The value of the warrants issued to the placement agent was calculated utilizing the Black-Scholes option-pricing model and similar assumptions as described in Note G, and is considered a component of equity (no net effect on Additional Paid In Capital), and amounted to $1,252,111 at the date of issuance.

2012 Series A Convertible Redeemable Preferred Stock issuance
Prior to the merger transaction described in Note D, Matinas BioPharma Inc. had issued shares of Series A Convertible Redeemable Preferred Stock ("Preferred Stock") to investors. The Preferred shares were converted to common shares of Holdings as part of the Merger transaction. The summary of the terms of that preferred stock issued by BioPharma is contained in Note F.

As described further in Note F, the Preferred Stock entitles the holder voting right, and it does not accrue a dividend at a stated rate. The term of the Preferred Stock also include options for conversion into common stock and potential redemption by the Company if certain conditions were met. The Company determines that the Preferred Stock host contract is more akin to an equity instrument and that its embedded conversion feature is clearly and closely related to the host. Accordingly, the entire Preferred Stock instrument was accounted as an equity instrument and no bifurcation was necessary. Furthermore, because of the contingent redemption option, the Company has classified the Preferred Stock in mezzanine, outside of the permanent equity, on the financial statements.

The Company also considered whether or not a beneficial conversion feature is required to be recorded pursuant to ASC 470-20 and noted that since the fair market value of the common stock approximated to the conversion price at the time of the issuance, no beneficial conversion feature existed.

[9] Fair Value Measurements

ASC 820 “Fair Value Measurements” defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Note C - Summary Of Significant Accounting Policies (Continued)

[9] Fair Value Measurements (Continued)

- Level 2 - Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.

- Level 3 - Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The carrying amounts of cash and cash equivalents, other current assets, accounts payable and accrued expenses approximate fair value due to the short-term nature of these instruments.

[10] Basic Net Loss per Common Share

Basic net loss per common share is computed as net loss divided by the weighted average number of common shares outstanding for the period. Diluted net loss per common share is the same as basic net loss per common share because the Company incurred a net loss during each period presented, and the potentially dilutive securities from the assumed exercise of all outstanding stock options, warrants would have an antidilutive effect. As of September 30, 2013 and 2012 the number of shares issuable upon the exercise of stock options, warrants, and shares held in escrow was 17,085,000 and 0, respectively.

[11] Revenue Recognition

The Company will develop an appropriate revenue recognition policy when planned anticipated future commercial operations commence.

[12] Research and Development

Research and development costs are charged to operations as they are incurred. Legal fees and other direct costs incurred in obtaining and protecting patents are also expensed as incurred, due to the uncertainty with respect to future cash flows resulting from the patents.

[13] Other Income (Expense)

The Company records interest income, interest expense, as well as other non-operating transactions, as other income (expense) on its consolidated statements of operations.

Note D – Financing Transactions – Principally Related Party Transactions

Loans

During 2012, the Company borrowed $24,100 from its founders and shareholders. These loans were short term, non-collateralized and non-interest bearing. In March 2013, $12,850 was repaid and in April 2013, the remaining loan balance was repaid.

Formation of Holdings

In connection with our formation in June 2013, we sold an aggregate of 7,500,000 shares of our common stock and 3,750,000 warrants to purchase 3,750,000 shares of our common stock, for an aggregate of $375,000 (at a purchase price of $0.10 for two shares and one warrant), including 2,000,000 shares and warrants to purchase 1,000,000 shares of our common stock to Adam Stern and entities owned by Mr. Stern. Mr. Stern is an affiliate of Aegis Capital Corporation, the placement agent in our 2013 Private Placement and a member of our board of directors. We recognized a deemed dividend of $1,400,491 for the difference of the fair value of the warrants over the proceeds.

We also sold to Mr. Stern 250,000 warrants to purchase 250,000 shares of our common stock, for which he paid $10,000 (at a purchase price of $0.04 per warrant) (the "Formation Warrants") for his effort in connection with the transaction. These warrants were sold to Mr. Stern at a lower price than paid by outside investors. Pursuant to the registration statement of which this prospectus is a part, we are registering the shares of common stock underlying the Formation Warrants issued in connection with our formation for public resale by the selling stockholders named herein and their assigns. We recognized an additional compensation charge of $108,316 for the excess of fair value of the 250,000 warrants over the cash proceeds received.

2013 Private Placement

In July and August 2013, the Company completed the 2013 Private Placement, under which it sold an aggregate of 15,000,000 shares of its common stock and warrants to purchase an aggregate of 7,500,000 shares of Company's common stock with an exercise price of $2.00 per share, which warrants are exercisable for a period of five years from the initial closing date (the "Investor Warrants"). The Company allocated the aggregate proceeds of the units sold ($15,000,000 gross proceeds) between the warrants and the common stock based on their relative fair values which amounted to approximately $11,983,000 allocated to the common stock and $3,017,000 allocated to the warrants.

Aegis Capital Corp. acted as the Placement Agent for the 2013 Private Placement (the "Placement Agent"). The gross proceeds to the Company from the 2013 Private Placement were $15 million. In connection with the 2013 Private Placement, the Placement Agent received a cash fee of $1,500,000 and a non-accountable expense allowance equal to $450,000. In addition, as part of its compensation for acting as placement agent for the 2013 Private Placement, we issued (x) warrants to the Placement Agent to purchase 750,000 shares of our common stock with an exercise price of $2.00 per share and (y) warrants to the Placement Agent to purchase 1,500,000 shares of our common stock with an exercise price of $1.00 per share. Such warrants contain a "cashless exercise" feature and are exercisable at any time prior to July 30, 2018, and are considered an equity instrument. The fair value of such warrants at the date of issuance was approximately $1,252,000 using assumptions similar to those described in Note G.

Note D – Financing Transactions – Principally Related Party Transactions (Continued)

2013 Private Placement (Continued)

In connection with the closing of the 2013 Private Placement, the Placement Agent had a right to appoint one member of our Board of Directors for a two-year term from the initial closing (the "Aegis Nominee"). Adam Stern was appointed to the Board of Directors at the initial closing and his successor, if any, will be chosen by the Placement Agent, subject to the reasonable approval of the Company and the Voting Agreement described below. We have agreed to engage the Placement Agent as our warrant solicitation agent in the event the Investor Warrants and the Offering Warrants are called for redemption and shall pay a warrant solicitation fee to the Placement Agent equal to five (5%) percent of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants and the Offering Warrants following such redemption.

In connection with the 2013 Private Placement, we entered into a registration rights agreement with the private placement investors, the placement agent and the holders of our outstanding warrants. We were required to file with the SEC no later than October 7, 2013 (the "Filing Deadline"), a registration statement covering the resale of the shares of common stock and the shares of common stock underlying the warrants, issued in the 2013 Private Placement, as well as the shares of common stock underlying the formation warrants, the merger warrants, and the private placement warrants. We are also required to use commercially reasonable efforts to have the registration statement declared effective within one hundred and fifty (150) days after the registration statement is filed (the "Effectiveness Deadline"), and to keep the registration statement continuously effective under the Securities Act of 1933, as amended (the "Securities Act"), until the earlier of the date when all the registrable securities covered by the registration statement have been sold or such time as all of the registrable securities covered by the registration statement can be sold under Rule 144 without any volume limitations. If this registration statement is not declared effective on or before the Effectiveness Deadline, we shall pay to each holder of registrable securities purchased in the 2013 Private Placement an amount in cash equal to one-half of one percent (0.5%) of such holder's investment amount on every thirty (30) day anniversary of such Effectiveness Deadline until such failure is cured. The payment amount shall be prorated for partial thirty (30) day periods. The maximum aggregate amount of payments to be made by us as the result of such failures shall be an amount equal to 6% of each holder's investment amount. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the holder's registrable securities may be sold by such holder without restriction under Rule 144. The Company does not believe that any pay-out under this provision is probable at September 30, 2013, therefore has not recognized a liability. However, this assessment will be re-evaluated each quarter.

At the closing of the 2013 Private Placement the Company entered into a consulting agreement with the Placement Agent. The consulting agreement has a term of 12 months pursuant to which the Placement Agent receives $20,000 per month. For the 3 month period ended September 30, 2013 the Company recorded $40,000 in its statement of operations.

Merger/Recapitalization

On July 11, 2013, Matinas BioPharma entered into the Merger Agreement with Merger Sub, a wholly owned subsidiary of Holdings. Pursuant to the terms of the Merger Agreement, as a condition of and contemporaneously with the initial closing of the 2013 Private Placement, Merger Sub merged with and into Matinas BioPharma and Matinas BioPharma became a wholly owned subsidiary of Holdings. In connection with the Merger, all shares of common stock and preferred stock of Matinas BioPharma were cancelled and the stockholders of Matinas BioPharma received an aggregate of 9,000,000 shares (approximately 28.5% of the issued common shares) of our common stock and warrants to purchase 1,000,000 shares of our common stock at an exercise price of $2.00 per share (the "Merger Warrants"), including Herbert Conrad, our chairman of the board, who received 351,563 shares of our common stock and 250,000 Merger Warrants; Roelof Rongen, our president and chief executive officer, who received 3,417,186 shares of our common stock, Abdel A. Fawzy, our executive vice president, pharmaceutical development and supply chain development, who received 1,708,593 shares of our common stock; George Bobotas, our executive vice president and chief scientific officer, and his spouse, who received an aggregate of 1,366,875 shares of our common stock; Jerome Jabbour, our executive vice president, chief business officer and general counsel, who received 759,374 shares of our common stock and Stefano Ferrari, a member of our board of directors, through an entity controlled by him, received 351,563 shares of our common stock and 250,000 Merger Warrants.

Note D – Financing Transactions – Principally Related Party Transactions (Continued)

Merger/Recapitalization (Continued)

For purposes of financial reporting, the transaction is accounted for a recapitalization of the entity, with the historical financial statements of BioPharma being used as the basis for presentation of the financial statements except that the stockholders equity section of the Holdings replaced that of BioPharma (similar to accounting for a "reverse merger"). There was no change in the recorded values of assets or liabilities as a result of this transaction.

Warrant Private Placement

Contemporaneously with the initial closing of the 2013 Private Placement, we sold 500,000 Private Placement Warrants to Herbert Conrad, our chairman of the board, for a purchase price of $0.04 per warrant. The Private Placement Warrants have an exercise price of $2.00 per share. The Private Placement Warrants were offered to all preferred stockholders of Matinas BioPharma prior to the Merger, including Mr. Conrad. See the section entitled "Description of Capital Stock –Warrants" for a discussion of the terms of the Private Placement Warrants.

Since the above referenced warrants were sold to Herbert Conrad at a price lower than the fair value of the warrants, we recorded a deemed dividend of $216,632.

Note E - Prepaid Asset

In March 2013, the Company entered into a rights agreement with a manufacturer to insure the use of a dedicated GMP suite to produce API for MAT 9001 during the development phase. These right costs of approximately $36,000, which was paid during the nine months ended September 30, 2013 are included in prepaid expenses and will be amortized over 20 months on a straight line basis.

Note F - Stock Holders Equity

Preferred Stock – Holdings

The Company is authorized to issue up to 10,000,000 shares of preferred stock, par value $0.0001 per share, with such designations, rights, and preferences as may be determined from time to time by our Board of Directors. Accordingly, our Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting, or other rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock, or delaying or preventing a change in control of our company, all without further action by our stockholders. We have no shares of our preferred stock outstanding at September 30, 2013, and this instrument is no longer authorized by our articles of incorporation.

Note F - Stock Holders Equity (Continued)

Preferred Stock – Holdings (Continued)

Series A Convertible Redeemable Preferred stock issued by BioPharma and which shares were exchanged for common stock and warrants in the merger agreement, contained the following shareholders' features and rights:

[1] Voting rights:

Holders of shares of Preferred Stock had the right to one vote for each share of common stock into which such Preferred Stock could be converted.

[2] Dividends:

Holders of shares of Preferred Stock had the right to first receive if declared, or simultaneously, a dividend on each outstanding share of Series A Convertible Redeemable Preferred Stock in an amount at least equal to dividends on common stock or any class or series that is convertible into common stock.

[3] Conversion:

Each share of Preferred Stock was convertible, at the option of the holder, at any time after issuance, into such number of fully paid and non-assessable shares of common stock. The initial conversion price for each series of Convertible Redeemable Preferred Stock was equal to the original issuance price. The initial conversion price was however, subject to adjustment for certain dilutive issuances, splits and combinations.

Each outstanding share of Preferred Stock could automatically convert to common stock at the conversion rate then in effect upon an issuance of the Company's common stock pursuant to an underwritten public offering resulting in net proceeds to the Company of at least $20,000,000 or the date specified by written consent or agreement of holders of at least 50% of the then outstanding shares of Convertible Redeemable Preferred Stock.

[4] Redemption:

Shares of Series A Convertible Redeemable Preferred Stock shall be redeemed by the Company at a price equal to the Series A Original Issue Price per share, plus all declared but unpaid dividends thereon in two annual installments commencing not more than 90 days after receipt by the Company at any time on or after October 2017 (fifth anniversary of initial public offering closing), from the holders of at least a majority of the then outstanding shares of Series A Convertible Redeemable Preferred Stock, of written notice requesting redemption of all shares of Series A Convertible Redeemable Preferred Stock. The Company shall redeem, on a pro-rata basis in accordance with the number of shares of Series A Convertible Redeemable Preferred Stock owned by each holder.

[5] Liquidation preference:

Upon the closing of the sale, transfer, or other disposition of all, or substantially all of the Company's assets, or any other "Liquidation Event" as defined in the Company's certificate of incorporation, either voluntary or involuntary, holders of Preferred Stock were entitled to receive, prior and in preference to any distribution to holders of common stock. If the proceeds from any Liquidation Event were insufficient to pay the preferential amounts, then the entire proceeds available for distribution shall be paid ratably among the holders of Preferred Stock.

Note F - Stock Holders Equity (Continued)

Warrants

As of September 30, 2013, the Company had outstanding warrants to purchase an aggregate of 15,250,000 shares of common stock at exercise prices ranging from $1.00 to $2.00 per share.

The Warrants are exercisable immediately upon issuance and have a five-year term. The Warrants may be exercised at any time in whole or in part upon payment of the applicable exercise price until expiration of the Warrants. No fractional shares will be issued upon the exercise of the Warrants. All of the Warrants may be exercised on a "cashless" basis in certain circumstances. However, since all such cashless exercises are settled on a net share basis, the warrants are classified as an equity instrument. The exercise price and the number of warrant shares purchasable upon the exercise of the Investor Warrants are subject to adjustment upon the occurrence of certain events, including stock dividends, stock splits, combinations and reclassifications of our capital stock.

The Company may call the Warrants, other than the Placement Agent Warrants, at any time the common stock trades above $5.00 for twenty (20) consecutive days following the effectiveness of the registration statement covering the resale of the shares of common stock underlying the Warrants, provided that the Warrants can only be called if such registration statement is current and remains effective at the time of the call and provided further that the Company can only call the Investor Warrants for redemption, if it also calls all other Warrants for redemption on the terms described above. The Placement Agent Warrants do not have a redemption feature. Such term is a contingent feature and within the control of the Company, therefore does not require "liability accounting treatment".

A summary of equity warrants issued in the third quarter of 2013 and all of which are fully vested.

	Shares
July 11, 2013 formation of Holdings, 4,000,0000 warrants issued, terms 5 years, exercisable at $ 2.00, including 250,000 warrants sold to Mr. Adam Stern	4,000,000
July 11, 2013 recapitalization of Matinas BioPharma Inc. 1,000,000 warrants issued, terms 5 years, excercisable at $ 2.00	1,000,000
July and August,2013 completion of Private Placement, 7,500,000 warrants issued, terms 5 years, excercisable at $ 2.00	7,500,000
July 30, 2013 Placement Agent warrants issued as part of compensation for Private Placement. Terms 5 years, excercisable at $ 2.00	750,000
July 30. 2013 Placement Agent warrant issued as part of compensation for Private Placement. Terms 5 years excercisable at $ 1.00	1,500,000
July 30, 2013 500,000 warrants sold to Chairman of Board Mr. Herb Conrad for $ 20,000. Terms 5 years, excercisable at $ 2.00 per share	500,000
Total Warrants Outstanding at September 30,2013	15,250,000

Stock Options

In August 2013, the Company adopted the 2013 Equity Compensation Plan (the "Plan"), which provides for the granting of incentive stock options, nonqualified stock options, restricted, stock units, performance units, and stock purchase rights. Options under the Plan may be granted at prices not less than 100% of the fair value of the shares on the date of grant as determined by the Board Committee. The Board Committee determines the period over which the options become exercisable subject to certain restrictions as defined in the Plan, with the current outstanding options generally vesting over three years. The term of the options is no longer than ten years. The Company currently has reserved 8,250,000 shares of common stock for issuance under the plan.

Note F - Stock Holders Equity (Continued)

Stock Options (Continued)

During the nine months ended September 30, 2013, the Company granted stock options to certain employees. Stock-based compensation expense recognized during nine months ended September 30, 2013, includes compensation expense for stock-based awards granted to employees based on the grant date fair value estimated in accordance with the provisions of ASC 718 and amounted to approximately $69,500. The unrecognized compensation expense related to stock option grants as of September 30, 2013 was approximately $1,206,000 which will be recognized over the next three years.

Note G - Share Based Compensation

Stock-Based Compensation Associated with Awards to Employees

The Company is privately held with no active public market for its common stock. Therefore, management has for financial reporting purposes determined the estimated per share fair value of the Company's common stock and redeemable convertible preferred stock using valuation consistent with the American Institute of Certified Public Accountants Practice Aid, "Valuation of Privately-Held Company Equity Securities Issued as Compensation," also known as the Practice Aid. This valuation was performed with the assistance of a third-party valuation specialist. The Company performed its valuation as of September 1, 2013. In conducting its valuation, management considered all objective and subjective factors that it believed to be relevant, including management's best estimate of the Company's business condition, prospects and operating performance at the valuation date. Within the valuation performed, a range of factors, assumptions and methodologies were used. The significant factors included external market conditions affecting the biotechnology industry, trends within the biotechnology industry, the prices at which the Company sold shares of preferred stock, the superior rights and preferences of the preferred stock relative to common stock at the time of each grant, the results of operations, financial position, status of research and development efforts, stage of development and business strategy, the lack of an active public market for the common and preferred stock, and the likelihood of achieving a liquidity event such as an initial public offering (IPO) or sale of the Company in light of prevailing market conditions.

The Company estimates the forfeiture rate at the time of grant and revises, if necessary, were estimated based on management's expectation through industry knowledge and historical data.

The Plan is the only active plan pursuant to which options to acquire common stock or restricted stock awards can be granted and are currently outstanding. As of September 30, 2013, there were approximately 6,415,000 shares of our common stock available for issuance under the Plan.

As of September 30, 2013, we had outstanding options to purchase an aggregate of 1,835,000 shares of our common stock with an exercise price of $0.79 price. At September 30, 2013, 113,056 options vested at a weighted average exercise price of $0.79 per share. The computation of the aggregate intrinsic value is based upon the difference between the original exercise price of the options and the Company's estimate of the deemed fair value of the Company's common stock at December 31, 2012. The total intrinsic value of options outstanding and vested at September 30, 2013 was deminimus.

Note G - Share Based Compensation (Continued)

Stock-Based Compensation Associated with Awards to Employees (Continued)

A summary of our stock option activity and related data is as follows:

	Shares
Options outstanding at June 30, 2013	0
August 1, 2013 option grant to Board Members and Officers, 36 months vesting, exercise price of $0.79 cents	1,835,000
Options outstanding at September 30, 2013	1,835,000
Vested at September 30, 2013	101,944

The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period, with the exception of options granted subject to a consulting agreement, whereby the option vesting period and the service period defined pursuant to the terms of the consulting agreement may be different. Stock options issued to consultants are revalued quarterly until fully vested, with any change in fair value expensed. The following weighted-average assumptions were used to calculate share based compensation for the nine months ended September 30, 2013:

	For the quarter ended September 30,	
	2013	**2012**
Volatility	81.06%	N/A
Risk-free interest rate	1.85% - 2.15%	N/A
Dividend yield	0.0%	N/A
Expected life	5.0 - 6.0 years	N/A

The expected term of stock options represents the weighted average period the stock options are expected to remain outstanding and is based on the options vesting term, contractual terms, and industry peers as the Company did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

The expected stock price volatility assumption was determined by examining the historical volatilities for industry peers, as the Company did not have any trading history for the Company's common stock. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company's common stock becomes available. The risk-free interest rate assumption is based on the U.S.

Treasury instruments whose term was consistent with the expected term of the Company's stock options. The expected dividend assumption is based on the Company's history and expectation of dividend payouts.

The Company has never paid dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Accordingly, the Company has assumed no dividend yield for purposes of estimating the fair value of our share-based compensation.

Note H - Income Taxes

At December 31, 2012, the Company had net operating loss carry forwards of approximately $64,000 which may be offset against future taxable income through 2032. Deferred tax assets resulting principally from the net operating loss carryforwards amounted to approximately $25,000 at December 31, 2012. No net deferred tax assets are recorded at September 30, 2013 or December 31, 2012, as all deferred tax assets have been fully offset by a valuation allowance due to the uncertainty of future utilization.

Utilization of the net operating loss carryforwards may be subject to an annual limitation due to the ownership percentage change limitations provided by the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of the net operating loss before utilization.

Note I - Commitments

Employment Contracts

During the quarter ended September 30, 2013, the Company has entered into employment contracts with executives and management personnel. The contracts provide for salaries, bonuses and stock option grants, along with other employee benefits. The employment contracts generally have no set term and can be terminated by either party. There is a provision for payments of up to twelve months of annual salary as severance if we terminate a contract without cause, along with the acceleration of certain unvested stock option grants.

In April 2013, the Company entered into a consulting agreement with a third party. As of September 30, 2013, the Company paid $34,526. Subsequent to quarter ended September 30, 2013 and through November 1, 2013 the Company paid additional $11,438 under this consulting agreement. On November 1, 2013 this individual was hired by the Company as a full time employee. See Note J.

Note J - Subsequent Events

[1] Subsequent Option Grants

On October 3, 2013 the Board approved the grant of 1,835,000 options to Board Members and Officers at an exercise price of $0.94 cents to replace options previously approved on August 1, 2013 at an exercise price of $0.79 per share. This replacement grant was instituted to reflect the fair market value of the underlying stock based on an independent valuation performed on September 1, 2013. All options granted on August 1, 2013 were terminated. The reissuance of the stock option grants will be treated as a modification of the previously issued stock options. Accordingly, any incremental change in the value of the stock option will be recognized as a charge to operations in October 2013.

On October 4, 2013, Mr. Jabbor was hired as EVP – Chief Business Officer. As part of his offer, Mr. Jabbor was awarded a new grant of 200,000 options at an exercise price of $0.94 per share.

On October 15, 2013, key consultants were awarded 375,000 options at an exercise price of $0.94 per share.

On November 1, 2013, Mr. Gary Gaglione was hired as VP of Finance, Treasurer and Interim CFO. As part of his hire package, Mr. Gaglione was awarded 200,000 options at an exercise price of $0.94 per share. In addition, two new employees were provided a total of 275,000 options at an exercise price of $0.94 per share.

On November 15, 2013, 150,000 options were granted to a new board member at an exercise price of $0.94 per share.

Note J - Subsequent Events (continued)

[2] Lease Space

On November 1, 2013, the Company entered into 7 year lease for office space in Bedminster, New Jersey commencing on February 15, 2014 at a monthly rent of $12,723, increasing to approximately $14,500 per month at the end of the term. The Company will be required to record rent expense on a straight-line basis.

In December of 2013, the Company has entered into an agreement to lease laboratory space for one year starting January 1, 2014 in Monmouth Junction, New Jersey at a monthly rent of $2,072.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Matinas BioPharma, Inc. (formerly Nereus BioPharma LLC)

We have audited the accompanying balance sheets of Matinas BioPharma, Inc. (formerly Nereus BioPharma LLC) (a development stage company) (the "Company") as of December 31, 2012 and December 31, 2011 and the related statements of operations, changes in stockholders' deficit and cash flows for the periods then ended and for the period from August 11, 2011 (date of inception) to December 31, 2012. 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides 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 Matinas BioPharma, Inc. as of December 31, 2012 and December 31, 2011, and the results of its operations and its cash flows for the periods then ended and for the period from August 11, 2011 (date of inception) to December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B to the financial statements, the Company has been operating at recurring losses from operations and has limited liquidity which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ EisnerAmper LLP

Edison, New Jersey
June 4, 2013

MATINAS BIOPHARMA, INC.
(Formerly NEREUS BIOPHARMA LLC)
(A Development Stage Company)

Balance Sheets

	December 31, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash	$ 424,364	$ 2,000
Total Current Assets	**424,364**	2,000
TOTAL ASSETS	$ 424,364	$ 2,000
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 60,327	$ 1,517
Loans made by Founders	**24,100**	-
Total Current Liabilities	**84,427**	1,517
COMMITMENTS AND CONTINGENCIES		
Redeemable Convertible Preferred Stock, $0.0001 par value:		
Series A, 6,484,481 shares authorized, 925,926 issued and outstanding (liquidation preference of $500,000)	**456,529**	-
STOCKHOLDERS' EQUITY (DEFICIT)		
LLC membership units	**-**	2,000
Common stock; 19,200,000 shares authorized, at $0.0001 par value, 10,000,000 shares issued and outstanding, respectively	**1,000**	-
Deficit accumulated during the development stage	**(117,592)**	(1,517)
Total Stockholders' Equity (Deficit)	**(116,592)**	483
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 424,364	$ 2,000

MATINAS BIOPHARMA, INC.
(Formerly NEREUS BIOPHARMA LLC)
(A Development Stage Company)

Statements of Operations

	Year Ended December 31, 2012	From August 11, 2011 (Date of Inception) To December 31, 2011	Cumulative Period From August 11, 2011 (Date of Inception) To December 31, 2012
REVENUES	**$ -**	$ -	$ -
OPERATING EXPENSES			
Research and development	**78,846**	1,093	79,939
General and administrative	**37,229**	424	37,653
Total Operating Expenses	**116,075**	1,517	117,592
NET LOSS	**$ (116,075)**	$ (1,517)	$ (117,592)
BASIC LOSS AND DILUTED LOSS PER SHARE	**$ (0.01)**	$ -	$ (0.01)
		.	.
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**10,000,000**	-	10,000,000

MATINAS BIOPHARMA, INC.
(Formerly NEREUS BIOPHARMA LLC)
(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

	Redeemable Convertible Preferred Stock		Common Stock		Membership	Additional Paid-in	Deficit Accumulated During the Development	Total Stockholders'
	(Shares)	(Amount)	(Shares)	(Amount)	Units	Capital	Stage	Deficit
		$		$		$	$	$
LLC. ownership units issued, August 11, 2011					2,000	-		2,000
Net loss for the year ended December 31, 2011							(1,517)	(1,517)
Balance at December 31, 2011	-	-	-	-	2,000	-	(1,517)	483
Conversion of LLC into Corporation and purchase of common stock			10,000,000	1,000				1,000
Repurchase of membership units					(2,000)			(2,000)
Series A Redeemable Convertible Preferred Stock issued on December 14, 2012 for cash at $ .54 per share, 1st tranche	925,926	500,000						-
Issuance cost paid in connection with Series A redeemable convertible preferred stock		(43,472)						-
Net loss for the year ended December 31, 2012							(116,075)	(116,075)
Balance at December 31, 2012	925,926	$ 456,528	10,000,000	$ 1,000	$ -	$ -	$ (117,592)	$ (116,592)

MATINAS BIOPHARMA, INC.
(Formerly NEREUS BIOPHARMA LLC)
(A Development Stage Company)

Statements of Cash Flows

	Year Ended December 31, 2012	From August 11, 2011 (Date of Inception) To December 31, 2011	From August 11, 2011 (Date of Inception) To December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	**$ (116,075)**	$ (1,517)	$ (117,592)
Adjustments to reconcile net loss to net cash used by operating activities:			
Changes in operating assets and liabilities			
Accounts payable	**58,811**	1,517	60,328
Net Cash Used in Operating Activities	**(57,264)**	-	(57,264)
CASH FLOWS FROM INVESTING ACTIVITIES	**-**	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans provided by founders	**24,100**		24,100
Proceeds from membership units issued for cash		2,000	2,000
Proceeds from redeemable convertible preferred stock issued for cash	**500,000**		500,000
Proceeds from common stock issued for cash	**1,000**		1,000
Stock issuance costs	**(43,472)**		(43,472)
Return of membership capital in LLC	**(2,000)**		(2,000)
Net Cash Provided by Financing Activities	**479,628**	2,000	481,628
NET CHANGE IN CASH	**422,364**	2,000	424,364
CASH AT BEGINNING OF PERIOD	**2,000**		-
CASH AT END OF PERIOD	**$ 424,364**	$ 2,000	$ 424,364

MATINAS BIOPHARMA, INC.

(Formerly NEREUS BIOPHARMA LLC)

(A Development Stage Company)

NOTE A - COMPANY INFORMATION AND HISTORY

[1] Corporate history:

Nereus Biopharma LLC was a Delaware entity established on August 11, 2011. On February 29, 2012, Nereus Biopharma, a Delaware LLC converted to Matinas Biopharma, Inc., ("Matinas or the Company") a Delaware corporation. All existing ownership units in Nereus were converted to common stock in Matinas. On December 14, 2012, the Company had its initial closing of its Series A Convertible Redeemable Preferred Stock issuing 925,926 shares at a purchase price of $ 500,000. The Company is considered a development stage entity.

[2] Proprietary product and technology portfolios:

Matinas is a development stage biopharmaceutical company with a focus on identifying and developing novel pharmaceutical products for the treatment of abnormalities in blood lipids, referred to as dyslipidemia, and the treatment of cardiovascular disease. The Company believes that by capitalizing on its significant expertise and experience in the field of lipid science and the proven therapeutic benefits of omega-3 fatty acids in treating lipid disorders, the Company has designed a program to develop lead product candidate MAT9001 and to establish significant differentiation over existing available therapies by demonstrating potent reductions in triglyceride levels and improvement of cholesterol and other important physiological parameters and thus address an unmet medical need for these classes of patients.

The Company is primarily focused on developing MAT9001 through approval with the United States Food and Drug Administration ("FDA"), with a first indication for the treatment of severe hypertriglyceridemia and a second indication for mixed dyslipidemia for patients already undergoing treatment with a statin, a commonly used class of cholesterol lowering medications.

The Company's MAT9001 development program is similar to the clinical trial programs used by other pharmaceutical companies for FDA approval of other omega-3 fatty acid based products. By designing the MAT9001 development program in a manner consistent with the established FDA guidance, the Company believes the required clinical development program for MAT9001 is highly predictable and relatively lower in risk compared to other typical clinical development programs in the cardiovascular field.

NOTE B – LIQUIDITY AND PLAN OF OPERATION

The Company's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include, but are not limited to: the results of clinical testing and trial activities of the Company's products, the Company's ability to obtain regulatory approval to market its products, competition from products manufactured and sold or being developed by other companies, the price of, and demand for, Company products, the Company's ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products, and the Company's ability to raise capital.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern.

The Company has experienced net losses and negative cash flows from operations each year since its inception. Through December 31, 2012, the Company had an accumulated deficit of approximately $ 118,000. The Company's operations have been financed through advances from officers and directors and from outside capital. The Company has not yet received sufficient funds to significantly develop or commercialize its technologies.

The Company does not expect to receive FDA approval prior to at least late 2016. The Company expects that its expenses will increase if the Company reaches commercial launch of MAT9001. The Company also expects that its research and development expenses will continue to increase in 2013 – 2015 as the Company advances to pre-clinical and clinical trials and pursues FDA approval for MAT9001 for the reduction of non-HDL-C and triglycerides in patients with high triglycerides (TG 200-499 mg/dl) in combination with statin therapy, as well as the clinical outcome study for the reduction of morbidity and mortality in high risk cardiovascular patients. As a result, the Company expects to continue to incur substantial losses for the foreseeable future, and these losses will be increasing. The Company is uncertain when or if the Company will be able to achieve or sustain profitability. If the Company achieved profitability in the future, the Company may not be able to sustain profitability in subsequent periods. Failure to become and remain profitable would impair its ability to sustain operations and adversely affect the price of its common stock and its ability to raise capital.

The Company's recurring lack of sufficient capital to execute the development plan for MAT9001 raises substantial doubt about its ability to continue as a going concern, and as a result, the Company's independent registered public accounting firm included an explanatory paragraph in its report on the Company's financial statements as of and for the year ended December 31, 2012 with respect to this uncertainty.

Subsequent to December 31, 2012, the Company signed a term sheet with Aegis Capital, an investment banking firm, to attempt to secure financing on behalf of the Company through a private placement. The timing, form and amount of financing, if any, is uncertain.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

[2] Basic loss per common share:

Basic loss per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. Due to net losses at December 31, 2012 and 2011, the effect of the potential common shares resulting from convertible redeemable preferred stock was excluded, as the effect would have been anti-dilutive. Potentially dilutive common stock equivalents include convertible redeemable preferred stock which are convertible into the Company's common stock, which were excluded from the net loss per share calculations due to their anti-dilutive effect amounted to 925,926 for 2012.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Basic loss per common share (continued):

	For the Year Ended December 31, 2012	From August 11, 2011 (Date of Inception) to December 31, 2011	Cumulative Period From August 11, 2011 (Date of Inception) To December 31, 2012
Net Loss (numerator)	$ (116,075)	(1,517)	$ (117,592)
Common Shares (denominator)	10,000,000	-	10,000,000
Net loss per share amount	$ (0.01)	-	$ (0.01)

[3] Revenue recognition:

The Company will develop an appropriate revenue recognition policy when planned principal operations commence.

[4] Cash and cash equivalents:

For purposes of financial statement presentation the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

[5] Research and development:

Research and development costs are charged to operations as they are incurred. Legal fees and other direct costs incurred in obtaining and protecting patents are also expensed as incurred, due to the uncertainty with respect to future cash flows resulting from the patents.

[6] Income taxes:

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company adopted the provisions of ASC 740-10 and has analyzed its filing positions in 2011and 2012 in jurisdictions where it may be obligated to file returns. The Company believes that its income tax filing position and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded. The Company's policy is to recognize interest and/or penalties related to income tax matter in income tax expense. The Company had no accrual for interest or penalties as of December 31, 2011 and 2012. In addition, future changes in unrecognized tax benefits will have no impact on the effective tax rate due to the existence of the valuation.

Since the Company incurred net operating losses in every tax year since inception, all of its income tax returns are subject to examination and adjustments by the IRS for at least three years following the year in which the tax attributes are utilized.

[7] Stock based compensation:

No stock options have been issued as of the date of this report. The Company has reserved 1,765,000 shares of Common Stock for issuance to officers, directors, employees and consultants pursuant to its 2012 Stock Plan. If and when issued, the Company will follow generally accepted accounting principles in accounting for stock based compensation.

[8] Recent accounting pronouncements:

In June 2011, the Financial Accounting Standards Board, ("FASB") issued ASU 2011-05, Comprehensive Income: Presentation of Comprehensive Income, with the intention of increasing its prominence in financial statements by eliminating the option to report other comprehensive income and its components in the statement of changes in stockholders' equity. The standard, which became effective for interim and annual periods ending after December 15, 2012, requires comprehensive income to be reported in either a single statement that presents the components of net income, the components of other comprehensive income, and total comprehensive income, or in two consecutive statements. The Company did not have any other comprehensive income related transactions during the years ended December 31, 2011 or 2012 and as such did not present required statements.

In February 2013, FASB issued ASU 2013-02, Other Comprehensive Income, with amendments that supersede ASU 2011-05 and ASU 2011-12 replacing the presentation requirements for reclassifications out of accumulated other comprehensive income for all public and private companies. These amendments require an entity to provide additional information about reclassifications out of accumulated other comprehensive income. Amendments in this update are effective on a prospective basis for reporting periods beginning after December 15, 2013 with early adoption permitted.

NOTE D – RELATED PARTY TRANSACTIONS

During 2012, the Company borrowed $24,100 from its founders and shareholders. These loans were short term, non-collateralized and non-interest bearing. Subsequent to year end, these loans were repaid in full.

NOTE E – CONVERTIBLE REDEEMABLE PREFERRED STOCK

The Company classifies the convertible redeemable preferred stock outside of permanent equity based upon the terms of the instrument described below.

[1] Voting rights:

Holders of shares of Series A Convertible Redeemable Preferred Stock ("Preferred Stock") shall have the right to one vote for each share of Common Stock into which such Preferred Stock could be converted.

[2] Dividends:

Holders of shares of Series A Convertible Redeemable Preferred Stock shall first receive, or simultaneously, a dividend on each outstanding share of Series A Convertible Redeemable Preferred Stock in an amount at least equal to in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock.

[3] Conversion:

Each share of Convertible Redeemable Preferred Stock shall be convertible, at the option of the holder, at any time after issuance, into such number of fully paid and non-assessable shares of Common Stock. The initial conversion price for each series of Convertible Redeemable Preferred Stock is equal to the original issuance price. The initial conversion price is however, subject to adjustment for certain dilutive issuances, splits and combinations.

Each outstanding share of Convertible Redeemable Preferred Stock shall automatically convert to Common Stock at the conversion rate then in effect upon an issuance of the Company's Common Stock pursuant to an underwritten public offering resulting in net proceeds to the Company of at least $20,000,000 or the date specified by written consent or agreement of holders of at least 50% of the then outstanding shares of Convertible Redeemable Preferred Stock.

NOTE E – CONVERTIBLE REDEEMABLE PREFERRED STOCK (CONTINUED)

[4] Redemption:

Shares of Series A Convertible Redeemable Preferred Stock shall be redeemed by the Corporation at a price equal to the Series A Original Issue Price per share, plus all declared but unpaid dividends thereon in two annual installments commencing not more than 90 days after receipt by the Corporation at any time on or after October 2017, from the holders of at least a majority of the then outstanding shares of Series A Convertible Redeemable Preferred Stock, of written notice requesting redemption of all shares of Series A Convertible Redeemable Preferred Stock. Corporation shall redeem, on a pro rata basis in accordance with the number of shares of Series A Convertible Redeemable Preferred Stock owned by each holder.

[5] Liquidation preference:

Upon the closing of the sale, transfer, or other disposition of all, or substantially all of the Company's assets, or any other "Liquidation Event" as defined in the Company's certificate of incorporation, either voluntary or involuntary, holders of Preferred Stock shall be entitled to receive, prior and in preference to any distribution to holders of Common Stock. If the proceeds from any Liquidation Event are insufficient to pay the preferential amounts, then the entire proceeds available for distribution shall be paid ratably among the holders of Preferred Stock. The liquidation amount shall be the Series A Convertible Redeemable Preferred Stock original issue price plus any unpaid dividends.

NOTE F – INCOME TAXES

No net deferred tax assets are recorded at December 31, 2011 or 2012, as all deferred tax assets, consisting principally of net operating loss carryforwards in the amount of approximately $92,000, have been fully offset by a valuation allowance due to the uncertainty of future utilization. The valuation allowance on the deferred tax assets at December 31, 2012 was approximately $37,000. Pursuant to Section 382 of the Internal Revenue Code of 1986, the annual utilization of a company’s net operating loss carryforwards may be limited if the company experiences a change in ownership of more than 50 percentage points within a three-year period. An ownership change occurs with respect to a corporation if it is a loss corporation on a testing date and, immediately after the close of the testing date, the percentage of stock of the corporation owned by one or more five-percent shareholders has increased by more than 50 percentage points over the lowest percentage of stock of such corporation owned by such shareholders at any time during the testing period.

NOTE G – SUBSEQUENT EVENTS

The Company has evaluated events after December 31, 2012 and through June 4, 2013, which is the date the financial statements were available to be issued.

On February 1, 2013, four purchasers acquired 555,557 shares of Series A Convertible Redeemable Preferred Stock at an aggregate purchase price of $300,000. On February 26, 2013 one purchaser acquired 185,185 shares of Series A Convertible Redeemable Preferred Stock at a purchase price of $100,000 and on April 1, 2013, one purchaser acquired 185,186 shares at a purchase price of $ 100,000. Through the date of the issuance of the financial statements, the total of all closings regarding Series A Convertible Redeemable Preferred Stock amounts to 1,851,854 shares at a purchase price of $1,000,001.

MATINAS BIOPHARMA HOLDINGS, INC.

28,000,000 Shares
Common Stock

PROSPECTUS

[ ], 2013

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Our estimated expenses in connection with the issuance and distribution of the securities being registered are:

SEC Registration Fee	$
Accounting Fees and Expenses	$
Legal Fees and Expenses	$
Miscellaneous Fees and Expenses	$
Total	**$**

ITEM 14. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 145 of the Delaware General Corporation Law (the "DGCL") provides, in general, that a corporation incorporated under the laws of the State of Delaware, as we are, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

Our certificate of incorporation and bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the DGCL, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract. In addition, we plan to enter into director and officer indemnification agreements with each of our directors and officers that provide, among other things, for the indemnification to the fullest extent permitted or required by Delaware law, provided that no indemnitee will be entitled to indemnification in connection with any claim initiated by the indemnitee against us or our directors or officers unless we join or consent to the initiation of the claim, or the purchase and sale of securities by the indemnitee in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended.

Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers existing as of the time of such repeal or modification.

We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the DGCL would permit indemnification.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Since January 1, 2010, the Company made sales of the following unregistered securities:

Original Issuances of Stock and Warrants

Formation of Holdings

In connection with our formation in June 2013, we sold an aggregate of 7,500,000 shares of our common stock and 3,750,000 warrants to purchase 3,750,000 shares of our common stock, for an aggregate of $375,000 ($0.10 for two shares and one warrant), to 31 accredited investors.

2013 Private Placement

In July and August 2013, we sold an aggregate of 15,000,000 shares of our common stock and warrants to purchase an aggregate of 7,500,000 shares of our common stock with an exercise price of $2.00 per share to 119 accredited investors.

In connection with the 2013 Private Placement, we issued (x) a warrant to the Placement Agent to purchase 750,000 shares of our common stock with an exercise price of $2.00 per share and (y) a warrant to the Placement Agent to purchase 1,500,000 shares of our common stock with an exercise price of $1.00 per share.

Merger Transaction

On July 30, 2013, pursuant to the terms of the Merger Agreement between Matrinas BioPharam, Holdings and Merger Sub, a wholly owned subsidiary of Holdings, the Merger Sub merged with and into Matinas BioPharma and Matinas BioPharma became a wholly owned subsidiary of Holdings. In connection with the Merger, we issued an aggregate of 9,000,000 shares of our common stock and warrants to purchase 1,000,000 shares of our common stock at an exercise price of $2.00 per share to 15 stockholders of Matinas BioPharma.

Warrant Private Placement

On July 30, 2013, we sold 500,000 warrants to purchase 500,000 shares of our common stock at an exercise price of $2.00 per share to one accredited investor for a purchase price of $0.04 per warrant.

Stock Options

Since January 1, 2010, the Company granted stock options under its 2013 Equity Compensation Plan to purchase an aggregate of 3,035,000 at an exercise price of $0.94 per share.

Securities Act Exemptions

We deemed the offers, sales and issuances of the securities described above under "—Original Issuances of Stock and Warrants" to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, including Regulation D and Rule 506 promulgated thereunder, relative to transactions by an issuer not involving a public offering. All purchasers of securities in transactions exempt from registration pursuant to Regulation D represented to us that they were accredited investors and were acquiring the shares for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the securities for an indefinite period of time. The purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

We deemed the grants of stock options and issuances of common stock upon exercise of such options described above under "—Stock Options" to be exempt from registration under the Securities Act in reliance on Rule 701 of the Securities Act as offers and sales of securities under compensatory benefit plans and contracts relating to compensation in compliance with Rule 701. Each of the recipients of securities in any transaction exempt from registration either received or had adequate access, through employment, business or other relationships, to information about us.

All certificates representing the securities issued in the transactions described in this Item 15 included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities. There were no underwriters employed in connection with any of the transactions set forth in this Item 15.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
2.1	Merger Agreement, dated July 11, 2013, by and among the Company, Matinas Merger Sub, Inc., and Matinas BioPharma, Inc.**
3.1	Certificate of Incorporation*
3.2	Bylaws*
4.1	Form of Warrant*
4.2	Form of Placement Agent Warrant *
4.3	Registration Rights Agreement dated July 30, 2013*
5.1	Opinion of Lowenstein Sandler LLP***
10.1	Placement Agency Agreement, dated July 11, 2013, between the Company and Aegis Capital Corp.*
10.2	Consulting Agreement, dated July 30, 2013, between the Company and Aegis Capital Corp.*
10.3	Form of Subscription Agreement for the Company's 2013 private placement*
10.4	Form of Subscription Agreement for the Company's 2013 warrant private placement**
10.5	Voting Agreement, dated July 30, 2013, by and among the Company and the stockholders named therein.*
10.6	Matinas BioPharma Holdings, Inc. 2013 Equity Compensation Plan*
10.7	Form of Incentive Stock Option Agreement*
10.8	Form of Non-Qualified Stock Option Agreement*
10.9	Employment Agreement, dated July 30, 2013, between the Company and Roelof Rongen*
10.10	Employment Agreement, dated July 30, 2013, between the Company and George Bobotas*
10.11	Employment Agreement, dated July 30, 2013, between the Company and Abdel A. Fawzy.*
10.12	Employment Agreement effective as of October 4, 2013 between the Company and Jerome Jabbour**
10.13	Offer Letter, dated October 31, 2013, between the Company and Gary Gaglione**
10.14	Form of Indemnification Agreement**
10.15	Form of Securities Purchase Agreement (Warrants) for the Company's formation private placement**
10.16	Form of Securities Purchase Agreement (Units) for the Company's formation private placement**
10.17	Lease, effective as of November 4, 2013, by and between the company and A-K Bedminster Associates, L.P.**
21.1	List of Subsidiaries of the Company**
23.1	Consent of EisnerAmper LLP***
23.2	Consent of Lowenstein Sandler LLP (included in Exhibit 5.1)***
24.1	Power of Attorney (included on the signature page of this Registration Statement)*

* Previously filed
** Filed herewith
*** To be filed by amendment

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the on , 2014.

MATINAS BIOPHARMA HOLDINGS, INC.

By: _____
Name: Roelof Rongen
Title: President & Chief Executive Officer

By: _____
Name: Gary Gaglione
Title: Interim Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors Matinas BioPharma Holdings, Inc., a Delaware corporation (the "Company"), do hereby constitute and appoint Roelof Rongen as his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments, exhibits thereto and other documents in connection therewith) to this Registration Statement and any subsequent registration statement filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, which relates to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Person	Capacity	Date
_____ Roelof Rongen	President, Chief Executive Officer and Director (Principal Executive Officer)	, 2014
_____ Gary Gaglione	Interim Chief Financial Officer (Principal Financial and Accounting Officer)	, 2014
_____ Herbert Conrad	Chairman of the Board	, 2014
_____ Stefano Ferrari	Director	, 2014
_____ Jerome Jabbour	Director	, 2014
_____ James E. Scibetta	Director	, 2014
_____ Adam K. Stern	Director	, 2014

AGREEMENT AND PLAN OF MERGER

by and among

MATINAS BIOPHARMA HOLDINGS, INC,

MATINAS MERGER SUB, INC.,

and

MATINAS BIOPHARMA, INC.

Dated as of July 11, 2013

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of July 11, 2013 (this "**Agreement**"), by and among Matinas BioPharma Holdings, Inc., a Delaware corporation ("**Parent**"), Matinas Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("**Merger Sub**"), Matinas BioPharma, Inc., a Delaware corporation (the "**Company**"), and Roelof Rongen, as Stockholder Representative (the "**Stockholder Representative**").

WHEREAS, the parties intend that Merger Sub be merged with and into the Company (the "**Merger**") with the Company surviving the Merger on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition to the Merger, each of the Company Stockholders (as defined herein) listed on Schedule 1 is entering into a voting agreement with Parent and the stockholders of Parent immediately prior to the Effective Time (as defined herein) (the "**Voting Agreement**");

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and inducement to Parent's willingness to enter into this Agreement, Parent and the Company will enter into a Placement Agency Agreement with Aegis Capital Corp, dated the date hereof, pursuant to which Parent shall complete the closing of a private placement offering in the amount of at least Six Million Dollars ($6,000,000) (the "**Private Placement**") concurrently with, and as a condition to, the Merger under this Agreement;

WHEREAS the Board of Directors of the Company has (i) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into this Agreement, (ii) approved this Agreement in accordance with the General Corporation Law of the State of Delaware (the "**DGCL**"), and (iii) resolved to recommend the adoption of this Agreement by the stockholders of the Company; and

WHEREAS, the Board of Directors of each of Parent and Merger Sub has approved and declared it advisable for Parent and Merger Sub, as the case may be, to enter into, this Agreement and consummate the Merger.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I
The Merger

1.01. The Merger. On the terms and subject to the conditions of this Agreement and in accordance with the DGCL, at the Effective Time (as defined herein), Merger Sub shall be merged with and into the Company. As a result of the Merger, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation of the Merger (the "**Surviving Corporation**") and a wholly owned subsidiary of Parent.

1.02. Closing; Effective Time.

(a) The closing of the Merger (the "**Closing**") shall take place at the offices of Lowenstein Sandler LLP, 1251 Avenue of the Americas, New York, New York as soon as practicable after the satisfaction or waiver of the conditions set forth in ARTICLE VI (excluding conditions that, by their terms, cannot be satisfied until the Closing, but subject to the satisfaction or waiver of such conditions). The date on which the Closing actually occurs is hereinafter referred to as the "**Closing Date.**"

(b) At the Closing, the parties hereto shall cause the Merger to be consummated by filing a certificate of merger (the "**Certificate of Merger**") with the Secretary of State of the State of Delaware, in such form as required by, and executed and filed in accordance with, the relevant provisions of the DGCL (the date and time of the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, or such later time as is specified in the Certificate of Merger and as is agreed to by the parties hereto, being hereinafter referred to as the "**Effective Time**"), and shall make all other filings or recordings required under the DGCL in connection with the Merger.

1.03. Effects of the Merger. The Merger shall have the effects set forth in this Agreement and the applicable provisions of the DGCL. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

1.04. Certificate of Incorporation; Bylaws.

(a) At the Effective Time, the certificate of incorporation of Merger Sub in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation as of the Effective Time until thereafter amended in accordance with the DGCL; provided, however, that at the Effective Time, Article I of the certificate of incorporation of the Surviving Corporation shall be amended and restated in its entirety to read as follows: "The name of the corporation is Matinas BioPharma, Inc."

(b) At the Effective Time, the bylaws of Merger Sub as in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation as of the Effective Time until thereafter amended in accordance with the DGCL and as provided in the certificate of incorporation of the Surviving Corporation and such bylaws.

1.05. Directors and Officers.

(a) At the Effective Time, the directors of Merger Sub shall be the individuals set forth on Schedule 1.05(a), each to hold the office of a director of the Surviving Corporation in accordance with the DGCL and the certificate of incorporation and bylaws of the Surviving Corporation until his or her successor is duly elected and qualified.

(b) Immediately following the Effective Time, the directors of the Surviving Corporation as of the Effective Time, shall take all actions necessary to appoint the individuals set for on Schedule 1.05(b) as the officers of the Surviving Corporation, each to hold office in accordance with the provisions of the bylaws of the Surviving Corporation. The directors and officers of the Company immediately prior to the Effective Time shall submit their resignations to be effective as of the Effective Time, which resignations shall be a condition of the Merger.

ARTICLE II
Effect of the Merger on the Capital Stock of the Constituent Corporations

2.01. Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or any Company Stockholder (as defined herein) of any of the following securities:

(a) Conversion of Common Stock and Preferred Stock.

(i) All of the outstanding shares of common stock, $0.0001 par value per share (the "**Common Stock**") of the Company issued and outstanding immediately prior to the Effective Time (each, a "**Common Share**"), other than any Cancelled Shares (as defined herein), shall be converted into the right to receive, in the aggregate:

A. 7,593,746 shares of Parent common stock (the "**Parent Common Stock**"), par value $0.0001 (the "**Common Stock Consideration**").

(ii) All of the outstanding shares of Series A Preferred Stock, $0.0001 par value per share (the "**Preferred Stock**" and together with the Common Stock, the "**Company Stock**") of the Company issued and outstanding immediately prior to the Effective Time (each, a "**Preferred Share**" and together with the Common Shares, the "**Shares**"), other than any Cancelled Shares, shall be converted into the right to receive, in the aggregate:

A. 1,406,254 shares of Parent Common Stock; and

B. 1,000,000 warrants, each warrant to purchase one share of Parent Common Stock over a five year period at an exercise price of $2.00 per share (the "**Warrants**" and together with the number of shares of Parent Common Stock set forth in Section 2.01(a)(ii)(A) the "**Preferred Stock Consideration**").

Collectively, the Common Stock Consideration and the Preferred Stock Consideration are referred to as the "**Merger Consideration**." The Merger Consideration shall be distributed in the manner provided by Section 2.02.

(b) Conversion of Merger Sub Common Stock. Each share of capital stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

(c) Cancelled Shares. Each Share that is held in treasury by the Company immediately prior to the Effective Time (the "**Cancelled Shares**") shall, by virtue of the Merger and without any action on the part of the holder thereof, be cancelled and shall cease to exist, and no consideration shall be delivered in exchange for such cancellation.

(d) Cancellation of Shares at Effective Time. At the Effective Time, all Shares issued and outstanding immediately prior to the Effective Time shall no longer be outstanding and such Shares shall be cancelled and retired and shall cease to exist, and each certificate (a "**Certificate**") formerly representing any such Shares (other than such shares held by the Company) shall thereafter represent only the right to receive the applicable portion of the Merger Consideration.

2.02. Consideration. At the Effective Time, Parent shall make the following distributions, in each case in accordance with the final Aggregate Consideration Schedule (the "**Aggregate Consideration Schedule")** delivered pursuant to Section 2.03:

(a) Parent shall issue or cause its transfer agent to issue to each Holder of Common Stock, shares of the Common Stock Consideration, as adjusted pursuant to this Agreement as set forth in the Aggregate Consideration Schedule.

(b) Parent shall issue or cause its transfer agent to issue to each Holder of Preferred Stock, Shares of the Preferred Stock Consideration, as adjusted pursuant to this Agreement as set forth in the Aggregate Consideration Schedule.

(c) Prior to any such disbursement and/or issuance to any Company Stockholder pursuant to Sections 2.02(a) and 2.02(b), such Company Stockholder shall have delivered to Parent such Company Stockholder's Certificate (or in lieu thereof, such documentation as may be requested by Parent to comply with Section 2.04 below) and such Certificate shall forthwith be cancelled. All Merger Consideration issued upon the surrender for exchange of Certificates shall be deemed to have been issued in full satisfaction of all rights pertaining to the shares of Company Stock previously represented by such Certificates, and at the Effective Time the stock transfer books of the Company shall be closed and there shall be no further registration or transfers on the stock transfer books of the Surviving Company of the shares of Company Stock that were outstanding immediately prior to the Effective Time.

(d) No certificates for fractional shares of Parent Common Stock or Warrants to purchase fractional shares of Parent Common Stock shall be issued. In lieu of any fractional shares or Warrants to purchase a fractional share to which the Company Stockholders would otherwise be entitled as a result of the distributions provided for herein, all stock issuances of Parent Common Stock or Warrant amounts shall be rounded up to the nearest whole share, so that no more than the whole number of shares of Warrants represented by the Merger Consideration, if any, shall be issued.

2.03. Aggregate Consideration Schedule. Attached hereto as **Exhibit A** is the Aggregate Consideration Schedule setting forth the calculation of the amounts for distribution in accordance with Section 2.02.

2.04. Lost, Stolen or Destroyed Certificates. In the event any Certificates shall have been lost, stolen or destroyed, the agent shall make such payment in exchange for such lost, stolen or destroyed Certificates upon the making of an affidavit of that fact by the holder thereof.

2.05. Adjustments. Without limiting the other provisions of this Agreement, if at any time during the period between the date of this Agreement and the Effective Time, any change in the number of outstanding Shares of Parent (or securities convertible or exchangeable into or exercisable for Shares) shall occur as a result of a reclassification, recapitalization, stock split (including a reverse stock split), or combination, exchange or readjustment of shares, merger or any stock dividend or stock distribution with a record date during such period, the Merger Consideration shall be correspondingly adjusted to reflect such change.

2.06. Withholding. Notwithstanding any other provision in this Agreement, Parent, the Surviving Corporation or the agent (and any other Person that has any withholding obligation with respect to any payment made pursuant to this Agreement) shall be entitled to deduct and withhold, or cause to be deducted and withheld, from the consideration payable or otherwise deliverable to any Person pursuant to this Agreement such amounts as may be required to be deducted and withheld under any provisions of federal, local or foreign tax law or under any applicable legal requirements. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

ARTICLE III
Representations and Warranties Relating to the Company

The Company represents and warrants to Parent as follows:

3.01. Organization; Capitalization.

(a) The Company is duly organized and validly existing in good standing under the laws of the jurisdiction in which it was formed, and has the requisite power and authority to own its properties and to carry on its business as now being conducted. The Company is not a party to any joint venture and does not directly or indirectly own or hold capital stock or an equity or similar interest in any entity. The Company is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect on the Company.

(b) The authorized capital stock of the Company consists of (i) 19,200,000 shares of Common Stock, and (ii) 6,481,481 shares of Preferred Stock. As of the date of this Agreement and the Closing, there are (i) 10,000,000 Common Shares issued and outstanding; and (ii) 1,851,854 shares of Preferred Stock issued and outstanding. Schedule 3.01 sets forth (A) a complete and accurate list of all holders of Common Shares and shares of Preferred Stock, indicating the number of Common Shares and shares of Preferred Stock held by each holder; and (B) all stock option plans and other stock or equity-related plans of the Company. All of the issued and outstanding Shares are duly authorized, validly issued, fully paid, nonassessable and free of all preemptive rights. Other than as listed in Schedule 3.01, there are no outstanding or authorized options, warrants, rights, agreements or commitments to which the Company is a party or which are binding upon the Company providing for the issuance or redemption of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company. Except as set forth in Schedule 3.01(b), there are no agreements to which the Company is a party or by which it is bound with respect to the voting (including without limitation voting trusts or proxies), registration under the Securities Act of 1933, as amended, or sale or transfer (including without limitation agreements relating to pre-emptive rights, rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Company. To the knowledge of the Company, there are no agreements among other parties, to which the Company is not a party and by which it is not bound, with respect to the voting (including without limitation voting trusts or proxies) or sale or transfer (including without limitation agreements relating to rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Company. All of the issued and outstanding Company Shares were issued in compliance with applicable federal and state securities laws.

3.02. Authority; Execution and Delivery; Enforceability.

(a) The Company has all requisite power, authority and legal capacity to execute and deliver this Agreement and each Ancillary Agreement to which the Company is a party, to perform its obligations hereunder and thereunder and to consummate the Merger and the other transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Ancillary Agreements to which the Company is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized and approved by all required action on the part of the Company and, except for (i) the adoption of this Agreement and the Ancillary Agreements and the transactions contemplated hereunder and thereunder by the holders of the Company Stock and (ii) the filing and recordation of appropriate merger documents as required by the DGCL, no other corporate or other proceedings on the part of the Company are necessary to authorize this Agreement, the Ancillary Agreements and the transactions contemplated hereby or thereby.

(b) When received by the Company, the requisite consent of the Company Stockholders along with a completed questionnaire from each stockholder containing customary representations for a private placement in a manner reasonably acceptable to Parent (collectively, the "**Stockholders' Consent**") shall comply in all respects with the Company's certificate of incorporation and bylaws and the DGCL; provided that the Stockholders' Consent is signed by the holders of all of the outstanding shares of Company Stock entitled to vote thereon treating the outstanding shares of Common Stock and Preferred Stock together as a single class (treating each share of Preferred Stock as the number of shares of Common Stock into which it is convertible) and by the holders of all of the outstanding shares of Preferred Stock treating the outstanding shares of Preferred Stock as a single class (treating each share of Preferred Stock as the number of shares of Common Stock into which it is convertible), no other vote of or action by the stockholders of the Company is required to adopt and approve this Agreement or to consummate the Merger or the other transactions contemplated hereby.

(c) This Agreement has been duly authorized, executed and delivered and constitutes, upon due execution and delivery, will constitute, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms (i) except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect related to laws affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and except that no representation is made herein regarding the enforceability of the Company's obligations to provide indemnification and contribution remedies under the securities laws and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.03. No Conflicts. None of the execution and delivery of or performance by the Company under this Agreement or the consummation of the transactions herein contemplated conflicts with or violates, or will result in the creation or imposition of, any lien, charge or other encumbrance upon any of the assets of the Company under any agreement or other instrument to which the Company is a party or by which the Company or its assets may be bound, or any term of the certificate of incorporation or by-laws of the Company, or any license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company or any of its assets, except in the case of a conflict, violation, lien, charge or other encumbrance (except with respect to the Company's Certificate of Incorporation or By-laws) which would not reasonably be expected to, have an Material Adverse Effect on the Company.

3.04. Financial Statements.

(a) The Company's audited financial statements as and for the period ended December 31, 2012 (the "**Year-End Financials**") and the Company's unaudited financial statements for the period ended March 31, 2013 (the "**Interim Financials**," and together with the Year-End Financials, the "**Financial Statements**"), together with the related notes, if any, present fairly, in all material respects, the financial position of the Company as of the dates specified and the results of operations for the periods covered thereby. Such Financial Statements and related notes were prepared substantially in accordance with United States generally accepted accounting principles applied on a consistent basis throughout the periods indicated, except that the unaudited financial statements omit full notes, and except for normal year-end adjustments. Except as set forth in such Financial Statements, the Company has no known material liabilities of any kind, whether accrued, absolute, contingent, or otherwise. All other financial and statistical information provided to the Parent by the Company with respect to the Company present fairly in all material respects the information shown therein on a basis consistent with the Financial Statements of the Company. The Company does not know of any facts, circumstances or conditions which could materially adversely affect its operations, earnings or prospects except as set forth on Schedule 3.04(a).

(b) Except as set forth on Schedule 3.04(b), since the date of the Company's most recent Financial Statements, there has been no Material Adverse Effect on the Company. Except as set forth on Schedule 3.04(b), since the date of the Company's most recent Financial Statements, the Company has not (i) declared or paid any dividends, (ii) sold any assets, individually or in the aggregate, in excess of $75,000 outside of the ordinary course of business or (iii) had capital expenditures, individually or in the aggregate, in excess of $75,000. The Company has not taken any steps to seek protection pursuant to any bankruptcy law nor does the Company have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so.

3.05. Indebtedness. Except as set forth on Schedule 3.05, the Company (i) has no outstanding Indebtedness (as defined herein) in excess of $75,000, (ii) is not a party to any contract, agreement or instrument, the violation of which, or default under which, by the other party(ies) to such contract, agreement or instrument would result in a Material Adverse Effect, or (iii) is not in violation of any term of or in default under any contract, agreement or instrument relating to any Indebtedness, except where such violations and defaults would not result, individually or in the aggregate, in a Material Adverse Effect.

3.06. Governmental Authorizations. The conduct of business by the Company as presently, and proposed to be conducted, is not subject to continuing oversight, supervision, regulation or examination by any governmental official or body of the United States, or any other jurisdiction wherein the Company conducts, or proposes to conduct, such business, except as set forth on Schedule 3.06. The Company has obtained all material licenses, permits and other governmental authorizations necessary to conduct its business as presently conducted. The Company has not received any notice of any violation of, or noncompliance with, any federal, state, local or foreign laws, ordinances, regulations and orders (including, without limitation, those relating to environmental protection, occupational safety and health, securities laws, equal employment opportunity, consumer protection, credit reporting, "truth-in-lending", and warranties and trade practices) applicable to its business, the violation of, or noncompliance with, would have an Material Adverse Effect on the Company, and the Company knows of no facts or set of circumstances which could give rise to such a notice.

3.07. Company Agreements. No default by the Company or, to the knowledge of the Company, any other party, exists in the due performance under any material agreement to which the Company is a party or to which any of its assets is subject (collectively, the "**Company Agreements**"). The Company Agreements are in full force and effect in accordance with their respective terms, subject to any applicable bankruptcy, insolvency or other laws affecting the rights of creditors generally and to general equitable principles and the availability of specific performance.

3.08. Intellectual Property. The Company owns all right, title and interest in, or possesses adequate and enforceable rights to use, all patents, patent applications, trademarks, service marks, copyrights, rights, licenses, franchises, trade secrets, confidential information, processes and formulations necessary for the conduct of its business as now conducted (collectively, the "**Intellectual Property**"). To the knowledge of the Company, the Company has not infringed upon the rights of others with respect to the Intellectual Property and, except as set forth on Schedule 3.08, the Company has not received notice that it has or may have infringed or is infringing upon the rights of others with respect to the Intellectual Property, or any written notice of conflict with the asserted rights of others with respect to the Intellectual Property. To the knowledge of the Company, no others have infringed upon the rights of the Company with respect to the Intellectual Property. Except as set forth on Schedule 3.08, none of the Company's Intellectual Property have expired or terminated, or are expected to expire or terminate, within three years from the date of this Agreement.

3.09. Employee Matters. The Company is not a party to any collective bargaining agreement nor does it employ any member of a union. No executive officer of the Company (as defined in Rule 501(f) of the Act) has notified the Company that such officer intends to leave the Company or otherwise terminate such officer's employment with the Company. No executive officer of the Company, to the knowledge of the Company, is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer does not subject the Company to any liability with respect to any of the foregoing matters. The Company is in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect on the Company.

3.10. Proceedings. Except as set forth on Schedule 3.10, there are no actions, suits, claims, hearings or proceedings pending before any court or governmental authority or, to the knowledge of the Company, threatened, against the Company, or involving its assets or any of its officers or directors (in their capacity as such) which, if determined adversely to the Company or such officer or director, could reasonably be expected to have a Material Adverse Effect on the Company or adversely affect the transactions contemplated by this Agreement or the enforceability thereof.

3.11. Compliance. The Company is not: (i) in violation of its Certificate of Incorporation or By-laws; (ii) in default of any indenture, mortgage, deed of trust, note or other agreement or instrument to which the Company is a party or by which it is or may be bound or to which any of its assets may be subject, the default of which could reasonably be expected to have a Material Adverse Effect on the Company; (iii) in violation of any statute, rule or regulation applicable to the Company, the violation of which would have a Material Adverse Effect on the Company; or (iv) in violation of any judgment, decree or order of any court or governmental body having jurisdiction over the Company and specifically naming the Company, which violation or violations individually, or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Company.

3.12. Related Party Transactions. Except as set forth on Schedule 3.12, as of the date of this Agreement, no current or former stockholder, director, officer or employee of the Company, nor, to the knowledge of the Company, any affiliate of any such person is presently, directly or indirectly through his affiliation with any other person or entity, a party to any loan from the Company or any other transaction (other than as an employee) with the Company providing for the furnishing of services by, or rental of any personal property from, or otherwise requiring cash payments to any such person.

3.13. Taxes. Except as set forth on Schedule 3.13, the Company has filed, on a timely basis, each federal, state, local and foreign tax return, report and declarations that were required to be filed, or has requested an extension therefor and has paid all taxes and all related assessments, charges, penalties and interest to the extent that the same have become due. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. To the Company' knowledge, none of the Company' tax returns are presently being audited by any taxing authority. No liens have been filed and no claims are being asserted by or against the Company with respect to any taxes (other than liens for taxes not yet due and payable). The Company has not received notice of assessment or proposed assessment of any taxes claimed to be owed by it or any other Person on its behalf. The Company is not a party to any tax sharing or tax indemnity agreement or any other agreement of a similar nature that remains in effect. The Company has complied in all material respects with all applicable legal requirements relating to the payment and withholding of taxes and, within the time and in the manner prescribed by law, has withheld from wages, fees and other payments and paid over to the proper governmental or regulatory authorities all amounts required.

ARTICLE IV
Representations and Warranties of Parent

Parent hereby represents and warrants to the Company as follows:

4.01. Organization; Capitalization.

(a) Each of Parent and Merger Sub is duly organized and validly existing in good standing under the laws of the jurisdiction in which it was formed, and has the requisite power and authority to own its properties and to carry on its business as now being conducted. Neither Parent nor Merger Sub is a party to any joint venture and neither directly or indirectly own or hold capital stock or an equity or similar interest in any entity. Each of Parent and Merger Sub is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect on Parent or Merger Sub, as applicable. Each of Parent and Merger Sub owns, directly or indirectly, all of the capital stock or other equity interests of each subsidiary free and clear of any liens (other than Permitted Encumbrances), and all the issued and outstanding securities of capital stock of each subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) The authorized capital stock of the Parent consists of 160,000,000 shares of Parent Common Stock, of which 7,500,000 shares were issued and outstanding as of the date of this Agreement, and 10,000,000 shares of preferred stock, par value $0.0001 per share, none of which was issued and outstanding as of the date of this Agreement. All of the issued and outstanding shares of Parent Common Stock are duly authorized, validly issued, fully paid, nonassessable and free of all preemptive rights. Except as contemplated by the Private Placement, this Agreement or the Ancillary Agreements, there are 4,000,000 warrants to purchase 4,000,000 shares of Parent Common Stock outstanding and there are no outstanding other authorized options, warrants, rights, agreements or commitments to which the Parent is a party or which are binding upon the Parent providing for the issuance or redemption of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Parent. There are no agreements to which the Parent is a party or by which it is bound with respect to the voting (including without limitation voting trusts or proxies), registration under the Securities Act of 1933, as amended, or sale or transfer (including without limitation agreements relating to pre-emptive rights, rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Parent. There are no agreements among other parties, to which the Parent is not a party and by which it is not bound, with respect to the voting (including without limitation voting trusts or proxies) or sale or transfer (including without limitation agreements relating to rights of first refusal, co-sale rights or "drag-along" rights) of any securities of the Parent. All of the issued and outstanding shares of Parent Common Stock were issued in compliance with applicable federal and state securities laws. The approximately 9,000,000 shares of Parent Common Stock to be issued at the Closing, when issued and delivered in accordance with the terms hereof and of the Certificate of Merger, shall be duly and validly issued, fully paid and nonassessable and free of all preemptive rights and will be issued in compliance with applicable federal and state securities laws. Furthermore, the 1,000,000 shares of Parent Common Stock underlying the Warrants to be issued at the Closing have been duly and validly authorized and reserved for issuance, and when issued in accordance with the terms of the Warrants, shall be duly and validly issued, fully paid and nonassessable and free of all preemptive rights and will be issued in compliance with applicable federal and state securities laws. Immediately after the Closing, without giving effect to the Merger, there will be 7,500,000 shares of Parent Common Stock issued and outstanding.

4.02. Authority. Each of Parent and Merger Sub has all requisite corporate power and authority to conduct its business as presently conducted and as proposed to be conducted, to enter into and perform its obligations under this Agreement and the Ancillary Agreements. This Agreement has been duly authorized, executed and delivered and constitutes upon due execution and delivery, will constitute, valid and binding obligations of Parent or Merger Sub, as applicable, enforceable against each of Parent or Merger Sub, as applicable, in accordance with their respective terms (i) except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect related to laws affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

4.03. No Conflicts. Neither the execution and delivery of, or performance by Parent or Merger Sub under this Agreement or any of the other Ancillary Agreements nor the consummation of the transactions herein or therein contemplated conflicts with or violates, or will result in the creation or imposition of, any lien, charge or other encumbrance upon any of the assets of Parent under any agreement or other instrument to which Parent is a party or by which Parent or its assets may be bound, or any term of the certificate of incorporation or by-laws of Parent, or any license, permit, judgment, decree, order, statute, rule or regulation applicable to Parent or any of its assets, except in the case of a conflict, violation, lien, charge or other encumbrance (except with respect to Parent's certificate of incorporation or by-laws) which would not, or could not reasonably be expected to, have a Material Adverse Effect on Parent or Merger Sub, as applicable.

4.04. Governmental Authorizations. No consent, authorization or filing of or with any court or governmental authority is required in connection with the issuance or the consummation of the transactions contemplated herein or in the Ancillary Agreements.

4.05. Proceedings. There are no actions, suits, claims, hearings or proceedings pending before any court or governmental authority or, to the knowledge of Parent, threatened, against Parent or Merger Sub, or involving its assets or any of its officers or directors (in their capacity as such) which, if determined adversely to Parent, Merger Sub or their respective officers or directors, could not reasonably be expected to have a Material Adverse Effect on Parent or Merger Sub, as applicable or adversely affect the transactions contemplated by this Agreement or the enforceability thereof.

4.01. No Operations. Since its date of formation and as of the date hereof, Parent has not conducted any business or operations other than negotiating and executing such definitive documentation necessary to duly form and capitalize Parent.

ARTICLE V
Covenants

5.01. Conduct of Business Pending Closing. From the date hereof until the Closing, the Company will:

(a) maintain its existence in good standing;

(b) maintain the general character of its business and properties and conduct its business in the Ordinary Course of Business, except as otherwise expressly permitted by this Agreement;

(c) maintain its business and accounting records consistent with past practices;

(d) file on a timely basis with the appropriate taxing authorities all tax returns required to be filed, and pay all taxes due, before the Closing Date; and

(e) use commercially reasonable efforts to (i) preserve its business intact, and (ii) keep available to the Company the services of its present officers and employees.

5.02. Prohibited Actions Pending Closing. Unless otherwise expressly permitted herein or approved by Parent in writing, from the date hereof until the Closing, the Company shall not:

(a) declare, set aside or pay any dividend or other distribution in respect of any shares of capital stock of the Company or repurchase, redeem or acquire any outstanding shares of capital stock or other securities of, or other ownership interest in, the Company;

(b) merge, consolidate or adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization involving the Company, other than the Merger;

(c) split, combine or reclassify any shares of capital stock of the Company or other securities of the Company or amend the terms of any such stock or securities;

(d) change accounting or tax reporting principles, methods or policies of the Company;

(e) make, change or rescind any material election concerning taxes or tax returns, file any amended tax return, enter into any closing agreement with respect to taxes, settle or compromise any material tax claim or assessment or surrender any right to claim a refund of taxes or obtain any tax ruling;

(f) enter into any transaction other than in the Ordinary Course of Business;

(g) make any loans, advances or capital contributions to, or investments in, any Person or pay any fees to any director, officer, partner or Affiliate thereof or to any Company Stockholder (who is not a director, officer or partner) or Affiliate of any Company Stockholder (other than business expenses incurred in the Ordinary Course of Business);

(h) (i) mortgage, pledge or subject to any lien any of its assets, or (ii) acquire any assets or sell, assign, transfer, convey, lease or otherwise dispose of any assets of the Company, except, in the case of clause (ii), in the Ordinary Course of Business;

(i) cancel or compromise any Indebtedness or amend, cancel, terminate, relinquish, waive or release any contract or right, in each case, except in the Ordinary Course of Business, and which, in the aggregate, would not be material to the Company taken as a whole;

(j) make or commit to make any capital expenditures or capital additions or betterments in excess of $30,000 individually or $75,000 in the aggregate;

(k) issue, create, incur, assume, guarantee, endorse or otherwise become liable or responsible with respect to (whether directly, contingently, or otherwise) any Indebtedness where such Indebtedness of the Company exceeds, in the aggregate, $100,000 other than legal fees and expenses in connection with the Merger and the Private Placement;

(l) institute or settle any legal proceeding; and

(m) agree, commit, arrange or enter into any understanding to do anything set forth in this Section 5.02.

5.03. Access to Information. The Company shall, and shall cause its officers, directors, employees and agents to, afford the officers, employees and agents of Parent complete access at all reasonable times, from the date hereof to the Effective Time, to its officers, employees, agents, properties, books and records, and shall furnish Parent all financial, operating and other data and information as Parent, through its officers, employees or agents, may reasonably request. Parent shall keep all information discovered in the course of such investigation confidential.

5.04. Reasonable Efforts to Close. Subject to the terms and conditions provided in this Agreement, each of the parties hereto shall use reasonable best efforts to take promptly, or cause to be taken promptly, all actions, and to do promptly, or cause to be done promptly, all things necessary, proper or advisable under applicable Law to consummate and make effective the Merger and the other transactions contemplated hereby as promptly as practicable, including by using commercially reasonable efforts to take all action necessary to satisfy all of the conditions to the obligations of the other party or parties hereto to effect the Merger set forth in ARTICLE VI, to obtain all necessary waivers, consents, approvals and other documents required to be delivered hereunder and to effect all necessary registrations and filings and to remove any injunctions or other impediments or delays, legal or otherwise, in each case in order to consummate and make effective the Merger and the other transactions contemplated by this Agreement for the purpose of securing to the parties hereto the benefits contemplated by this Agreement.

5.05. Stockholder Approval.

(a) Immediately following the execution of this Agreement, the Company shall obtain the Stockholders' Consent through the execution of a unanimous written consent in the form attached hereto as **Exhibit B** (the "**Stockholder Written Consent**").

(b) Immediately following the execution of this Agreement, Merger Sub shall deliver a written consent evidencing stockholder consent ("**Parent's Consent**").

5.06. Tax Matters. The following provisions shall govern the allocation of responsibility between Parent and the Company Stockholders for certain tax matters following the Closing Date.

(a) Responsibility for Filing Tax Returns. The Stockholder Representative shall timely file all tax returns required to be filed by the Company in respect of any pre-closing tax period and shall pay or cause to be paid all taxes shown due thereon. All such tax returns shall be prepared in a manner consistent with the Company's prior practice. The Stockholder Representative shall provide Parent with copies of such completed tax returns at least twenty (20) days prior to the due date for filing thereof, along with supporting work papers, for Parent's review and approval. The Stockholder Representative and Parent shall attempt in good faith to resolve any disagreements regarding such tax returns prior to the due date for filing. In no event shall the Stockholder Representative file any tax return relating to the Company without the prior approval of Parent, which shall not be unreasonably withheld or delayed.

(b) Cooperation on Tax Matters.

(i) The parties hereto shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of tax returns pursuant to Section 5.06(a) (including signing any such tax returns) above and any audit or legal proceeding with respect to taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit or legal proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(ii) Parent and the Stockholder Representative, on behalf of the Company Stockholders, further agree, upon request, to use their respective best efforts to obtain any certificate or other document from any taxing authority or any other Person as may be necessary to mitigate, reduce, or eliminate any tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(c) Certain Taxes. The Stockholder Representative shall, at the Parent's expense, file all necessary tax returns and other documentation with respect to all transfer, documentary, sales, use, stamp, registration and other such taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement, and, if required by applicable Law, Parent will join in the execution of any such tax returns and other documentation.

(d) Survival of Obligations. Notwithstanding any other provision in this Agreement to the contrary, the obligations of the parties set forth in this Section 5.06 shall be unconditional and absolute and shall remain in effect without limitation as to time or amount.

(e) Reorganization. It is intended that the transactions contemplated by this Agreement qualify and be treated as a "reorganization" within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended ("Code"), by reason of Code section 368(a)(2)(E). Unless applicable law or a governmental authority requires otherwise, the parties agree for income tax purposes to report the transaction consistently with the preceding sentence.

5.07. Publicity. No party to this Agreement shall directly or indirectly make any public announcement or statement regarding this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby without the prior consent of Parent and the Company, such consent not to be unreasonably withheld, except as such release or announcement may be required by Law or the rules or regulations of any United States or foreign securities exchange or automated quotation system, in which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance

5.08. Confidentiality. Each of the Company Stockholders and Parent shall (and shall cause each of its respective representatives to) maintain in confidence and not directly or indirectly, use, disseminate, disclose or publish, or use for such Company Stockholder's benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information of or relating to the Company, the transactions contemplated by this Agreement or the Ancillary Agreements or the Merger Consideration (collectively, the "**Confidential Information**"), or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such Confidential Information. Each of the Company Stockholders, Merger Sub and Parent hereby stipulate and agree that as between them, the Confidential Information is important, material and affects the successful conduct of the business of the Company as currently conducted and as contemplated to be conducted by the Surviving Corporation following the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

5.09. Resignations. On the Closing Date, the Company shall cause to be delivered to Parent duly executed resignations, effective as of the Effective Time, of all directors and officers of the Company and shall take such other action as is necessary to accomplish the foregoing.

5.10. Employment Agreements and Non-Disclosure and Invention Assignment Agreements ("**NDIAs**"). On or prior to the Closing Date, Parent shall enter into employment agreements and NDIAs with each of Mr. Roeloff Rongen, Dr. George Bobotas and Dr. Abdel Fawzy (each an "**Employment Agreement Recipient**").

5.11. Voting Agreements. On or prior to the Closing Date, the Company Stockholders and the stockholders of Parent shall enter into the Voting Agreement in the form and substance of the agreement annexed hereto as **Exhibit C**.

5.12. Appointment of Directors and Officers of Parent.

(a) On or prior to the Closing Date, Parent shall cause the board of directors to constitute the individuals set forth on Schedule 1.05(a) effective as of the Effective Time (the "**Effective Time Parent Board**") and shall take such other action as is necessary to accomplish the foregoing.

(b) On or prior to the Closing Date, Parent shall cause the Effective Time Parent Board to appoint the individuals to the offices set forth opposite their respective names on Schedule 1.05(b) effective as of the Effective Time (the "**Effective Time Parent Officers**") and shall take such other action as is necessary to accomplish the foregoing.

5.13. Further Assurances. From time to time, as and when requested by any party, each party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions, as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

ARTICLE VI
Conditions to Closing

6.01. Conditions Precedent to Each Party's Obligation to Effect the Merger. The respective obligations of each party hereto to effect the Merger shall be subject to the fulfillment or satisfaction, prior to or on the Closing Date of the following conditions:

(a) Completion of the Private Placement. On or before the Closing Date, Parent shall have closed on at least Six Million Dollars ($6,000,000) in the Private Placement.

(b) Stockholder Approval. The Company shall have obtained the Stockholders' Consent to the Merger and the other transactions contemplated by this Agreement.

(c) Parent Consent. Merger Sub shall have obtained Parent's Consent to the Merger and the other transactions contemplated by this Agreement pursuant to the Parent Written Consent delivered to the Company.

(d) No Legal Impediments. As of the Closing Date, there shall not be any suit, action or proceeding by any Governmental Entity before any court or Governmental Entity seeking to restrain or prohibit the consummation of this Agreement or any of the other transactions contemplated by this Agreement.

(e) Other Consents. On or before the Closing Date, Parent, Merger Sub and the Company have each obtained and delivered, as applicable, all necessary board, shareholder and third party consents required pursuant to this Agreement.

(f) Completion of Due Diligence. Each of Parent and the Company, in its reasonable discretion, shall have completed all necessary technical and legal due diligence.

6.02. Conditions Precedent to Obligations of Parent and Merger Sub. All obligations of Parent and Merger Sub under this Agreement are further subject to the fulfillment, satisfaction or (to the extent permitted by Law) waiver by Parent, prior to or on the Closing Date, of each of the following conditions precedent:

(a) Representations and Warranties. Each of the Company's representations and warranties contained in ARTICLE III of this Agreement shall be true and correct in all respects on and as of the Closing Date with the same effect as though such representations and warranties were made on and as of the Closing Date, except to the extent that any representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be evaluated as of such earlier date.

(b) Covenants. The Company shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by the Company prior to the Closing. The Company shall have delivered to Parent all certificates and other documents that it is required to deliver to Parent pursuant to this Agreement prior to the Closing.

(c) Officer's Certificate. Parent shall have received a certificate from the Company, validly executed by the Chief Executive Officer of the Company for and on the Company's behalf, to the effect that, as of the Closing the conditions set forth in Sections 6.02(a) and 6.02(b) have been satisfied.

(d) No Material Indebtedness. Parent shall have received a certificate from the Company, validly executed by the Company's Chief Financial Officer certifying that as of the Closing Date, the Company's liabilities do not exceed One Hundred Thousand Dollars ($100,000) in the form of accounts payable and accrued expenses, other than legal and accounting expenses in connection with the Merger and the Private Placement. The Company shall not be a party to or bound by instrument or agreement relating to any material indebtedness that would limit the issuance or cancellation of any securities pursuant to this Agreement.

(e) Employment Agreements and NDIAs. Parent shall have received executed copies of the employment agreements and NDIAs from each of the Employment Agreement Recipients.

(f) Equity Plan. Parent shall have adopted an equity incentive plan providing for the grant of awards to qualified participants of up to fifteen percent (15%) of Parent's fully-diluted capitalization, assuming the maximum offering contemplated by the Private Placement, is sold.

(g) Voting Agreement. Parent shall have received executed counterparts of the Voting Agreement from the Company Stockholders set forth on Schedule 6.02(g).

(h) No Material Adverse Effect on the Company. As of the Closing Date, there shall not have occurred any event and no circumstance shall exist which, alone or together with any one or more other events or circumstances has had, is having or would reasonably be expected to have a Material Adverse Effect on the Company.

6.03. Conditions Precedent to the Company's Obligations. All obligations of the Company under this Agreement are further subject to the fulfillment, satisfaction, or (to the extent permitted by Law) waiver by the Company prior to or on the Closing Date, of each of the following conditions precedent:

(a) Representations and Warranties. Each of Parent's and Merger Sub's representations and warranties contained in ARTICLE IV of this Agreement shall be true and correct in all respects on and as of the Closing with the same effect as though such representations and warranties were made on and as of the Closing, except to the extent that any representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be evaluated as of such earlier date.

(b) Covenants. Each of Parent and Merger Sub shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by the Company prior to the Closing. Parent shall have delivered to Parent all certificates and other documents that it is required to deliver to Parent pursuant to this Agreement prior to the Closing.

(c) Officer's Certificate. The Company shall have received a certificate from Parent, validly executed by the Chief Executive Officer of Parent for and on the Parent's and Merger Sub's behalf, to the effect that, as of the Closing the conditions set forth in Sections 6.03(a) and 6.03(b), have been satisfied.

(d) No Indebtedness. The Company shall have received a certificate from Parent, validly executed by Parent's Chief Financial Officer, certifying that as of the Closing Date, neither Parent nor Merger Sub has any liabilities and is are not a party to or bound by an instrument or agreement relating to indebtedness of Parent or Merger Sub.

(e) Voting Agreement. The Company shall have received executed counterparts of the Voting Agreement from Parent and the stockholders of Parent set forth on Schedule 6.03(e).

(f) Employment Agreements and NDIAs. As of the Closing Date, each Employment Agreement Recipient shall have received an executed copy of his employment agreement and NDIA, validly executed by Parent.

(g) Effective Time Parent Board. As of the Closing Date, the Company shall have received evidence that the Effective Time Parent Board constitutes the board of Directors of Parent, which shall not be changed, modified or amended by Parent as of the Effective Time.

(h) Effective Time Parent Officers. As of the Closing Date, the Company shall have received evidence that the Effective Time Parent Officers have been duly appointed by the Effective Time Parent Board, which shall not be changed, modified or amended by Parent as of the Effective Time.

6.04. Frustration of Closing Conditions. None of the Company, Parent or Merger Sub may rely on the failure of any condition set forth in Sections 6.01, 6.02 or 6.03, as the case may be, to be satisfied if such failure was caused by such party's failure to use reasonable best efforts to consummate the Merger and the other transactions contemplated by this Agreement, as required by and subject to Section 5.04.

ARTICLE VII
Termination

7.01. Termination. This Agreement may be terminated, and the Merger may be abandoned, at any time prior to the Effective Time whether before or after the approval and adoption of this Agreement and the transactions contemplated hereby by the stockholders of the Company or the stockholder of Merger Sub:

(a) by the mutual agreement of Parent and the Company;

(b) by Parent or Merger Sub, in the event the Company fails to deliver the Stockholder Written Consent to Parent on or before July 25, 2013;

(c) by Parent or Merger Sub, in the event the Company materially breaches or fails to perform any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement unless such breach or failure is cured within fifteen (15) days after written notice to the Company by Parent or Merger Sub;

(d) by Company, in the event that either Parent or Merger Sub materially breaches or fails to perform any representation, warranty, covenant or agreement on the part of either Parent or Merger Sub, as applicable, set forth in this Agreement unless such breach or failure is cured within fifteen (15) days after written notice to Parent or Merger Sub, as applicable; or

(e) by Parent, Merger Sub or the Company if (i) the Effective Time shall not have occurred by September 9, 2013, 2013, which date may be extended by Parent, Merger Sub and the Company in their joint discretion until October 9, 2013; provided that the right to terminate this Agreement under this Section 7.01(d) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date; or (ii) any court of competent jurisdiction in the United States or other Governmental Entity shall have issued an order, decree, ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable.

7.02. Effect of Termination. In the event of the termination of this Agreement as provided in Section 7.01, written notice shall be given by the terminating party to the other parties hereto and this Agreement shall forthwith become void and there shall be no liability on the part of Parent, Merger Sub or the Company, except that nothing herein will relieve any party from liability for fraud or for any willful breach of any representation or warranty or any willful breach prior to such termination of any covenant or agreement contained herein or be deemed to waive any rights of specific performance of this Agreement available to a party by reason of any breach by the other party or parties of this Agreement.

ARTICLE VIII
Survival

8.01. Survival of Representations and Warranties. The representations and warranties of the parties contained in this Agreement, any certificate delivered pursuant hereto or any Ancillary Agreement shall survive the Closing for a period of four years from the earlier to occur of the final closing of the Private Placement (as contemplated by the transaction documents governing the Private Placement) or the termination of the Private Placement.

ARTICLE IX
General Provisions

9.01. Fees and Expenses. All costs and expenses incurred in connection with this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby (including without limitation brokers' fees, legal and accounting fees) shall be paid from the proceeds of the Private Placement.

9.02. Stockholder Representative.

(a) Roelof Rongen is hereby appointed as representative, attorney-in-fact and agent, with full power of substitution to act in the name, place and stead of each Company Stockholders to take all actions necessary or appropriate in the judgment of the Stockholder Representative for the accomplishment of the terms of this Agreement, and to act on behalf of each Company Stockholder in any amendment of or litigation or arbitration involving this Agreement or any Ancillary Agreement and to do or refrain from doing all such further acts and things, and to execute all such documents, as such Stockholder Representative shall deem necessary or appropriate in conjunction with any of the transactions contemplated by this Agreement, including the power:

(i) to take all action necessary or desirable in connection with the waiver of any condition to the obligations of the Company Stockholders to consummate the transactions contemplated by this Agreement and the Ancillary Agreements;

(ii) to negotiate, execute and deliver all statements, certificates, statements, notices, approvals, extensions, waivers, undertakings, amendments and other documents required or permitted to be given in connection with the consummation of the transactions contemplated by this Agreement (it being understood that a Company Stockholder shall execute and deliver any such documents which the Stockholder Representative agrees to execute);

(iii) to give and receive all notices and communications to be given or received under this Agreement and to receive service of process in connection with the any claims under this Agreement, including service of process in connection with arbitration; and

(iv) to take all actions or refrain from doing any further act or deed on behalf of the Company Stockholders which the Stockholder Representative deems necessary or appropriate in his sole discretion relating to the subject matter of this Agreement as fully and completely as a Company Stockholder could do if personally present.

(b) If Roelof Rongen becomes unable to serve as Stockholder Representative, Roelof Rongen, or such other Person or Persons as may be designated by a majority-in-interest of the Company Stockholders, shall succeed as the Stockholder Representative.

9.03. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement except as provided below. No assignment of this Agreement or of any rights or obligations hereunder may be made by either party without the prior written consent of the other party and any attempted assignment without the required consent shall be void.

9.04. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder. Notwithstanding the foregoing, it is expressly agreed that Aegis Capital Corp. is a third party beneficiary with respect to Sections 3 and 4 of this Agreement.

9.05. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when received. All notices hereunder must be delivered as set forth below, or pursuant to instructions as may be designated in writing by the party to receive such notice:

if to Parent,

Matinas BioPharma Holdings, Inc.
C/O Stephen Harrington
600 West Germantown Pike, Ste 400
Plymouth Meeting, PA 19462
Attention: Stephen P. Harrington, Chief Executive Officer

with a copy to:

Fox Rothschild LLP
2000 Market Street, 20th Floor
Philadelphia, PA 19103-3291
Attention: Stephen M. Cohen, Esq.
Fax: (215) 299-2150

if to the Company,

Matinas BioPharma, Inc.
915 Klosterman Road East
Tarpon Springs, FL 34689
Attention: President and Chief Executive Officer
E-mail: rrongen@matinasbiopharma.com

with a copy to:

Lowenstein Sandler LLP
1251 Avenue of the Americas, 17th Floor
New York, New York 10020
Attention: Michael J. Lerner
Fax: 973-597-6395

and

if to the Stockholder Representative,

Matinas BioPharma, Inc.
915 Klosterman Road East
Tarpon Springs, FL 34689
Attention: President and Chief Executive Officer
E-mail: rrongen@matinasbiopharma.com

with a copy to:

Lowenstein Sandler LLP
1251 Avenue of the Americas, 17th Floor
New York, New York 10020
Attention: Michael J. Lerner
Fax: 973-597-6395

9.06. Interpretation; Exhibits and Schedules; Certain Definitions.

(a) The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any matter disclosed in any provision, section or subsection of any Schedule shall be deemed disclosed only for all purposes of such provision, section or subsection. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall have the meaning as defined in this Agreement. When a reference is made in this Agreement to a Section, Exhibit or Schedule, such reference shall be to a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

(b) For all purposes hereof:

"**Affiliate**" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person.

"**Ancillary Agreements"** means the Voting Agreement and the transaction documents entered into among Parent, the Company and the other parties thereto in connection with the Private Placement.

"**Business Day**" means any day of the year on which national banking institutions in New York are open to the public for conducting business and are not required or authorized to close.

"**Company Stockholder**" means each person who is a holder of capital stock of the Company as of the Effective Time.

"**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

"**GAAP**" means United States generally accepted accounting principles applied on a consistent basis throughout the periods indicated as in effect as of the date hereof.

"**Governmental Entity**" means any legislative, executive, judicial, regulatory or administrative unit of any governmental entity (multinational, foreign, federal, state or local) or any department, commission, board, agency, bureau, ministry, official, arbitrator (public) or other similar body exercising executive, legislative, regulatory, administrative or judicial authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established by any of the foregoing to perform any such functions.

"**including**" means including, without limitation.

"**Indebtedness**" means with respect to any Person without duplication, (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services including (without limitation) "Capital Leases" (as defined under GAAP) (other than trade payables entered into in the ordinary course of business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with GAAP, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) except for obligations owed to service providers of the Company in connection with this Agreement and the transactions contemplated herein, all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above of at least $75,000.

"**Liability"** means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation).

"**Material Adverse Effect**" means, with respect to each party, a material adverse effect on (i) the financial condition, business, assets, prospects or results of operations of the party, taken as a whole, (ii) the ability of the party to perform its obligations under this Agreement or (iii) the ability of the party to consummate the Merger and the other transactions contemplated hereby; provided, however, that in no event shall any change resulting from conditions affecting the industry in which such party operates or from changes in general business or economic conditions be taken into account in determining whether there has been a Material Adverse Effect except to the extent such change has a disproportionate impact on the applicable party relative to other businesses operating in the same industry.

"**Ordinary Course of Business**" means the ordinary and usual course of day-to-day operations of the business of the Company through the date hereof consistent with past practice.

"**Permitted Encumbrances**" shall means (a) mechanic's, materialmen's, and similar liens, securing payment of sums not yet due and payable and for which an appropriate reserve has been established, (b) liens for taxes not yet delinquent or for taxes that the taxpayer is contesting in good faith through appropriate proceedings and for which an appropriate reserve has been established in the financial statements of such taxpayer, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the ordinary course of business and not incurred in connection with the borrowing of money.

"**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.The following terms, when used in this Agreement, shall have the meanings assigned to such terms in the Sections set forth below:

Terms	Section
Affiliate	10.06(b)
Aggregate Consideration Schedule	2.02
Agreement	Preamble
Ancillary Agreements	10.06(b)
Business Day	10.06(b)
Cancelled Shares	2.01(c)
Certificates	2.01(d)
Certificate of Merger	1.02(b)
Closing	1.02(a)
Closing Date	1.02(a)
Common Share	2.01(a)(i)
Common Stock	2.01(a)(i)
Common Stock Consideration	2.01(a)(i)(A)
Company	Preamble
Company Stock	2.01(a)(ii)
Company Stockholder	10.06(b)
Confidential Information	5.07
DGCL	Recitals
Effective Time	1.02(b)
Employment Agreement Recipient	5.10
Governmental Entity	10.06(b)
Indebtedness	10.06(b)
Liability	10.06(b)
Merger	Recitals
Merger Consideration	2.01(a)
Merger Sub	Preamble
NDIA	5.10
Ordinary Course of Business	10.06(b)
Parent	Preamble
Person	10.06(b)
Preferred Share	2.01(a)(ii)
Preferred Stock	2.01(a)(ii)
Preferred Stock Consideration	2.01(a)(ii)(B)
Private Placement	Recitals
Stockholders' Consent	3.02(b)
Shares	2.01(a)(ii)

Terms	Section
Stockholder Representative	Preamble
Stockholder Written Consent	5.05
Surviving Corporation	1.01
Warrants	2.01(a)(ii)(B)

9.07. Entire Agreement; Amendments and Waivers. This Agreement (including the Schedules and Exhibits hereto), together with the Ancillary Agreements represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, arrangements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter of this Agreement. This Agreement may be amended by the parties at any time before or after receipt of the Stockholders' Consent; provided, that after receipt of the Stockholders' Consent, there shall be made no amendment that by Law requires further approval by such stockholders without the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement or (c) to the fullest extent permitted by Law, waive compliance with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

9.08. Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any Law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

9.09. Jurisdiction; Waiver of Jury Trial.

(a) Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York located in the borough of Manhattan in the City of New York, or if such court does not have jurisdiction, the Supreme Court of the State of New York, New York County, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties hereto further agrees that service of any process, summons, notice or document by registered mail to such party's respective address set forth in Section 9.05 (or to such other address for notices as provided by such party pursuant to Section 9.05) or in any other manner permitted by Law shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the United States District Court for the Southern District of New York or (ii) the Supreme Court of the State of New York, New York Count, and hereby further irrevocably and unconditionally waives and agrees not to please or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY OF THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

9.10. Governing Law. This Agreement and the rights and duties of the parties hereto shall be governed by and construed in accordance with the internal laws of the State of New York and shall be governed as to validity, interpretation, construction, affect and in all other respects by the internal laws of the State of New York.

9.11. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement and Plan of Merger as of the date first written above.

COMPANY:

MATINAS BIOPHARMA, INC.

By: /s/ Roelof Rongen
Name: Roelof Rongen
Title: Chief Executive Officer

PARENT:

MATINAS BIOPHARMA HOLDINGS, INC

By: /s/ Stephen P. Harrington
Name: Stephen P. Harrington
Title: President

MERGER SUB:

MATINAS MERGER SUB, INC.

By: /s/ Stephen P. Harrington
Name: Stephen P. Harrington
Title: President

STOCKHOLDER REPRESENTATIVE:

By: /s/ Roelof Rongen
Roelof Rongen

Exhibit A
Aggregate Consideration Schedule

(See Attached)

[*Signature Page to Stock Purchase Agreement*]

AGGREGATE MERGER CONSIDERATION SCHEDULE

Stockholder Name	Shares of Common Stock of Matinas BioPharma, Inc. (Pre-Merger)	Shares of Series A Preferred Stock of Matinas BioPharma, Inc. (Pre-Merger)	Warrants of Matinas BioPharma Holdings, Inc. (Post-Merger)	Shares of Matinas BioPharma Holdings, Inc. (Post-Merger)
Roelof Rongen	4,500,000	0	0	3,417,186
Abdel A. Fawzy	2,250,000	0	0	1,708,593
Jerome Jabbour	1,000,000	0	0	759,374
George Bobotas	900,000	0	0	683,437
Maria Bobotas	900,000	0	0	683,438
Demetra Dukas	225,000	0	0	170,859
Eleni Lelekis	225,000	0	0	170,859
Herbert Conrad	0	462,963	250,000	351,563
1010 Holdings LLC	0	462,963	250,000	351,563
Wachtel Ventures, LLC	0	185,186	100,000	140,626
Steven C. Plank	0	92,593	50,000	70,313
Plank 2010 Family Trust	0	92,593	50,000	70,313
Vidonia Holdings, LLC	0	185,185	100,000	140,625
Arnold Estates LLC	0	185,185	100,000	140,625
Craig Benson	0	185,186	100,000	140,626

SUBSCRIPTION AGREEMENT

Matinas BioPharma Holdings, Inc.

Matinas BioPharma Inc.
915 Klosterman Road East
Tarpon Springs, FL 346894

Ladies and Gentlemen:

1. **Subscription.** The undersigned (the "Purchaser"), intending to be legally bound, hereby irrevocably agrees to purchase from Matinas BioPharma Holdings, Inc., a Delaware corporation (the "Company"), the number of units (the "Units") set forth on the signature page hereof at a purchase price of $250,000 per Unit. Each Unit consists of (i) 250,000 shares of the Company's common stock, par value $0.0001 per share (the "Common Stock") and (ii) 125,000 Series 1 warrants (each, a "Warrant" and collectively, the "Warrants"), each warrant to purchase one share of Common Stock at an exercise price of $2.00 per share. The Units are being sold in the Offering (as defined below), the initial closing of which will close contemporaneously with the merger of Matinas BioPharma, Inc. ("Matinas") into a wholly-owned subsidiary of the Company (the "Merger") as more fully described in the Memorandum (as defined below).

2. **The Offering**. This subscription is submitted to you in accordance with and subject to the terms and conditions described in this Subscription Agreement and the Confidential Private Placement Memorandum of the Company dated July 11, 2013, as amended or supplemented from time to time, including all attachments, schedules and exhibits thereto (the "Memorandum"), relating to the offering (the "Offering") by the Company of a minimum of 24 Units ($6,000,000) ("Minimum Offering Amount"), and up to a maximum of 36 Units ($9,000,000) ("Maximum Offering Amount"). In the event the Maximum Offering Amount is sold, the Placement Agent (as defined below) and the Company shall have the right to place an additional 24 Units ($6,000,000) to cover over-allotments. Aegis Capital Corp. has been engaged as placement agent in connection with the Offering (the "Placement Agent"). The terms of the Offering are more completely described in the Memorandum and such terms are incorporated herein in their entirety.

3. **Payment.** The Purchaser will immediately make a wire transfer payment to, "Signature Bank, Escrow Agent for Matinas BioPharma Holdings, Inc." in the full amount of the purchase price of the Units being subscribed for in the Offering. Wire transfer instructions are set forth on page 12 hereof under the heading "To subscribe for Units in the private offering of Matinas BioPharma Holdings, Inc." Such funds will be held for the Purchaser's benefit, and will be returned promptly, without interest or offset if this Subscription Agreement is not accepted by the Company and Matinas, the Offering is terminated pursuant to its terms by the Company and Matinas prior to the First Closing (as hereinafter defined), or the Minimum Offering Amount is not sold. Together with a wire transfer of the full purchase price, the Purchaser is delivering a completed and executed Omnibus Signature Page to this Subscription Agreement and the Registration Rights Agreement, in the form of Exhibit C to the Memorandum (the "Registration Rights Agreement").

4. **Deposit of Funds.** All payments made as provided in Section 3 hereof shall be deposited by the Company, Matinas or the Placement Agent as soon as practicable after receipt thereof with Signature Bank (the "Escrow Agent"), in a non-interest-bearing escrow account (the "Escrow Account") until the earliest to occur of (a) the closing of the sale of the Minimum Offering Amount (the "First Closing"), (b) the rejection of such subscription, and (c) the termination of the Offering by the Company, Matinas or the Placement Agent. The Company, Matinas and the Placement Agent may continue to offer and sell the Units and conduct additional closings for the sale of additional Units after the First Closing and until the termination of the Offering.

5. **Acceptance of Subscription.** The Purchaser understands and agrees that the Company and Matinas, in their sole discretion, reserve the right to accept or reject this or any other subscription for Units, in whole or in part, notwithstanding prior receipt by the Purchaser of notice of acceptance of this subscription. The Company shall have no obligation hereunder until the Company shall execute and deliver to the Purchaser an executed copy of this Subscription Agreement. If this subscription is rejected in whole, the Offering of Units is terminated or the Minimum Offering Amount is not raised, all funds received from the Purchaser will be returned without interest or offset, and this Subscription Agreement shall thereafter be of no further force or effect. If this subscription is rejected in part, the funds for the rejected portion of this subscription will be returned without interest or offset, and this Subscription Agreement will continue in full force and effect to the extent this subscription was accepted.

6. **Representations and Warranties**.

The Purchaser hereby acknowledges, represents, warrants, and agrees as follows:

(a) None of the shares of Common Stock or the shares of Common Stock issuable upon exercise of the Warrants (the "Warrant Shares") offered pursuant to the Memorandum are registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The Purchaser understands that the offering and sale of the Units is intended to be exempt from registration under the Securities Act, by virtue of Section 4(2) thereof and the provisions of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") thereunder, based, in part, upon the representations, warranties and agreements of the Purchaser contained in this Subscription Agreement;

(b) Prior to the execution of this Subscription Agreement, the Purchaser and the Purchaser's attorney, accountant, purchaser representative and/or tax adviser, if any (collectively, the "Advisers"), have received the Memorandum and all other documents requested by the Purchaser, have carefully reviewed them and understand the information contained therein;

(c) Neither the SEC nor any state securities commission or other regulatory authority has approved the Units, the Common Stock, the Warrants or the Warrant Shares, or passed upon or endorsed the merits of the offering of Units or confirmed the accuracy or determined the adequacy of the Memorandum. The Memorandum has not been reviewed by any federal, state or other regulatory authority;

(d) All documents, records, and books pertaining to the investment in the Units (including, without limitation, the Memorandum) have been made available for inspection by such Purchaser and its Advisers, if any;

(e) The Purchaser and its Advisers, if any, have had a reasonable opportunity to ask questions of and receive answers from a person or persons acting on behalf of the Company concerning the offering of the Units and the business, financial condition and results of operations of the Company and Matinas, and all such questions have been answered to the full satisfaction of the Purchaser and its Advisers, if any;

(f) In evaluating the suitability of an investment in the Company, the Purchaser has not relied upon any representation or information (oral or written) other than as stated in the Memorandum.

(g) The Purchaser is unaware of, is in no way relying on, and did not become aware of the Offering of the Units through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the Internet (including, without limitation, internet "blogs," bulletin boards, discussion groups and social networking sites) in connection with the Offering and sale of the Units and is not subscribing for the Units and did not become aware of the Offering of the Units through or as a result of any seminar or meeting to which the Purchaser was invited by, or any solicitation of a subscription by, a person not previously known to the Purchaser in connection with investments in securities generally;

(h) The Purchaser has taken no action that would give rise to any claim by any person for brokerage commissions, finders' fees or the like relating to this Subscription Agreement or the transactions contemplated hereby (other than commissions to be paid by the Company to the Placement Agent or as otherwise described in the Memorandum);

(i) The Purchaser, together with its Advisers, if any, has such knowledge and experience in financial, tax, and business matters, and, in particular, investments in securities, so as to enable it to utilize the information made available to it in connection with the Offering to evaluate the merits and risks of an investment in the Units and the Company and to make an informed investment decision with respect thereto;

(j) The Purchaser is not relying on the Company, Matinas, the Placement Agent or any of their respective employees or agents with respect to the legal, tax, economic and related considerations of an investment in the Units, and the Purchaser has relied on the advice of, or has consulted with, only its own Advisers;

(k) The Purchaser is acquiring the Units solely for such Purchaser's own account for investment purposes only and not with a view to or intent of resale or distribution thereof, in whole or in part. The Purchaser has no agreement or arrangement, formal or informal, with any person to sell or transfer all or any part of the Units, the shares of Common Stock, the Warrants or the Warrant Shares, and the Purchaser has no plans to enter into any such agreement or arrangement.

(l) The Purchaser must bear the substantial economic risks of the investment in the Units indefinitely because none of the securities included in the Units may be sold, hypothecated or otherwise disposed of unless subsequently registered under the Securities Act and applicable state securities laws or an exemption from such registration is available. Legends shall be placed on the securities included in the Units to the effect that they have not been registered under the Securities Act or applicable state securities laws and appropriate notations thereof will be made in the Company's stock books. Stop transfer instructions will be placed with the transfer agent of the Units. The Company has agreed that purchasers of the Units will have, with respect to the shares of Common Stock and the Warrant Shares, the registration rights described in the Registration Rights Agreement. Notwithstanding such registration rights, there can be no assurance that there will be any market for resale of the Units, the Common Stock, the Warrants or the Warrant Shares, nor can there be any assurance that such securities will be freely transferable at any time in the foreseeable future.

(m) The Purchaser has adequate means of providing for such Purchaser's current financial needs and foreseeable contingencies and has no need for liquidity from its investment in the Units for an indefinite period of time;

(n) The Purchaser is aware that an investment in the Units is high risk, involving a number of very significant risks and has carefully read and considered the matters set forth under the caption “Risk Factors” in the Memorandum, and, in particular, acknowledges that Matinas has a limited operating history, significant operating losses since inception, limited revenues to date, limited assets and is engaged in a highly competitive business;

(o) The Purchaser meets the requirements of at least one of the suitability standards for an “accredited investor” as that term is defined in Regulation D and as set forth on the Accredited Investor Certification contained herein;

(p) The Purchaser (i) if a natural person, represents that the Purchaser has reached the age of 21 and has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, or limited liability company or partnership, or association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Units, such entity is duly organized, validly existing and in good standing under the laws of the state of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the securities constituting the Units, the execution and delivery of this Subscription Agreement has been duly authorized by all necessary action, this Subscription Agreement has been duly executed and delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Subscription Agreement in a representative or fiduciary capacity, represents that it has full power and authority to execute and deliver this Subscription Agreement in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Purchaser is executing this Subscription Agreement, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Subscription Agreement and make an investment in the Company, and represents that this Subscription Agreement constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Subscription Agreement will not violate or be in conflict with any order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which it is bound;

(q) The Purchaser and the Advisers, if any, have had the opportunity to obtain any additional information, to the extent the Company and/or Matinas have such information in its possession or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in the Memorandum and all documents received or reviewed in connection with the purchase of the Units and have had the opportunity to have representatives of the Company and Matinas provide them with such additional information regarding the terms and conditions of this particular investment and the financial condition, results of operations, business of the Company and Matinas deemed relevant by the Purchaser or the Advisers, if any, and all such requested information, to the extent the Company had such information in its possession or could acquire it without unreasonable effort or expense, has been provided to the full satisfaction of the Purchaser and the Advisers, if any;

(r) Any information which the Purchaser has heretofore furnished or is furnishing herewith to the Company, Matinas or the Placement Agent is complete and accurate and may be relied upon by the Company, Matinas and the Placement Agent in determining the availability of an exemption from registration under federal and state securities laws in connection with the offering of securities as described in the Memorandum. The Purchaser further represents and warrants that it will notify and supply corrective information to the Company, Matinas and the Placement Agent immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the securities contained in the Units;

(s) The Purchaser has significant prior investment experience, including investment in non-listed and non-registered securities. The Purchaser is knowledgeable about investment considerations in development-stage companies with limited operating histories. The Purchaser has a sufficient net worth to sustain a loss of its entire investment in the Company in the event such a loss should occur. The Purchaser's overall commitment to investments which are not readily marketable is not excessive in view of the Purchaser’s net worth and financial circumstances and the purchase of the Units will not cause such commitment to become excessive. The investment is a suitable one for the Purchaser;

(t) The Purchaser is satisfied that the Purchaser has received adequate information with respect to all matters which it or the Advisers, if any, consider material to its decision to make this investment;

(u) The Purchaser acknowledges that any estimates or forward-looking statements or projections included in the Memorandum were prepared by the Company and Matinas in good faith but that the attainment of any such projections, estimates or forward-looking statements cannot be guaranteed by the Company or Matinas and should not be relied upon;

(v) No oral or written representations have been made, or oral or written information furnished, to the Purchaser or the Advisers, if any, in connection with the Offering which are in any way inconsistent with the information contained in the Memorandum;

(w) Within five (5) days after receipt of a request from the Company, Matinas or the Placement Agent, the Purchaser will provide such information and deliver such documents as may reasonably be necessary to comply with any and all laws and ordinances to which the Company, Matinas or the Placement Agent is subject;

(x) The Purchaser's substantive relationship with the Placement Agent or subagent through which the Purchaser is subscribing for Units predates the Placement Agent's or such subagent's contact with the Purchaser regarding an investment in the Units;

(y) THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE SECURITIES HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM OR THIS SUBSCRIPTION AGREEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL;

(z) In making an investment decision investors must rely on their own examination of the Company, Matinas and the terms of the Offering, including the merits and risks involved. The Purchaser should be aware that it will be required to bear the financial risks of this investment for an indefinite period of time;

(aa) **(For ERISA plans only)** The fiduciary of the ERISA plan (the "Plan") represents that such fiduciary has been informed of and understands the Company's investment objectives, policies and strategies, and that the decision to invest "plan assets" (as such term is defined in ERISA) in the Company is consistent with the provisions of ERISA that require diversification of plan assets and impose other fiduciary responsibilities. The Purchaser fiduciary or Plan (a) is responsible for the decision to invest in the Company; (b) is independent of the Company or any of its affiliates; (c) is qualified to make such investment decision; and (d) in making such decision, the Purchaser fiduciary or Plan has not relied primarily on any advice or recommendation of the Company or any of its affiliates;

(bb) **The Purchaser should check the Office of Foreign Assets Control ("OFAC") website at <http://www.treas.gov/ofac> before making the following representations**. The Purchaser represents that the amounts invested by it in the Company in the Offering were not and are not directly or indirectly derived from activities that contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by OFAC (the "OFAC Programs") prohibit dealing with individuals[1] or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists;

(cc) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any amounts from a prospective investor if such prospective investor cannot make the representation set forth in the preceding paragraph. The Purchaser agrees to promptly notify the Company and the Placement Agent should the Purchaser become aware of any change in the information set forth in these representations. The Purchaser understands and acknowledges that, by law, the Company may be obligated to "freeze the account" of the Purchaser, either by prohibiting additional subscriptions from the Purchaser, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and the Placement Agent may also be required to report such action and to disclose the Purchaser's identity to OFAC. The Purchaser further acknowledges that the Company may, by written notice to the Purchaser, suspend the redemption rights, if any, of the Purchaser if the Company reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Company and the Placement Agent or any of the Company's other service providers. These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs;

(dd) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a senior foreign political figure,[2] or any immediate family[3] member or close associate[4] of a senior foreign political figure, as such terms are defined in the footnotes below; and

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[1] These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

[2] A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

[3] "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

[4] A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

(ee) If the Purchaser is affiliated with a non-U.S. banking institution (a "Foreign Bank"), or if the Purchaser receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Purchaser represents and warrants to the Company that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

7. **Lockup**. The Purchaser hereby agrees that (i) the Purchaser shall not sell, offer, pledge, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any right or warrant to purchase, lend or otherwise transfer or encumber, directly or indirectly, any shares of Common Stock, the Warrant Shares or other securities of the Company ("Transfer"), nor shall the Purchaser enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any shares of Common Stock, the Warrant Shares or other securities of the Company until the Release Date (as defined below); provided that the Purchaser shall be permitted to Transfer up to one-third of the Purchaser's shares of Common Stock of the Company (including the Warrant Shares issuable upon exercise of the Warrants) at any time from and after the effective date of the Company's first registration statement filed with the SEC, and (ii) following the Release Date, the Purchaser shall be entitled to Transfer the Purchaser's remaining shares of Common Stock, the Warrant Shares or other securities of the Company. The Purchaser hereby covenants and agrees that (x) it shall abide by the restrictions set forth above and (y) the Company shall be entitled to place "stop transfer" instructions with the Company's transfer agent in compliance with the above restrictions. For purposes of this Section 7, the term "Release Date" shall mean the earlier of (i) one year from the date of filing of the first registration statement of the Company with the SEC or (ii) ninety (90) days following the closing of an underwritten public offering of the Company's securities. Notwithstanding the foregoing, in the event the Company delivers a notice of redemption to the holders of the Warrants (pursuant to the terms of the Warrants) (the "Redemption Notice"), the restrictions set forth above shall terminate effective on the date of delivery of the Redemption Notice.

8. **Indemnification.** The Purchaser agrees to indemnify and hold harmless the Company, Matinas, the Placement Agent (including its selected dealers, if any), and their respective officers, directors, employees, agents, control persons and affiliates from and against all losses, liabilities, claims, damages, costs, fees and expenses whatsoever (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened) based upon or arising out of any actual or alleged false acknowledgment, representation or warranty, or misrepresentation or omission to state a material fact, or breach by the Purchaser of any covenant or agreement made by the Purchaser herein or in any other document delivered in connection with this Subscription Agreement.

9. **Irrevocability; Binding Effect.** The Purchaser hereby acknowledges and agrees that the subscription hereunder is irrevocable by the Purchaser, except as required by applicable law, and that this Subscription Agreement shall survive the death or disability of the Purchaser and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns. If the Purchaser is more than one person, the obligations of the Purchaser hereunder shall be joint and several and the agreements, representations, warranties, and acknowledgments herein shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, legal representatives, and permitted assigns.

10. **Modification.** This Subscription Agreement shall not be modified or waived except by an instrument in writing signed by the party against whom any such modification or waiver is sought.

11. **Immaterial Modifications to the Registration Rights Agreement.** The Company may, at any time prior to the First Closing, modify the Registration Rights Agreement if necessary to clarify any provision therein, without first providing notice or obtaining prior consent of the Subscriber, if, and only if, such modification is not material in any respect.

12. **Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or delivered against receipt to the party to whom it is to be given (a) if to the Company or Matinas, at the address set forth above, or (b) if to the Purchaser, at the address set forth on the signature page hereof (or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 12). Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice changing a party's address which shall be deemed given at the time of receipt thereof.

13. **Assignability.** This Subscription Agreement and the rights, interests and obligations hereunder are not transferable or assignable by the Purchaser and the transfer or assignment of the shares of Common Stock or the Warrants shall be made only in accordance with all applicable laws.

14. **Applicable Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts to be wholly-performed within said State.

15. **Arbitration.** The parties agree to submit all controversies to arbitration in accordance with the provisions set forth below and understand that:

(a) Arbitration is final and binding on the parties.

(b) The parties are waiving their right to seek remedies in court, including the right to a jury trial.

(c) Pre-arbitration discovery is generally more limited and different from court proceedings.

(d) The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by arbitrators is strictly limited.

(e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

(f) All controversies which may arise between the parties concerning this Subscription Agreement shall be determined by arbitration pursuant to the rules then pertaining to the Financial Industry Regulatory Authority, Inc. ("FINRA") in New York City, New York. Judgment on any award of any such arbitration may be entered in the Supreme Court of the State of New York or in any other court having jurisdiction of the person or persons against whom such award is rendered**.** Any notice of such arbitration or for the confirmation of any award in any arbitration shall be sufficient if given in accordance with the provisions of this Agreement. The parties agree that the determination of the arbitrators shall be binding and conclusive upon them.

16. **Blue Sky Qualification.** The purchase of Units under this Subscription Agreement is expressly conditioned upon the exemption from qualification of the offer and sale of the Units from applicable federal and state securities laws. The Company shall not be required to qualify this transaction under the securities laws of any jurisdiction and, should qualification be necessary, the Company shall be released from any and all obligations to maintain its offer, and may rescind any sale contracted, in the jurisdiction.

17. **Use of Pronouns.** All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

18. **Confidentiality.** The Purchaser acknowledges and agrees that any information or data the Purchaser has acquired from or about the Company or Matinas, not otherwise properly in the public domain, was received in confidence. The Purchaser agrees not to divulge, communicate or disclose, except as may be required by law or for the performance of this Agreement, or use to the detriment of the Company or Matinas or for the benefit of any other person or persons, or misuse in any way, any confidential information of the Company or Matinas, including any scientific, technical, trade or business secrets of the Company or Matinas and any scientific, technical, trade or business materials that are treated by the Company or Matinas as confidential or proprietary, including, but not limited to, ideas, discoveries, inventions, developments and improvements belonging to the Company or Matinas and confidential information obtained by or given to the Company or Matinas about or belonging to third parties.

19. **Miscellaneous**.

(a) This Subscription Agreement, together with the Registration Rights Agreement, constitute the entire agreement between the Purchaser and the Company with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings, if any, relating to the subject matter hereof. The terms and provisions of this Subscription Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions.

(b) The representations and warranties of the Company and the Purchaser made in this Subscription Agreement shall survive the execution and delivery hereof and delivery of the shares of Common Stock and Warrants contained in the Units.

(c) Each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Subscription Agreement and the transactions contemplated hereby whether or not the transactions contemplated hereby are consummated.

(d) This Subscription Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

(e) Each provision of this Subscription Agreement shall be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to applicable law, such invalidity or illegality shall not impair the operation of or affect the remaining portions of this Subscription Agreement.

(f) Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Subscription Agreement as set forth in the text.

(g) The Purchaser understands and acknowledges that there may be multiple closings for this Offering.

20. **Omnibus Signature Page.** This Subscription Agreement is intended to be read and construed in conjunction with the Registration Rights Agreement pertaining to the issuance by the Company of the shares of Common Stock and Warrants to subscribers pursuant to the Memorandum. Accordingly, pursuant to the terms and conditions of this Subscription Agreement and such related agreements it is hereby agreed that the execution by the Purchaser of this Subscription Agreement, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Registration Rights Agreement, with the same effect as if each of such separate but related agreement were separately signed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

MATINAS BIOPHARMA HOLDINGS, INC.
OMNIBUS SIGNATURE PAGE TO THE
SUBSCRIPTION AGREEMENT
AND REGISTRATION RIGHTS AGREEMENT

Subscriber hereby elects to subscribe under the Subscription Agreement for a total of _____ Units at a price of $250,000 per Unit (NOTE: to be completed by subscriber) and executes the Subscription Agreement and the Registration Rights Agreement.

Date (NOTE: To be completed by subscriber): _____

If the Purchaser is an INDIVIDUAL, and if purchased as JOINT TENANTS, as TENANTS IN COMMON, or as COMMUNITY PROPERTY:

Print Name(s)	**Social Security Number(s)**
Signature(s) of Subscriber(s)	**Signature**
Date	**Address**

If the Purchaser is a PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY or TRUST:

Name of Partnership, Corporation, Limited Liability Company or Trust	**Federal Taxpayer Identification Number**
By: _____ **Name:** **Title:**	**State of Organization**
Date	**Address**

MATINAS BIOPHARMA HOLDINGS, INC.	**AEGIS CAPITAL CORP.**
By: _____ Authorized Officer	By: _____ Authorized Officer

MATINAS BIOPHARMA, INC.

By: _____
Authorized Officer

MATINAS BIOPHARMA HOLDINGS, INC.

ACCREDITED INVESTOR CERTIFICATION

For Individual Investors Only
(all Individual Investors must *INITIAL* where appropriate):

Initial _____ I have an individual net worth, or joint net worth with my spouse, as of the date hereof in excess of $1 million. For purposes of calculating net worth under this category, (i) the undersigned's primary residence shall not be included as an asset, (ii) indebtedness that is secured by the undersigned's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability, (iii) to the extent that the indebtedness that is secured by the primary residence is in excess of the fair market value of the primary residence, the excess amount shall be included as a liability, and (iv) if the amount of outstanding indebtedness that is secured by the primary residence exceeds the amount outstanding 60 days prior to the execution of this Subscription Agreement, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability.

Initial _____ I have had an annual gross income for the past two years of at least $200,000 (or $300,000 jointly with my spouse) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

Initial _____ I am a director or executive officer of Matinas BioPharma Holdings, Inc.

For Non-Individual Investors
(all Non-Individual Investors must *INITIAL* where appropriate):

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or business trust that is 100% owned by persons who meet at least one of the criteria for Individual Investors set forth above.

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or any organization described in Section 501(c)(3) of the Internal Revenue Code, Massachusetts or similar business trust that has total assets of at least $5 million and was not formed for the purpose of investing the Company.

Initial _____ The investor certifies that it is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, whose investment decision is made by a plan fiduciary (as defined in ERISA §3(21)) that is a bank, savings and loan association, insurance company or registered investment adviser.

Initial _____ The investor certifies that it is an employee benefit plan whose total assets exceed $5,000,000 as of the date of this Agreement.

Initial _____ The undersigned certifies that it is a self-directed employee benefit plan whose investment decisions are made solely by persons who meet either of the criteria for Individual Investors.

Initial _____ The investor certifies that it is a U.S. bank, U.S. savings and loan association or other similar U.S. institution acting in its individual or fiduciary capacity.

Initial _____ The undersigned certifies that it is a broker-dealer registered pursuant to §15 of the Securities Exchange Act of 1934.

Initial _____ The investor certifies that it is an organization described in §501(c)(3) of the Internal Revenue Code with total assets exceeding $5,000,000 and not formed for the specific purpose of investing in the Company.

Initial _____ The investor certifies that it is a trust with total assets of at least $5,000,000, not formed for the specific purpose of investing in the Company, and whose purchase is directed by a person with such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment.

Initial _____ The investor certifies that it is a plan established and maintained by a state or its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, and which has total assets in excess of $5,000,000.

Initial _____ The investor certifies that it is an insurance company as defined in §2(13) of the Securities Act, or a registered investment company.

Initial _____ An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act.

Initial _____ A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

Initial _____ A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

MATINAS BIOPHARMA HOLDINGS, INC.

Investor Profile

(Must be completed by Investor)

Section A - Personal Investor Information

Investor Name(s): _____

Individual executing Profile or Trustee: _____

Social Security Numbers / Federal I.D. Number: _____

Date of Birth: _____ Marital Status: _____

Joint Party Date of Birth: _____ Investment Experience (Years): _____

Annual Income: _____ Liquid Net Worth: _____

Net Worth (**excluding value of primary residence**): _____

Tax Bracket: _____ 15% or below _____ 25% - 27.5% _____ Over 27.5%

Investment Objectives ***(circle one or more):*** Preservation of Capital, Income, Capital Appreciation, Trading Profits, Speculation or Other (please specify) * See definitions on following page

Home Street Address: _____

Home City, State & Zip Code: _____

Home Phone: _____ Home Fax: _____ Home Email: _____

Employer: _____

Employer Street Address: _____

Employer City, State & Zip Code: _____

Bus. Phone: _____ Bus. Fax: _____ Bus. Email: _____

Type of Business: _____

Aegis Capital Account Executive / Outside Broker/Dealer: _____

If you are a ***United States citizen***, please list the number and jurisdiction of issuance of any other government-issued document evidencing residence and bearing a photograph or similar safeguard (such as a driver's license or passport), and ***provide a photocopy*** of each of the documents you have listed.

_____

If you are ***NOT*** a ***United States citizen***, for each jurisdiction of which you are a citizen or in which you work or reside, please list (i) your passport number and country of issuance or (ii) alien identification card number AND (iii) number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard, and provide a photocopy of each of these documents you have listed. These photocopies must be certified by a lawyer as to authenticity.

_____

Section B – Securities Delivery Instructions

____ Please deliver securities to the Employer Address listed in Section A.

____ Please deliver securities to the Home Address listed in Section A.

____ Please deliver securities to the following address:

_____.

Section C –Wire Transfer Instructions

____ I will wire funds from my outside account according to the "Subscription Instructions" Page.

____ I will wire funds from my Aegis Capital Account - See "Wire Transfer Authorization" Page.

____ The funds for this investment are rolled over, tax deferred from _____ within the allowed 60 day window.

Please check if you are a FINRA member or affiliate of a FINRA member firm: _____

_____ _____

Investor Signature **Date**

_____ _____

Investor Signature **Date**

Investment Objectives: The typical investment listed with each objective are only some examples of the kinds of investments that have historically been consistent with the listed objectives. However, neither Matinas BioPharma Holdings, Inc., Matinas BioPharma, Inc. nor Aegis Capital Corp. can assure that any investment will achieve your intended objective. You must make your own investment decisions and determine for yourself if the investments you select are appropriate and consistent with your investment objectives.

Neither Matinas BioPharma Holdings, Inc., Matinas BioPharma, Inc. nor Aegis Capital Corp. assume responsibility to you for determining if the investments you selected are suitable for you.

Preservation of Capital: An investment objective of *Preservation of Capital* indicates you seek to maintain the principal value of your investments and are interested in investments that have historically demonstrated a very low degree of risk of loss of principal value. Some examples of typical investments might include money market funds and high quality, short-term fixed income products.

Income: An investment objective of *Income* indicates you seek to generate income from investments and are interested in investments that have historically demonstrated a low degree of risk of loss of principal value. Some examples of typical investments might include high quality, short and medium-term fixed income products, short-term bond funds and covered call options.

Capital Appreciation: An investment objective of *Capital Appreciation* indicates you seek to grow the principal value of your investments over time and are willing to invest in securities that have historically demonstrated a moderate to above average degree of risk of loss of principal value to pursue this objective. Some examples of typical investments might include common stocks, lower quality, medium-term fixed income products, equity mutual funds and index funds.

Trading Profits: An investment objective of *Trading Profits* indicates you seek to take advantage of short-term trading opportunities, which may involve establishing and liquidating positions quickly. Some examples of typical investments might include short-term purchases and sales of volatile or low priced common stocks, put or call options, spreads, straddles and/or combinations on equities or indexes. This is a high-risk strategy.

Speculation: An investment objective of *Speculation* indicates you seek a significant increase in the principal value of your investments and are willing to accept a corresponding greater degree of risk by investing in securities that have historically demonstrated a high degree of risk of loss of principal value to pursue this objective. Some examples of typical investments might include lower quality, long-term fixed income products, initial public offerings, volatile or low priced common stocks, the purchase of sale of put or call options, spreads, straddles and/or combinations on equities or indexes, and the use of short-term or day trading strategies.

Other: Please specify.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), dated as of September 3, 2013 and effective as of October 4, 2013 (the "Effective Date"), is by and between MATINAS BIOPHARMA HOLDINGS, INC., a Delaware corporation (the "Company") and Jerome Jabbour (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to employ the Executive as its Executive Vice President, Chief Business Officer & General Counsel and the Executive desires to accept such employment, on the terms and conditions set forth in this Agreement; and

WHEREAS, the Company and the Executive have mutually agreed that, as of the Effective Date, this Agreement shall govern the terms of employment between the Executive and the Company.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE 1
EMPLOYMENT;TERM OF AGREEMENT

Section 1.1. Employment and Acceptance. During the Term (as defined in Section 1.2), the Company shall employ the Executive, and the Executive shall accept such employment and serve the Company, in each case, subject to the terms and conditions of this Agreement.

Section 1.2. Term. The employment relationship hereunder shall be for the period commencing on the Effective Date and, subject to earlier termination as provided in ARTICLE 4, ending on the third anniversary of the Effective Date (the "Term"). In the event that the Executive's employment with the Company terminates, the Company's obligation to continue to pay, after the Termination Date (as defined in Section 4.2(b)), Base Salary (as defined in Section 3.1(a)), Annual Bonus (as defined in Section 3.1(b)) and other unaccrued benefits shall terminate, except as may be provided for in ARTICLE 4.

ARTICLE 2
TITLE; DUTIES AND OBLIGATIONS; LOCATION

Section 2.1. Title. The Company shall employ the Executive to render exclusive and full-time services to the Company. The Executive shall serve in the capacity of Executive Vice President, Chief Business Officer & General Counsel.

Section 2.2. Duties. The Executive shall report to the Company's Chief Executive Officer and be subject to the lawful direction of the Company's Board of Directors (the "Board"). The Executive agrees to perform to the best of his ability, experience and talent those acts and duties, consistent with the position of Executive Vice President, Chief Business Officer and General Counsel as the Board (and/or the Chief Executive Officer) shall from time to time direct. During the Term, the Executive also shall serve in such other executive-level positions or capacities as may, from time to time, be reasonably requested by the Board and/or the CEO, including, without limitation (subject to election, appointment, re-election or re-appointment, as applicable) as (a) a member of the Board and/or as a member of the board of directors or similar governing body of any of the Company's subsidiaries or other Affiliates (as defined below), (b) an officer of any of the Company's subsidiaries or other Affiliates, and/or (c) a member of any committee of the Company and/or any of its subsidiaries or other Affiliates, in each case, for no additional compensation. As used in this Agreement, "Affiliate" of any individual or entity means any other individual or entity that directly or individual controls, is controlled by, or is under common control with, the individual or entity. For avoidance of doubt, any election of the Executive as a member of the Board is independent from the employment of the Executive under this Agreement and subject to normal procedures, bylaws and agreements regulating the election and/or removal of the members of the Board; provided, however, that, as set forth above, such service shall be for no additional compensation.

Section 2.3. Compliance with Policies, etc. During the Term, the Executive shall be bound by, and comply fully with, all of the Company's policies and procedures for employees and officers in place from time to time, including, but not limited to, all terms and conditions set forth in the Company's employee handbook, compliance manual, codes of conduct and any other memoranda and communications applicable to the Executive pertaining to the policies, procedures, rules and regulations, as currently in effect and as may be amended from time to time. These policies and procedures include, among other things and without limitation, the Executive's obligations to comply with the Company's rules regarding confidential and proprietary information and trade secrets.

Section 2.4. Time Commitment. During the Term, the Executive shall use his best efforts to promote the interests of the Company (including its subsidiaries and other Affiliates) and shall devote all of his business time, ability and attention to the performance of his duties for the Company and shall not, directly or indirectly, render any services to any other person or organization, whether for compensation or otherwise, except with the Board's prior written consent or as specified on Exhibit C of the Covenants Agreement (as defined in Section 5.1), provided that the foregoing shall not prevent the Executive from (i) participating in charitable, civic, educational, professional, community or industry affairs, or (ii) managing the Executive's passive personal investments, so long as, in each case, such activities individually or in the aggregate do not materially interfere or conflict with the Executive's duties hereunder or create a potential business or fiduciary conflict (in each case, as determined by the Board).

Section 2.5. Location. The Executive's principal place of business for the performance of his duties under this Agreement shall be at the principal executive office of the Company. Notwithstanding, the foregoing, the Executive shall be required to travel as necessary to perform his duties hereunder.

ARTICLE 3
COMPENSATION AND BENEFITS; EXPENSES

Section 3.1. Compensation and Benefits. For all services rendered by the Executive in any capacity during the Term (including, without limitation, serving as an officer, director or member of any committee of the Company or any of its subsidiaries or other Affiliates), the Executive shall be compensated as follows (subject, in each case, to the provisions of ARTICLE 4 below):

(a) Base Salary. During the Term, the Company shall pay the Executive a base salary (the "Base Salary") at the annualized rate of 275,000, which shall be subject to customary withholdings and authorized deductions and be payable in equal installments in accordance with the Company's customary payroll practices in place from time to time. The Executive's Base salary shall be subject to periodic adjustments as the Board and/or the Compensation Committee of the Board (the "Compensation Committee") shall in its/their discretion deem appropriate; provided, however, that upon the later to occur of (i) the closing of an additional round of financing (including equity, debt or convertible debt financing, and whether in one transaction or a series of related transactions) with gross proceeds of at least $15 million following the current private placement offering (the initial closing of which is occurring as of the Effective Date), and (ii) the initiation of the first Phase III trial of MAT9001, the annualized rate of Base Salary shall increase by $50,000, and upon each one-year anniversary thereof during the term, shall be increased by an additional $50,000. As used in this Agreement, the term "Base Salary" shall refer to Base Salary as may be adjusted from time to time.

(b) Annual Bonus. For each calendar year ending during the Term (beginning with the calendar year ending December 31, 2013), the Executive shall be eligible to receive an annual bonus (the "Annual Bonus") with a target amount equal to thirty percent (30%) of the Base Salary earned by the Executive for such calendar year (the "Target Annual Bonus"). The actual amount of each Annual Bonus will be based upon the level of achievement of the Company's corporate objectives and the Executive's individual objectives, in each case, as established by the Board or the Compensation Committee (taking into account the input of the Chief Executive Officer with respect to the establishment of the Executive's individual objectives) for the calendar year with respect to which such Annual Bonus relates. The determination of the level of achievement of the corporate objectives and the Executive's individual performance objectives for a year shall be made by the Board or the Compensation Committee Committee (taking into account the input of the Chief Executive Officer with respect to the level of achievement of the Executive's individual objectives), in its reasonable discretion. Each Annual Bonus for a calendar year, to the extent earned, will be paid in a lump sum in the following calendar year, within the first 75 days of such following year. The Annual Bonus shall not be deemed earned until the date that it is paid. Accordingly, in order for the Executive to receive an Annual Bonus, the Executive must be actively employed by the Company at the time of such payment.

(c) Signing Bonus. Within thirty (30) days following the Effective Date, the Company will pay to the Executive in a lump sum the amount of $75,000 as a signing bonus.

(d) Equity Compensation. The Company will recommend to the Compensation Committee at its next regularly scheduled meeting following the Effective Date a grant to the Executive of options to purchase up to 200,000 shares of the Company's common stock pursuant to the Company's 2013 Equity Compensation Plan (the "2013 Plan"), on the terms and conditions determined by the Compensation Committee, with such grant subject to stockholder approval of the Company's 2013 Equity Compensation Plan. During the Term, subject to the terms and conditions established within the 2013 Plan or any successor equity compensation plan as may be in place from time to time and separate Award Agreements (as defined in the 2013 Plan), the Executive also shall be eligible to receive from time to time additional Stock Options, Stock Unit Awards, Performance Shares, Performance Units, Incentive Bonus Awards, Other Cash-Based Awards and/or Other Stock-Based Awards (as such capitalized terms are defined in the 2013 Plan), in amounts, if any, to be approved by the Board or the Compensation Committee in its discretion.

(e) Benefit Plans. The Executive shall be entitled to participate in all employee benefit plans and programs (excluding severance plans, if any) generally made available by the Company to senior executives of the Company, to the extent permissible under the general terms and provisions of such plans or programs and in accordance with the provisions thereof. The Company may amend, modify or rescind any employee benefit plan or program and/or change employee contribution amounts to benefit costs without notice in its discretion. Prior to establishing such benefit plans, the Company may pay the expense of health and dental insurance maintained by the Executive for his own benefit plus his immediate family at the Effective Date up to an amount of $2,500 per month.

(f) Paid Vacation. The Executive shall be entitled to paid vacation days in accordance with the Company's vacation policies in effect from time to time for its executive team; provided, however, that the Executive shall be entitled to no less than fifteen (15) paid vacation days per calendar year during the Term.

Section 3.2. Expense Reimbursement. The Company shall reimburse the Executive during the Term, in accordance with the Company's expense reimbursement policies in place from time, for all reasonable out-of-pocket business expenses incurred by the Executive in the performance of his duties hereunder. In order to receive such reimbursement, the Executive shall furnish to the Company documentary evidence of each such expense in the form required to comply with the Company's policies in place from time to time.

ARTICLE 4
TERMINATION OF EMPLOYMENT

Section 4.1. Termination Without Cause or Resignation for Good Reason.

(a) The Company may terminate the Executive's employment hereunder at any time without Cause (other than by reason of death or Disability) upon sixty (60) days prior written notice to the Executive. Executive may terminate his employment hereunder for Good Reason upon written notice to the Company in accordance with the provisions set forth in Section 4.1(c).

(b) As used in this Agreement, "Cause" means: (i) a material act, or act of fraud, committed by the Executive that is intended to result in the Executive's personal enrichment to the detriment or at the expense of the Company or any of its Affiliates; (ii) the Executive is convicted of a felony; (iii) gross negligence or willful misconduct by the Executive, or failure by the Executive to perform the duties or obligations reasonably assigned to the Executive by the Board or the CEO from time to time, which is not cured upon ten (10) days prior written notice (unless such negligence, misconduct or failure is not susceptible to cure, as determined in the reasonable discretion of the Board); or (iv) the Executive violates the Covenants Agreement (as defined in Section 5.1 below).

(c) As used in this Agreement, "Good Reason" means the occurrence of any of the following: (1) a material breach by the Company of the terms of this Agreement; (2) a material reduction in the Executive's Base Salary; (3) a material diminution in the Executive's authority, duties or responsibilities; or (4) a material change in the geographic location at which the Executive performs services for the Company; provided, however, that the Executive must notify the Company within ninety (90) days of the occurrence of any of the foregoing conditions that he considers it to be a "Good Reason" condition and provide the Company with at least thirty (30) days in which to cure the condition. If the Executive fails to provide this notice and cure period prior to his resignation, or resigns more than six (6) months after the initial existence of the condition, his resignation will not be deemed to be for "Good Reason."

(d) If the Executive's employment is terminated pursuant to Section 4.1(a) other than during the Post-Change in Control Period (as defined in Section 4.1(e)), the Executive shall, in full discharge of all of the Company's obligations to the Executive, be entitled to receive, and the Company's sole obligation to the Executive under this Agreement or otherwise shall be to pay or provide to the Executive, the following:

(i) the Accrued Obligations (as defined in Section 4.2(b));

(ii) six (6) months accelerated vesting of all of the Executive's outstanding stock options, restricted stock and other equity incentive awards; and

(iii)subject to Section 4.4 and Section 4.5:

(A) payments equal to nine (9) months of the Executive's Base Salary (at the rate in effect immediately prior to the Termination Date) (less applicable withholdings and authorized deductions), to be paid in equal installments bimonthly in accordance with the Company's customary payroll practices, commencing sixty (60) days following the Termination Date (the "Pre-CIC Severance Payments"); and

(B) if the Executive then participates in the Company's medical and/or dental plans and the Executive timely elects to continue and maintain group health plan coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will pay monthly, on the Executive's behalf, a portion of the cost of such coverage for the nine (9) months after the Termination Date, which payments will be equal to the amount of the monthly premium for such coverage, less the amount that the Executive would have been required to pay if the Executive had remained an active employee of the Company (the "Pre-CIC COBRA Assistance"); provided, however, that if and to the extent that the Company may not provide such Pre-CIC COBRA Assistance without incurring tax penalties or violating any requirement of the law, the Company shall use its commercially reasonable best efforts to provide substantially similar assistance in an alternative manner provided that the cost of doing so does not exceed the cost that the Company would have incurred had the Pre-CIC COBRA Assistance been provided in the manner described above or cause a violation of Section 409A (as defined in Section 5.16).

(e) If the Executive's employment is terminated pursuant to Section 4.1(a) during the twenty-four (24) months immediately following a Change in Control (as defined below) (the "Post-Change in Control Period"), the Executive shall, in full discharge of all of the Company's obligations to the Executive (and in lieu of any payments and benefits set forth in Section 4.1(d)), be entitled to receive, and the Company's sole obligation to the Executive under this Agreement or otherwise shall be to pay or provide to the Executive, the following:

(i) the Accrued Obligations;

(ii) full accelerated vesting of all of the Executive's outstanding stock options, restricted stock and other equity incentive awards; and

(iii)subject to Section 4.4 and Section 4.5:

(A) payments equal to eighteen (18) months of the Executive's Base Salary (at the rate in effect immediately prior to the Termination Date) (less applicable withholdings and authorized deductions), to be paid in equal installments bimonthly in accordance with the Company's customary payroll practices, commencing sixty (60) days following the Termination Date (the "Post-CIC Severance Payments");

(B) if the Executive then participates in the Company's medical and/or dental plans and the Executive timely elects to continue and maintain group health plan coverage pursuant to COBRA, the Company will pay monthly, on the Executive's behalf, a portion of the cost of such coverage for the eighteen (18) months after the Termination Date, which payments will be equal to the amount of the monthly premium for such coverage, less the amount that the Executive would have been required to pay if the Executive had remained an active employee of the Company (the "Post-CIC COBRA Assistance"); provided, however, that if and to the extent that the Company may not provide such Post-CIC COBRA Assistance without incurring tax penalties or violating any requirement of the law, the Company shall use its commercially reasonable best efforts to provide substantially similar assistance in an alternative manner provided that the cost of doing so does not exceed the cost that the Company would have incurred had the Post-CIC COBRA Assistance been provided in the manner described above or cause a violation of Section 409A; and

(C) a payment equal to the Executive's Target Annual Bonus for the calendar year in which the Termination Date occurs, payable in a lump sum on the 60th day following the Termination Date.

(f) As used in this Agreement, "Change in Control" means (x) a change in ownership of the Company under clause (i) below or (y) a change in the ownership of a substantial portion of the assets of the Company under clause (ii) below:

(i) Change in the Ownership of the Company. A change in the ownership of the Company shall occur on the date that any one person, or more than one person acting as a group (as defined in clause (iii) below), acquires ownership of capital stock of the Company that, together with capital stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the capital stock of the Company. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the capital stock of the Company, the acquisition of additional capital stock by the same person or persons shall not be considered to be a change in the ownership of the Company. An increase in the percentage of capital stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires capital stock in the Company in exchange for property will be treated as an acquisition of stock for purposes of this paragraph.

(ii) Change in the Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets shall occur on the date that any one person, or more than one person acting as a group (as defined in clause (iii) below), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80 percent of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. There is no Change in Control under this clause (ii) when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided below in this clause (ii). A transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to (a) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its capital stock, (b) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (c) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding capital stock of the Company, or (d) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (ii)(c) of this paragraph. For purposes of this clause (ii), a person's status is determined immediately after the transfer of the assets.

(iii) Persons Acting as a Group. For purposes of clauses (i) and (ii) above, persons will not be considered to be acting as a group solely because they purchase or own capital stock or purchase assets of the Company at the same time. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of assets or capital stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of assets or capital stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. For purposes of this paragraph, the term "corporation" shall have the meaning assigned such term under Treasury Regulation section 1.280G-1, Q&A-45.

(iv) Each of clauses (i) through (iii) above shall be construed and interpreted consistent with the requirements of Section 409A and any Treasury Regulations or other guidance issued thereunder.

Section 4.2. Termination for Cause; Voluntary Termination; Expiration of Term.

(a) The Company may terminate the Executive's employment hereunder at any time for Cause upon written notice to the Executive. The Executive may voluntarily terminate his employment hereunder at any time without Good Reason upon sixty (60) days prior written notice to the Company; provided, however, the Company reserves the right, upon written notice to the Executive, to accept the Executive's notice of resignation and to accelerate such notice and make the Executive's resignation effective immediately, or on such other date prior to Executive's intended last day of work as the Company deems appropriate. It is understood and agreed that the Company's election to accelerate Executive's notice of resignation shall not be deemed a termination by the Company without Cause for purposes of Section 4.1 of this Agreement or otherwise or constitute Good Reason (as defined in Section 4.1) for purposes of Section 4.1 of this Agreement or otherwise. The Executive's employment shall automatically terminate upon the expiration of the Term in accordance with Section 1.2.

(b) If the Executive's employment is terminated pursuant to Section 4.2(a), the Executive shall, in full discharge of all of the Company's obligations to the Executive, be entitled to receive, and the Company's sole obligation under this Agreement or otherwise shall be to pay or provide to the Executive, the following (collectively, the "Accrued Obligations"):

(i) the Executive's earned, but unpaid, Base Salary through the final date of the Executive's employment by the Company (the "Termination Date"), payable in accordance with the Company's standard payroll practices;

(ii) the Executive's accrued, but unused, vacation (in accordance with the Company's policies);

(iii) expenses reimbursable under Section 3.2 above incurred on or prior to the Termination Date but not yet reimbursed; and

(iv) any amounts or benefits that are vested amounts or vested benefits or that the Executive is otherwise entitled to receive under any plan, program, policy or practice (with the exception of those, if any, relating to severance) on the Termination Date, in accordance with such plan, program, policy, or practice.

Section 4.3. Termination Resulting from Death or Disability.

(c) As the result of any Disability suffered by the Executive, the Company may, upon five (5) days prior notice to the Executive, terminate the Executive's employment under this Agreement. The Executive's employment shall automatically terminate upon his death.

(d) "Disability" means a determination by the Company in accordance with applicable law that as a result of a physical or mental injury or illness, the Executive is unable to perform the essential functions of his job with or without reasonable accommodation for a period of (i) ninety (90) consecutive days; or (ii) one hundred twenty (120) days during any twelve (12) month period.

(e) If the Executive's employment is terminated pursuant to Section 4.3(a), the Executive or the Executive's estate, as the case may be, shall be entitled to receive, and the Company's sole obligation under this Agreement or otherwise shall be to pay or provide to the Executive or the Executive's estate, as the case may be, the Accrued Obligations.

Section 4.4. Release Agreement. In order to receive the Pre-CIC Severance Payments or the Post-CIC Severance Payments (collectively referred to herein as the "Severance Payments") or the Pre-CIC COBRA Assistance or the Post-CIC COBRA Assistance (collectively referred to herein as the "COBRA Assistance") set forth in Section 4.1 (if eligible), the Executive must timely execute (and not revoke) a separation agreement and general release (the "Release Agreement") in a customary form as is determined to be reasonably necessary by the Company in its good faith and reasonable discretion. If the Executive is eligible for Severance Payments and COBRA Assistance pursuant to Section 4.1, the Company will deliver the Release Agreement to the Executive within seven (7) calendar days following the Termination Date. The Severance Payments and COBRA Assistance are subject to the Executive's execution of such Release Agreement within 45 days of the Executive's receipt of the Release Agreement and the Executive's non-revocation of such Release Agreement.

Section 4.5. Post-Termination Breach. Notwithstanding anything to the contrary contained in this Agreement, the Company's obligations to provide the Severance Payments and the COBRA Assistance will immediately cease if the Executive breaches any of the provisions of the Covenants Agreement, the Release Agreement or any other agreement the Executive has with the Company.

Section 4.6. Removal from any Boards and Position. If the Executive's employment is terminated for any reason under this Agreement, he shall be deemed (without further action, deed or notice) to resign (i) if a member, from the Board or board of directors (or similar governing body) of any Affiliate of the Company or any other board to which he has been appointed or nominated by or on behalf of the Company and (ii) from all other positions with the Company or any subsidiary or other Affiliate of the Company, including, but not limited to, as an officer of the Company and any of its subsidiaries or other Affiliates.

ARTICLE 5
GENERAL PROVISIONS

Section 5.1. Company Non-Disclosure and Invention Assignment Agreement. The Executive acknowledges and confirms that the Non-Disclosure and Invention Assignment Agreement executed by the Executive in favor of the Company as of the Effective Date ("Covenants Agreement"), the terms of which are incorporated herein by reference, remains in full force and effect and binding upon the Executive. The Covenants Agreement shall survive the termination of this Agreement and the Executive's employment by the Company for the applicable period(s) set forth therein.

Section 5.2. Expenses. Each of the Company and the Executive shall bear its/his own costs, fees and expenses in connection with the negotiation, preparation and execution of this Agreement**.**

Section 5.3. Entire Agreement. This Agreement and the Covenants Agreement contain the entire agreement of the parties hereto with respect to the terms and conditions of the Executive's employment during the Term and activities following termination of this Agreement and the Executive's employment with the Company and supersede any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to the subject matter of this Agreement or the Covenants Agreement. Each party hereto acknowledges that no representations, inducements, promises or agreements, whether oral or in writing, have been made by any party, or on behalf of any party, which are not embodied herein or in the Covenants Agreement. The Executive acknowledges and agrees that the Company has fully satisfied, and has no further, obligations to the Executive arising under, or relating to, any other employment or consulting arrangement or understanding (including, without limitation, any claims for compensation or benefits of any kind) or otherwise. No agreement, promise or statement not contained in this Agreement or the Covenants Agreement shall be valid and binding, unless agreed to in writing and signed by the parties sought to be bound thereby.

Section 5.4. No Other Contracts. The Executive represents and warrants to the Company that neither the execution and delivery of this Agreement by the Executive nor the performance by the Executive of the Executive's obligations hereunder, shall constitute a default under or a breach of the terms of any other agreement, contract or other arrangement, whether written or oral, to which the Executive is a party or by which the Executive is bound, nor shall the execution and delivery of this Agreement by the Executive nor the performance by the Executive of his duties and obligations hereunder give rise to any claim or charge against either the Executive, the Company or any Affiliate, based upon any other contract or other arrangement, whether written or oral, to which the Executive is a party or by which the Executive is bound. The Executive further represents and warrants to the Company that he is not a party to or subject to any restrictive covenants, legal restrictions or other agreement, contract or arrangement, whether written or oral, in favor of any entity or person which would in any way preclude, inhibit, impair or limit the Executive's ability to perform his obligations under this Agreement, including, but not limited to, non-competition agreements, non-solicitation agreements or confidentiality agreements. The Executive shall defend, indemnify and hold the Company harmless from and against all claims, actions, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and amounts paid in settlement in good faith) arising from or relating to any breach of the representations and warranties made by the Executive in this Section 5.4.

Section 5.5. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally or sent by nationally recognized overnight courier service (with next business day delivery requested). Any such notice or communication shall be deemed given and effective, in the case of personal delivery, upon receipt by the other party, and in the case of a courier service, upon the next business day, after dispatch of the notice or communication. Any such notice or communication shall be addressed as follows:

If to the Company, to:

Matinas BioPharma Holdings, Inc.
915 Klosterman Road, East
Tarpon Springs, Florida 34689

Attn: Board of Directors

With a copy to:

Lowenstein Sandler PC
1251 Avenue of the Americas
New York, New York 10020
Attn: Michael J. Lerner, Esq.

If to the Executive, to:

Jerome D. Jabbour
_____
_____

With a copy to:

_____
_____

Any person named above may designate another address or fax number by giving notice in accordance with this Section to the other persons named above.

Section 5.6. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to principles of conflicts of law. Any and all actions arising out of this Agreement or Employee's employment by Company or termination therefrom shall be brought and heard in the state and federal courts of the State of New Jersey and the parties hereto hereby irrevocably submit to the exclusive jurisdiction of any such courts. THE COMPANY AND THE EXECUTIVE HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY IN ANY ACTION CONCERNING THIS AGREEMENT OR ANY AND ALL MATTERS ARISING DIRECTLY OR INDIRECTLY HEREFROM AND REPRESENT THAT THEY HAVE CONSULTED WITH COUNSEL OF THEIR CHOICE OR HAVE CHOSEN VOLUNTARILY NOT TO DO SO SPECIFICALLY WITH RESEPCT TO THIS WAIVER.

Section 5.7. Waiver. Either party hereto may waive compliance by the other party with any provision of this Agreement. The failure of a party to insist on strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. No waiver of any provision shall be construed as a waiver of any other provision. Any waiver must be in writing.

Section 5.8. Severability. If any one or more of the terms, provisions, covenants and restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties will attempt to agree upon a valid and enforceable provision which shall be a reasonable substitute for such invalid and unenforceable provision in light of the tenor of this Agreement, and, upon so agreeing, shall incorporate such substitute provision in this Agreement. In addition, if any one or more of the provisions contained in this Agreement shall for any reason be determined by a court of competent jurisdiction to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed, by limiting or reducing it, so as to be enforceable to the extent compatible with then applicable law.

Section 5.9. Counterparts. This Agreement may be executed in any number of counterparts and each such duplicate counterpart shall constitute an original, any one of which may be introduced in evidence or used for any other purpose without the production of its duplicate counterpart. Moreover, notwithstanding that any of the parties did not execute the same counterpart, each counterpart shall be deemed for all purposes to be an original, and all such counterparts shall constitute one and the same instrument, binding on all of the parties hereto.

Section 5.10. Advice of Counsel. This Agreement was prepared by Lowenstein Sandler LLP in its capacity as legal counsel to the Company. Both parties hereto acknowledge that they have had the opportunity to seek and obtain the advice of counsel before entering into this Agreement and have done so to the extent desired, and have fully read the Agreement and understand the meaning and import of all the terms hereof.

Section 5.11. Assignment. This Agreement shall inure to the benefit of the Company and its successors and assigns (including, without limitation, the purchaser of all or substantially all of its assets) and shall be binding upon the Company and its successors and assigns. This Agreement is personal to the Executive, and the Executive shall not assign or delegate his rights or duties under this Agreement, and any such assignment or delegation shall be null and void.

Section 5.12. Agreement to Take Actions. Each party to this Agreement shall execute and deliver such documents, certificates, agreements and other instruments, and shall take all other actions, as may be reasonably necessary or desirable in order to perform his or its obligations under this Agreement.

Section 5.13. No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect; provided, however, that nothing in this Section 5.13 shall preclude the assumption of such rights by executors, administrators or other legal representatives of the Executive or the Executive's estate and their assigning any rights hereunder to the person or persons entitled thereto.

Section 5.14. Source of Payment. Except as otherwise provided under the terms of any applicable employee benefit plan, all payments provided for under this Agreement shall be paid in cash from the general funds of Company. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the Executive shall have no right, title or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between Company and the Executive or any other person. To the extent that any person acquires a right to receive payments from Company hereunder, such right, without prejudice to rights which employees may have, shall be no greater than the right of an unsecured creditor of Company. The Executive shall not look to the owners of the Company for the satisfaction of any obligations of the Company under this Agreement.

Section 5.15. Tax Withholding. The Company or other payor is authorized to withhold from any benefit provided or payment due hereunder, the amount of withholding taxes due any federal, state or local authority in respect of such benefit or payment and to take such other action as may be necessary in the opinion of the Board to satisfy all obligations for the payment of such withholding taxes. The Executive will be solely responsible for all taxes assessed against him with respect to the compensation and benefits described in this Agreement, other than typical employer-paid taxes such as FICA, and the Company makes no representations as to the tax treatment of such compensation and benefits.

Section 5.16. 409A Compliance. All payments under this Agreement are intended to comply with or be exempt from the requirements of Section 409A of the Code and regulations promulgated thereunder ("Section 409A"). As used in this Agreement, the "Code" means the Internal Revenue Code of 1986, as amended. To the extent permitted under applicable regulations and/or other guidance of general applicability issued pursuant to Section 409A, the Company reserves the right to modify this Agreement to conform with any or all relevant provisions regarding compensation and/or benefits so that such compensation and benefits are exempt from the provisions of 409A and/or otherwise comply with such provisions so as to avoid the tax consequences set forth in Section 409A and to assure that no payment or benefit shall be subject to an "additional tax" under Section 409A. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A, or to the extent any provision in this Agreement must be modified to comply with Section 409A, such provision shall be read in such a manner so that no payment due to the Executive shall be subject to an "additional tax" within the meaning of Section 409A(a)(1)(B) of the Code. If necessary to comply with the restriction in Section 409A(a)(2)(B) of the Code concerning payments to "specified employees," any payment on account of the Executive's separation from service that would otherwise be due hereunder within six (6) months after such separation shall be delayed until the first business day of the seventh month following the Termination Date and the first such payment shall include the cumulative amount of any payments (without interest) that would have been paid prior to such date if not for such restriction. Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A. In no event may the Executive, directly or indirectly, designate the calendar year of payment. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of Section 4.1 unless the Executive would be considered to have incurred a "termination of employment" from the Company within the meaning of Treasury Regulation §1.409A-1(h)(1)(ii). In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Executive by Section 409A or damages for failing to comply with Section 409A.

Section 5.17. 280G Modified Cutback.

(a) If any payment, benefit or distribution of any type to or for the benefit of the Executive, whether paid or payable, provided or to be provided, or distributed or distributable pursuant to the terms of this Agreement or otherwise (collectively, the "Parachute Payments") would subject the Executive to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), the Parachute Payments shall be reduced so that the maximum amount of the Parachute Payments (after reduction) shall be one dollar ($1.00) less than the amount which would cause the Parachute Payments to be subject to the Excise Tax; provided that the Parachute Payments shall only be reduced to the extent the after-tax value of amounts received by the Executive after application of the above reduction would exceed the after-tax value of the amounts received without application of such reduction. For this purpose, the after-tax value of an amount shall be determined taking into account all federal, state, and local income, employment and excise taxes applicable to such amount. Unless the Executive shall have given prior written notice to the Company to effectuate a reduction in the Parachute Payments if such a reduction is required, which notice shall be consistent with the requirements of Section 409A to avoid the imputation of any tax, penalty or interest thereunder, then the Company shall reduce or eliminate the Parachute Payments by first reducing or eliminating accelerated vesting of stock options or similar awards, then reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any other remaining Parachute Payments; provided, that no such reduction or elimination shall apply to any non-qualified deferred compensation amounts (within the meaning of Section 409A) to the extent such reduction or elimination would accelerate or defer the timing of such payment in manner that does not comply with Section 409A.

(b) An initial determination as to whether (x) any of the Parachute Payments received by the Executive in connection with the occurrence of a change in the ownership or control of the Company or in the ownership of a substantial portion of the assets of the Company shall be subject to the Excise Tax, and (y) the amount of any reduction, if any, that may be required pursuant to the previous paragraph, shall be made by an independent accounting firm selected by the Company (the "Accounting Firm") prior to the consummation of such change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company. The Executive shall be furnished with notice of all determinations made as to the Excise Tax payable with respect to the Executive's Parachute Payments, together with the related calculations of the Accounting Firm, promptly after such determinations and calculations have been received by the Company.

(c) For purposes of this Section 5.17, (i) no portion of the Parachute Payments the receipt or enjoyment of which the Executive shall have effectively waived in writing prior to the date of payment of the Parachute Payments shall be taken into account; (ii) no portion of the Parachute Payments shall be taken into account which in the opinion of the Accounting Firm does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code; (iii) the Parachute Payments shall be reduced only to the extent necessary so that the Parachute Payments (other than those referred to in the immediately preceding clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code or are otherwise not subject to disallowance as deductions, in the opinion of the auditor or tax counsel referred to in such clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Parachute Payments shall be determined by the Company's independent auditors based on Sections 280G and 4999 of the Code and the regulations for applying those sections of the Code, or on substantial authority within the meaning of Section 6662 of the Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY

MATINAS BIOPHARMA HOLDINGS, INC.

By: /s/ Roelof Rongen
Name: Roelof Rongen
Title: Chief Executive Officer

EXECUTIVE

/s/ Jerome Jabbour
Jerome Jabbour

[Signature Page to Employment Agreement]

October 31, 2013

Dear Gary:

We are delighted to confirm to you our invitation to join Matinas BioPharma Holdings, Inc. As you are aware, we have a significant opportunity in front of all of us and we believe your talents and expertise will add significantly to our organization.

Please review the attached documents carefully. Enclosed herein is (a) a letter specifically outlining our offer of employment to you, and (b) our standard Non-Disclosure, Invention Assignment and Non-Competition Agreement (the "NDIAA"). Please acknowledge your acceptance of this offer by signing and returning said document to me. Further, please review and execute the NDIAA as your employment is contingent on your having completed this important document. If you have any questions concerning the terms of this offer or the contents of the NDIAA, please contact me directly at jjabbour@matinasbiopharma.com or (973) 462-6424.

Again, we are excited that you will be joining the Company and we look forward to your many contributions to our team.

Sincerely,

MATINAS BIOPHARMA HOLDINGS, INC.

/s/ Jerome D. Jabbour
By: Jerome D. Jabbour
Title: Executive Vice President, Chief Business Officer &
General Counsel

Matinas BioPharma Holdings, Inc.
1545 Route 206
Bedminster, NJ 07921 USA
www.matinasbiopharma.com

October 31, 2013

VIA EMAIL
Mr. Gary Gaglione

Re: Offer of Employment

Dear Gary:
The specifics of your offer of employment with Matinas BioPharma Holdings, Inc. (hereinafter referred to as "Matinas" or the "Company") are outlined below:

Start Date.
Subject to the terms of this letter, your employment with Matinas will commence on **November 1, 2013.**

Location.
Your principal place of business for the performance of his duties under this Agreement shall be at the principal executive office of the Company, which are located at 1545 Route 206, Bedminster, NJ 07921. Notwithstanding the foregoing, you shall be required to travel as necessary to perform your duties hereunder

Position and Title; Reporting: Vice President, Finance & Accounting – Interim CFO
You shall perform such duties and services as assigned to you by the Company, including the initial list of responsibilities as set forth on **Exhibit A** hereto. You shall report directly to the Chief Executive Officer. You acknowledge that your prospective employment will be subject to all policies and practices of the Company as may currently exist or as may be curtailed, modified or implemented from time to time. Further, you shall devote your full time and attention to the affairs of the Company and to your duties therein.

Base Salary:
Your beginning annual base salary shall be at a rate of $210,000 per year, which shall be subject to customary withholdings and authorized deductions and be payable in equal installments in accordance with the Company's customary payroll practices in place from time to time.

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1545 Route 206
Bedminster, NJ 07921 USA
www.matinasbiopharma.com

Annual Incentive (Bonus):

For each calendar year ending during your employment with the Company (beginning with the calendar year ending December 31, 2013, which year shall be prorated), you shall be eligible to receive an annual bonus (the "Annual Bonus") with a target amount equal to twenty percent (20%) of your Base Salary earned by you for such calendar year (the "Target Annual Bonus"). The actual amount of each Annual Bonus will be based upon the level of achievement of the Company's corporate objectives and your individual objectives, in each case, as established by the Board or the Compensation Committee (taking into account the input of the Chief Executive Officer with respect to the establishment of the your individual objectives) for the calendar year with respect to which such Annual Bonus relates. The determination of the level of achievement of the corporate objectives and your individual performance objectives for a year shall be made by the Board or the Compensation Committee (taking into account the input of the Chief Executive Officer with respect to the level of achievement of your individual objectives), in its reasonable discretion. Each Annual Bonus for a calendar year, to the extent earned, will be paid in a lump sum in the following calendar year, within the first 75 days of such following year. The Annual Bonus shall not be deemed earned until the date that it is paid. Accordingly, in order for you to receive an Annual Bonus, you must be actively employed by the Company at the time of such payment.

Equity Compensation

The Company and the Compensation Committee has approved, subject to the terms and conditions of this letter, a grant to you of options to purchase up to 200,000 shares of the Company's common stock pursuant to the Company's 2013 Equity Compensation Plan (the "2013 Plan"), on the terms and conditions determined by the Compensation Committee and as shall be set forth in a separate Option Award Agreement to be entered into between you and the Company following the commencement of your employment. Further, during your employment with the Company, subject to the terms and conditions established within the 2013 Plan or any successor equity compensation plan as may be in place from time to time and separate Award Agreements (as defined in the 2013 Plan), you also may be eligible to receive from time to time additional Stock Options, Stock Unit Awards, Performance Shares, Performance Units, Incentive Bonus Awards, Other Cash-Based Awards and/or Other Stock-Based Awards (as such capitalized terms are defined in the 2013 Plan), in amounts, if any, to be approved by the Board or the Compensation Committee in its discretion.

Benefits:

You shall be entitled to participate in all employee benefit plans and programs (excluding severance plans, if any) generally made available by the Company to senior executives of the Company, to the extent permissible under the general terms and provisions of such plans or programs and in accordance with the provisions thereof. The Company may amend, modify or rescind any employee benefit plan or program and/or change employee contribution amounts to benefit costs without notice in its discretion.

Paid Vacation:

You shall be entitled to paid vacation days in accordance with the Company's vacation policies in effect from time to time for its executive team; provided, however, that you shall be entitled to no less than fifteen (15) paid vacation days per calendar year during the Term, which shall be prorated for 2013.

Employment At Will:

In accepting this offer you understand and agree that your employment with the Company is "at will." As such, you agree that either you or Matinas may end the employment relationship at any time, with or without notice and with or without cause.

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Bedminster, NJ 07921 USA
www.matinasbiopharma.com

Notwithstanding the foregoing, in the event the Company terminates your employment without Cause (as defined in the 2013 Plan), it shall provide you with thirty (30) days advance written notice and upon such termination, you will be entitled to payments equal to eight (8) months of your then-current base salary as severance. Such severance will be payable in equal installments bi-monthly accordance with the Company's regular payroll practices, commencing on the first regular payroll date on or following the 60th day after the date of termination of your employment, subject to your execution, delivery and non-revocation by such time of a general release in a customary form as is determined to be reasonably necessary by the Company in its good faith and reasonable discretion. Notwithstanding the foregoing, if you breach the Company's Nondisclosure, Invention Assignment and Non-Competition Agreement, the Company's obligations to provide the severance payments will immediately cease.

By signing below, you understand and acknowledge that except for this letter, there is not and shall not be any written contract between you and the Company concerning this offer of employment or your prospective employment, and that this letter is not intended to be and is not a contract of employment guaranteeing employment for any definite or specific term or duration.

This offer is contingent upon your execution of Matinas' Nondisclosure, Invention Assignment and Non-Competition Agreement, a copy of which is enclosed herein.

Other Conditions and Obligations:
You acknowledge that you are not subject to any currently effective employment contract, or any other contractual or other binding obligations pursuant to which your employment or employment activities with or on behalf of the Company may be subject to any restrictions. Restrictions include limitation, any agreements or other obligations or documents relating to non-competition, confidentiality, trade secrets, proprietary information or works for hire.

Section 409A. This letter is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and regulations promulgated thereunder ("Section 409A"). To the extent that any provision in this letter is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that no payments due under this letter shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code. For purposes of Section 409A, each payment made under this letter shall be treated as a separate payment. In no event may you, directly or indirectly, designate the calendar year of payment. You acknowledge that, while the parties endeavor to have this letter comply with the requirements of Section 409A, any tax liability incurred by you under Section 409A is solely your responsibility.

Governing Law: This letter shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to principles of conflicts of laws.

Matinas BioPharma Holdings, Inc.
1545 Route 206
Bedminster, NJ 07921 USA
www.matinasbiopharma.com

Integrated Agreement:

This offer letter represents the sole and complete understanding between you and the Company relating to your employment and there are no other written or oral agreements, understandings or representations relating to this offer of employment. The terms of your employment, including the at-will nature of the employment, may be amended only through a written instrument signed by you and the Company.

By signing and returning this letter, you confirm that this letter accurately sets forth the current understanding between you and the Company and that you accept and agree to the terms as outlined.

Very truly yours,

MATINAS BIOPHARMA HOLDINGS, INC.

/s/ Jerome D. Jabbour
By: Jerome D. Jabbour
Title: Executive Vice President, Chief Business Officer & General Counsel

cc: Personnel File

ACCEPTED AND AGREED TO:

/s/ Gary Gaglione	10/31/13
Gary Gaglione	Date

Matinas BioPharma Holdings, Inc.
1545 Route 206
Bedminster, NJ 07921 USA
www.matinasbiopharma.com

EXHIBIT A

Initial Duties and Responsibilities

- Manage all accounting activities, including creation of an accounting structure i.e. general ledger, chart of accounts etc. and;
- Timely and accurate financial reporting;
- Oversee Tax & Audit matters with outside Audit firm;
- Support S-1 process and, subsequently, prepare quarterly and annual filings with SEC and coordinate review of these filings with our auditors prior to filing;
- Create and maintain detailed budgets and forecasts for internal management purposes and fund raising purposes;
- Maintaining financial integrity of the Companies operations through segregation of duties, delegation of authority, and other internal controls;
- On an interim basis, perform duties and take responsibilities of the Principal Accounting Officer as Interim-CFO.

Matinas BioPharma Holdings, Inc.
1545 Route 206
Bedminster, NJ 07921 USA
www.matinasbiopharma.com

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of _____ __, 2013 by and between Matinas BioPharma Holdings, Inc., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation and due to the fact that such exposure frequently bears no relationship to compensation paid to such officers and directors;

WHEREAS, the Company and Indemnitee recognize that plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors and officers;

WHEREAS, the Company's Bylaws provide for the indemnification of the officers and directors of the Company to the fullest extent permitted by the General Corporation Law of the State of Delaware (the "DGCL"). The Bylaws expressly provide that the indemnification provisions set forth therein are not exclusive and contemplate that contracts may be entered into between the Company and its directors and officers with respect to indemnification;

WHEREAS, Section 145 of the DGCL empowers the Company to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the Company's request, as the directors, officers, employees or agents of other corporations or enterprises;

WHEREAS, Section 102(b)(7) of the DGCL allows the Company to include in its Certificate of Incorporation a provision limiting or eliminating the personal liability of a director for monetary damages in respect of claims by shareholders and corporations for breach of certain fiduciary duties, and the Company has so provided in its Certificate of Incorporation that each director shall be exculpated from such liability to the maximum extent permitted by law;

WHEREAS, the Company, after reasonable investigation, has determined that the liability insurance coverage presently available to the Company may be inadequate in certain circumstances to cover all possible exposure for which Indemnitee should be protected.

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining highly competent persons to serve as directors and officers. The Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Company's Certificate of Incorporation and Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Certificate of Incorporation, Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving at the Company's request as a director, officer, employee, agent or fiduciary) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving at the Company's request as a director, officer, employee, agent or fiduciary), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving at the Company's request as a director, officer, employee, agent or fiduciary). The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as an officer or director of the Company.

Section 2. Definitions. As used in this Agreement:

(a) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding securities;

ii. Change in Board. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(a)(i), 2(a)(iii) or 2(a)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(a), the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 13(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative legislative, or investigative nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement; except one initiated by an Indemnitee to enforce his rights under this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that his conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limiting the foregoing, if any Proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Company, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and (v) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful, Indemnitee shall be considered for purposes of this Agreement to have been successful with respect thereto.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his Corporate Status, a witness or otherwise participates in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 7(a), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 8. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for any Proceedings with respect to which final judgment is rendered against Indemnitee for payment of (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(a) hereof) or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), or

(c) any Proceeding involving the enforcement of non-compete and/or non-disclosure agreements or the non-compete and/or non-disclosure provisions of employment, consulting or similar agreements the Indemnitee may be a party to with the Company or any subsidiary of the Company or any other applicable foreign or domestic corporation, partnership, joint venture, trust or other enterprise, if any; or

(d) except as provided in Section 13(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 9. Advances of Expenses. The Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after receipt by the Corporation of (i) a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of any Proceeding, and (ii) an undertaking by or on behalf of Indemnitee to repay such amount or amounts, only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Corporation as authorized by this Agreement or otherwise. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment. Advances shall be unsecured and interest free. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. This Section 9 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 8 or to any Proceeding for which the Company has assumed the defense thereof in accordance with Section 10(b) of this Agreement.

Section 10. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such action, suit or proceeding. The omission by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) In the event the Company shall be obligated to pay the Expenses of Indemnitee with respect to a Proceeding, as provided in this Agreement, the Company shall be entitled to assume the defense of such Proceeding, with counsel reasonably acceptable to Indemnitee, upon delivery of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (1) Indemnitee shall have the right to employ Indemnitee’s own counsel in such Proceeding at Indemnitee’s expense and (2) if (i) the employment of counsel by Indemnitee has been previously authorized in writing by the Company, (ii) counsel to the Company or Indemnitee shall have reasonably concluded that there may be a conflict of interest or position, or reasonably believes that a conflict is likely to arise, on any significant issue between the Company and the Indemnitee in the conduct of such defense or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee’s counsel shall be at the expense of the Company, except as otherwise expressly provided by this Agreement.

(c) The Company will be entitled to participate in the Proceeding at its own expense.

Section 11. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred after the date of this Agreement, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred after the date of this Agreement, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (D) if so directed by the Disinterested Directors, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) hereof, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred after the date of this Agreement, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred after the date of this Agreement, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after the submission by Indemnitee or the Company, as the case may be, of a written objection, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 13(e), if the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary, including financial statements, or on information supplied to Indemnitee by the officers of the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary in the course of their duties, or on the advice of legal counsel for the enterprise or on information or records given or reports made to the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others. The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 13. Remedies of Indemnitee.

(a) Subject to Section 13(e), in the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 or 6 or the last sentence of Section 11(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 7 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 14. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation, the Company's By-laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Certificate of Incorporation, the Company's By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company and the Indemnitee shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

Section 17. Entire Agreement. Supersedes Prior Agreements. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation of the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 18. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise except to the extent the Corporation is prejudiced in its defense of such action, suit or proceeding as a result of such failure.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

Matinas BioPharma Holdings, Inc.
1545 Route 206 North
Suite 302
Bedminster, New Jersey 07921
Attention: Chairman of the Board

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 13(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably Corporation Services Company as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

MATINAS BIOPHARMA HOLDINGS, INC.

By: _____
Name:
Title:

INDEMNITEE

_____
Name:

Address: _____

_____

_____

MATINAS BIOPHARMA HOLDINGS, INC.

Securities Purchase Agreement

Warrants

June 10, 2013

CONFIDENTIAL

NOTICE TO OFFEREES

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THIS SECURITIES PURCHASE AGREEMENT AND THE OTHER OFFERING DOCUMENTS DO NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

THE SECURITIES ARE BEING SOLD FOR INVESTMENT PURPOSES ONLY, WITHOUT A VIEW TO RESALE OR DISTRIBUTION THEREOF, AND MAY NOT BE TRANSFERRED, RESOLD OR OFFERED FOR RESALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND EFFECTIVE REGISTRATION OR QUALIFICATION UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, OR THE AVAILABILITY OF AN EXEMPTION THEREFROM.

AN INVESTMENT MADE IN THE SECURITIES OFFERED HEREBY IS SPECULATIVE AND SUITABLE ONLY FOR PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES, WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT AND WHO UNDERSTAND OR HAVE BEEN ADVISED WITH RESPECT TO THE TAX CONSEQUENCES OF, AND RISK FACTORS ASSOCIATED WITH, THIS INVESTMENT AND WHO ARE ABLE TO BEAR THE SUBSTANTIAL ECONOMIC RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR THE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS SECURITIES PURCHASE AGREEMENT OR ANY OF THE OTHER OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS SECURITIES PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

CONFIDENTIAL INFORMATION

THE OFFEREE ACKNOWLEDGES AND AGREES THAT: (I) THE OFFERING IS BEING CONDUCTED ON A CONFIDENTIAL BASIS; AND (II) IT WILL BE LEGALLY BOUND TO RETAIN ALL INFORMATION ABOUT THE COMPANY AND THIS OFFERING ON A CONFIDENTIAL BASIS.

CONFIDENTIAL

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of June 10, 2013, by and between Matinas Biopharma Holdings, Inc., a Delaware corporation (the "Company"), and the purchaser or purchasers identified on the signature page hereof ("Purchaser").

RECITALS:

WHEREAS, Purchaser desires to purchase and the Company desires to sell, warrants to acquire shares of common stock, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises hereof and the agreements set forth herein below, the parties hereto hereby agree as follows:

1. The Offering.

(a) Private Offering. The securities offered by this Agreement are being offered in the United States in a private offering (the "Offering") of warrants to acquire up to 250,000 shares of the Company's common stock, $.0001 par value per share (the "Warrants'). Up to 250,000 Warrants will be sold in the Offering on a "reasonable efforts" basis at a purchase price of $.04 per Warrant (the "Purchase Price") pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 of Regulation D thereunder. The Warrants are being offered solely to a limited number of "accredited investors" as that term is defined in Rule 501(a) of the Securities Act during an offering period commencing June 10, 2013, and terminating July 10, 2013, unless extended thereafter in the sole discretion of the Company. Each Warrant is initially exercisable through June 30, 2018 into one (1) share of Common Stock at an exercise price of $2.00 per share, subject to adjustment and redemption. The general terms of the Warrants are set forth in the Form of Warrant, attached hereto and made a part hereof as Exhibit A. The Warrants and shares of Common Stock issuable upon exercise of the Warrants are hereinafter referred to collectively as the "Securities."

(b) The Business of the Company; Speculative Investment Activities. The Company has only been recently formed and, to date, its activities have been limited to organizational efforts. The Company has been formed to make investments in, or to engage in a business combination with, one or more early-stage businesses. Towards that end, the Company has engaged in preliminary discussions regarding a business combination with a development stage biopharmaceutical company with a focus on identifying and developing novel pharmaceutical products, however, there can be no assurances that any such combination will occur. The business of the Company is extremely speculative and an investment in the Securities should only be made by Purchasers who can afford a total loss of their investment and who understand the speculative nature of this investment. Purchase of the Securities is subject to other material risk factors identified in this Agreement.

(c) Concurrent Offering. Concurrently, the Company is offering for sale in a private placement transaction, 3,750,000 units; each units consisting of two (2) shares of the Company's common stock and one (1) warrant to purchase an additional share of the Company's common stock, at a purchase price of $.10 per Unit (the "Concurrent Offering"). Each warrant offered in the Concurrent Offering (the "Concurrent Warrants") is initially exercisable into one (1) share of Common Stock at an exercise price of $2.00 per share, subject to adjustment and redemption. The terms of the Concurrent Warrants are identical to the terms of the Form of Warrant, attached hereto and made a part hereof as Exhibit A. Participation in this Offering does not provide any rights to participate in the Concurrent Offering.

(d) Use of Proceeds. Assuming all of the Securities in the Offering are sold, the net proceeds to the Company are estimated to be approximately $10,000. The Company intends to use the net proceeds of the Offering to make investments in, or to contribute towards, a business combination with one or more early-stage businesses, and for general working capital purposes. There can be no assurances, however, that the net proceeds of this Offering will be sufficient to accomplish the business purpose of the Company. No placement fees or other sales commissions will be payable in connection with the Offering.

2. Sale and Purchase of Securities.

(a) Sale and Purchase of the Securities. Subject to the terms and conditions hereof, the Company agrees to sell, and Purchaser agrees to purchase, the number of Warrants specified on the signature page of this Agreement at a purchase price of $.04 per Warrant. The aggregate Purchase Price for the number of Warrants subscribed for shall be as set forth on the signature page hereto and shall be payable upon execution hereof by certified or bank check or wire transfer of immediately available funds. The Warrants are being sold on a reasonable "best efforts" basis and there is no minimum sale amount of Warrants prior to release of funds to the Company.

(b) Subscription Procedure. In order to purchase Warrants, Purchaser shall deliver to the Company, (i) one completed and duly executed copy of this Agreement; and (ii) immediately available funds in an amount equal to the Purchase Price. Execution and delivery of this Agreement shall constitute an irrevocable subscription for that number of Warrants set forth on the signature page hereto. Payment for the Warrants may be made either by certified or bank check made payable to the Company, or by wire transfer to the Company (with wire transfer instructions to be provided upon request). This Agreement may be rejected by the Company, in whole or in part, in its sole discretion, in which event the Purchase Price will be returned (by mail) to Purchaser within five (5) business days thereafter.

(c) Closing. Upon the Company's acceptance of a Purchaser's subscription and upon the receipt of the Purchase Price, the Company shall conduct one or more closings at such time and in such manner as the Company shall determine in its sole discretion (the "Closing"). There is no minimum number of Warrants to be sold before one or more Closings can occur. Thus, at the time a Purchaser subscribes, it will not be assured that all of the Warrants will be sold in the Offering. At each Closing, the Company shall countersign this Agreement and confirm the issuance of the Warrants specified on the signature page of this Agreement in book form on the transfer books and records of the Company, against payment of the Purchase Price specified on the signature page of this Agreement by wire transfer or certified or bank check payable to the Company. Upon the Closing, the subscription evidenced hereby, if not previously rejected by the Company, will, in reliance upon Purchaser's representations and warranties contained herein, be accepted, in whole or in part, by the Company. If Purchaser's subscription is accepted only in part, this Agreement will be marked to indicate such fact, and the Company will return to Purchaser the portion of the funds tendered by Purchaser representing the unaccepted portion of Purchaser's subscription, without interest or deduction of any kind.

3. Representations and Warranties of Purchaser. Purchaser represents and warrants to the Company as follows:

(a) Organization and Qualification.

(i) If Purchaser is an entity, Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with the corporate or other entity power and authority to own and operate its business as presently conducted, except where the failure to be or have any of the foregoing would not have a material adverse effect on Purchaser, and Purchaser is duly qualified as a foreign corporation or other entity to do business and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of their activities makes such qualification necessary, except for such failures to be so qualified or in good standing as would not have a material adverse effect on it.

(ii) If Purchaser is an entity, the address of its principal place of business is as set forth on the signature page hereto, and if Purchaser is an individual, the address of its principal residence is as set forth on the signature page hereto.

(b) Authority; Validity and Effect of Agreement.

(i) If Purchaser is an entity, Purchaser has the requisite corporate or other entity power and authority to execute and deliver this Agreement and perform its obligations under this Agreement. The execution and delivery of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and all other necessary corporate or other entity action on the part of Purchaser have been duly authorized by its Board of Directors or similar governing body, and no other corporate or other entity proceedings on the part of Purchaser is necessary for Purchaser to execute and deliver this Agreement and perform its obligations hereunder.

(ii) This Agreement has been duly and validly authorized, executed and delivered by Purchaser and, assuming it has been duly and validly executed and delivered by the Company, constitutes a legal, valid and binding obligation of Purchaser, in accordance with its terms.

(c) No Conflict; Required Filings and Consents. Neither the execution and delivery of this Agreement by Purchaser nor the performance by Purchaser of its obligations hereunder will: (i) if Purchaser is an entity, conflict with Purchaser's Articles of Incorporation or Bylaws, or other similar organizational documents; (ii) violate any statute, law, ordinance, rule or regulation, applicable to Purchaser or any of the properties or assets of Purchaser; or (iii) violate, breach, be in conflict with or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or permit the termination of any provision of, or result in the termination of, the acceleration of the maturity of, or the acceleration of the performance of any obligation of Purchaser under, or result in the creation or imposition of any lien upon any properties, assets or business of Purchaser under, any material contract or any order, judgment or decree to which Purchaser is a party or by which it or any of its assets or properties is bound or encumbered except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not have a material adverse effect on its obligation to perform its covenants under this Agreement.

(d) Accredited Investor. Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act. If Purchaser is an entity, Purchaser was not formed for the specific purpose of acquiring the Securities, and, if it was, all of Purchaser's equity owners are "accredited investors" as defined above.

(e) No Government Review. Purchaser understands that neither the United States Securities and Exchange Commission ("SEC") nor any securities commission or other governmental authority of any state, country or other jurisdiction has approved the issuance of the Securities or passed upon or endorsed the merits of the Securities, or this Agreement or any of the other documents relating to the proposed Offering (collectively, the "Offering Documents"), or confirmed the accuracy of, determined the adequacy of, or reviewed this Agreement or the other Offering Documents.

(f) Investment Intent. The Securities are being acquired for the Purchaser's own account for investment purposes only, not as a nominee or agent and not with a view to the resale or distribution of any part thereof, and Purchaser has no present intention of selling, granting any participation in or otherwise distributing the same. By executing this Agreement, Purchaser further represents that Purchaser does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or third person with respect to any of the Securities.

(g) Restrictions on Transfer. Purchaser understands that the Securities are "restricted securities" as such term is defined in Rule 144 under the Securities Act and have not been registered under the Securities Act or registered or qualified under any state securities law, and may not be, directly or indirectly, sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and registration or qualification under applicable state securities laws or the availability of an exemption therefrom. In any case where such an exemption is relied upon by Purchaser from the registration requirements of the Securities Act and the registration or qualification requirements of such state securities laws, Purchaser shall furnish the Company with an opinion of counsel stating that the proposed sale or other disposition of such securities may be effected without registration under the Securities Act and will not result in any violation of any applicable state securities laws relating to the registration or qualification of securities for sale, such counsel and opinion to be satisfactory to the Company. Purchaser acknowledges that it is able to bear the economic risks of an investment in the Securities for an indefinite period of time, and that its overall commitment to investments that are not readily marketable is not disproportionate to its net worth.

(h) Investment Experience. Purchaser has such knowledge, sophistication and experience in financial, tax and business matters in general, and investments in securities in particular, that it is capable of evaluating the merits and risks of this investment in the Securities, and Purchaser has made such investigations in connection herewith as it deemed necessary or desirable so as to make an informed investment decision without relying upon the Company for legal or tax advice related to this investment. Purchaser hereby confirms its understanding that the Company's business plan is entirely speculative in its nature, as the Company will be investing in one or more early-stage businesses, or contributing towards a business combination with one or more early-stage or start-up businesses, and that the Purchaser will be relying entirely on management's judgment as to the type and nature of the business opportunity pursued, and the Purchaser will have no opportunity to review, vote upon, or perform any due diligence upon any of such business opportunities. Purchaser further represents and warrants that it is familiar with the risks inherent in making investments in early-stage or start-up businesses, and that the Purchaser's investment goals and strategy include making speculative investments in start-up ventures. In making its decision to acquire the Securities, Purchaser has not relied upon any information other than information provided to Purchaser by the Company or its representatives and contained herein and in the other Offering Documents.

(i) Access to Information. Purchaser acknowledges and understands that it has reviewed such information as it has deemed necessary in order to make an informed investment decision with respect to an investment in the Securities; that it has had the opportunity to ask representatives of the Company certain questions and request certain additional information regarding the terms and conditions of such investment and the finances, operations, business and prospects of the Company and has had any and all such questions and requests answered to its satisfaction; and that it understands the risks and other considerations relating to such investment.

(j) Reliance on Representations. Purchaser understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of the federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Securities. Purchaser represents and warrants to the Company that any information that Purchaser has heretofore furnished or furnishes herewith to the Company is complete and accurate, and further represents and warrants that it will notify and supply corrective information to the Company immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the Securities. Within five (5) days after receipt of a request from the Company, Purchaser will provide such information and deliver such documents as may reasonably be necessary to comply with any and all laws and regulations to which the Company is subject.

(k) No General Solicitation. Purchaser is unaware of, and in deciding to participate in the Offering is in no way relying upon, and did not become aware of the Offering through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media, or broadcast over television or radio or the internet, in connection with the Offering.

(l) Placement and Finder's Fees. No agent, broker, investment banker, finder, financial advisor or other person acting on behalf of Purchaser or under its authority is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the Offering, and no person is entitled to any fee or commission or like payment in respect thereof based in any way on agreements, arrangements or understanding made by or on behalf of Purchaser.

(m) High Risk Investment; Material Offering Risks. While management is optimistic about the opportunities available to the Company, an investment in the Securities involves a high degree of risk as the Company remains in the early stage of its development, having only been recently formed, and having made no investments, to date. Accordingly, the Securities are a suitable investment only for those investors who can afford a total loss of their investment and who recognize the material risks associated with investing in an early-stage enterprise. Purchasing Securities in the Offering will subject the Purchaser to certain material risks, including, but not limited to, each of the following: (i) the Company will, for the foreseeable future, be totally reliant on the efforts of Stephen Harrington, its sole officer and director; (ii) while the Company has engaged in preliminary discussions regarding a business combination with a development stage biopharmaceutical company with a focus on identifying and developing novel pharmaceutical products, there can be no assurances that any such combination will occur; (iii) there can be no assurances that the proceeds of this Offering will be sufficient to assure the Company accomplishes its business purpose; (iv) Purchasers will be making their investment on a "blind" basis with no input on or ability to evaluate any potential investments of the Company, as management will have virtually unrestricted discretion as to the investments made by the Company; (v) the Company may consummate a business combination with a company in any industry management selects and is not limited to any particular industry or type of business; (vi) in connection with a business combination, the Company will likely issue a substantial amount of securities; thus, substantially diluting the percentage interests of the Purchasers of the Securities and leaving them with a small percentage of the total outstanding securities of the combined enterprise; (vii) the Company may participate in a business combination with a company that is affiliated with management or certain of the shareholders of the Company, or with whom certain shareholders have or will have a business or equity interest; thus, presenting risks of conflicts of interest that the Purchasers will have no input in evaluating; (viii) the Purchaser understands that there is no guarantee of any financial return on this investment and that this investment is not liquid; (ix) the Offering is being undertaken on a "best efforts, no minimum" basis; accordingly, investors will not know at the time of investment whether the Offering will be successful or the percentage of the Company owned by them; (x) the Company is a start-up enterprise with minimal assets and no current earnings; (xi) the Company has offered to register the Shares issuable upon exercise of the Warrants, however, any such registration rights are limited as they only apply to the extent of registration rights granted to private placement investors in the future, and may be subordinated to the rights of such private placement investors; and (xii) the offering price of the Securities offered hereby has been determined solely by the Company and does not necessarily bear any relationship to the value of the Company's assets, current or potential earnings of the Company, or any other recognized criteria used for measuring value, and therefore, there can be no assurance that the offering price of the Securities is representative of the actual value of the Securities.

(n) Legends. The certificates and agreements evidencing the Securities shall have endorsed thereon the following legend (and appropriate notations thereof will be made in the Company's stock transfer books), and stop transfer instructions reflecting these restrictions on transfer will be placed with the transfer agent of the Securites:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT AND REGISTRATION OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO AN AVAILABLE EXEMPTION THEREFROM. NO TRANSFER OF THE SECURITIES REPRESENTED HEREBY MAY BE MADE IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION UNLESS THERE SHALL HAVE BEEN DELIVERED TO THE ISSUER A WRITTEN OPINION OF UNITED STATES COUNSEL OF RECOGNIZED STANDING, IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, TO THE EFFECT THAT SUCH TRANSFER MAY BE MADE WITHOUT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND REGISTRATION OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS.

(o) Involvement in Certain Legal Proceedings. Annex I to the Signature Page hereof contains a true and correct questionnaire covering Purchaser's prior and pending involvement in certain legal proceedings.

4. Representations and Warranties of the Company. The Company represents and warrants to Purchaser as follows:

(a) Organization and Qualification. The Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with the corporate power and authority to own and operate its business as presently conducted, except where the failure to be or have any of the foregoing would not have a material adverse effect on the Company. The Company is duly qualified as a foreign corporation or other entity to do business and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of their activities makes such qualification necessary, except for such failures to be so qualified or in good standing as would not have a material adverse effect on the Company.

(b) Authority; Validity and Effect of Agreement.

(i) The Company has the requisite corporate power and authority to execute and deliver this Agreement, perform its obligations under this Agreement, and conduct the Offering. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder, the Offering and all other necessary corporate action on the part of the Company have been duly authorized by its Board of Directors, and no other corporate proceedings on the part of the Company is necessary to authorize this Agreement or the Offering. This Agreement has been duly and validly executed and delivered by the Company and, assuming that it has been duly authorized, executed and delivered by Purchaser, constitutes a legal, valid and binding obligation of the Company, in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(ii) The Warrants have been duly authorized and, when issued and paid for in accordance with this Agreement, will be validly issued, fully paid and non-assessable shares of Common Stock with no personal liability resulting solely from the ownership of such shares and will be free and clear of all liens, charges, restrictions, claims and encumbrances imposed by or through the Company. The shares of Common Stock issuable upon exercise of the Warrants when issued and paid for in accordance with the Warrants, will be duly authorized, validly issued, fully paid and non-assessable shares of Common Stock with no personal liability resulting solely from the ownership of such shares and will be free and clear of all liens, charges, restrictions, claims and in encumbrances imposed by or through the Company.

(c) No Conflict. Neither the execution and delivery of this Agreement by the Company nor the performance by the Company of its obligations hereunder will: (i) conflict with the Company's Articles of Incorporation or Bylaws; (ii) violate any statute, law, ordinance, rule or regulation, applicable to the Company or any of the properties or assets of the Company; or (iii) violate, breach, be in conflict with or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or permit the termination of any provision of, or result in the termination of, the acceleration of the maturity of, or the acceleration of the performance of any obligation of the Company, or result in the creation or imposition of any lien upon any properties, assets or business of the Company under, any material contract or any order, judgment or decree to which the Company is a party or by which it or any of its assets or properties is bound or encumbered except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not have a material adverse effect on its obligation to perform its covenants under this Agreement;

(d) Capitalization. The Company is currently authorized to issue 150 million shares of Common Stock, $0.0001 par value per share and 10 million shares of "blank check" Preferred Stock, $0.0001 par value per share. To date, the Company has issued 100 shares of its Common Stock to its founder. No securities of the Company are entitled to preemptive or similar rights, and no entity or person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement unless any such rights have been waived. The issue and sale of the Securities will not, immediately or with the passage of time, obligate the Company to issue shares of Common Stock or other securities to any entity or person and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities.

(e) Consents; Required Filings. The Company is not required to obtain any consent, waiver, authorization, approval or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other person or entity in connection with the execution, delivery and performance by the Company of this Agreement or the issuance, sale or delivery of the Securities other than (i) any filings required by state securities laws, if any, and (ii) the filing of a Notice of a Sale of Securities on Form D with the SEC under Regulation D of the Securities Act.

(f) Litigation. There is no pending or, to the best knowledge of the Company, threatened action, suit, proceeding or investigation before any court, governmental agency or body, or arbitrator having jurisdiction over the Company, or any of its affiliates that would affect the execution by the Company or the performance by the Company of its obligations under this Agreement, and the other Offering Documents. There is no pending or, to the best knowledge of the Company, threatened action, suit, proceeding or investigation before any court, governmental agency or body, or arbitrator having jurisdiction over the Company, or any of its affiliates which litigation if adversely determined could result in a material adverse effect to the Company.

5. Indemnification.

(a) Purchaser agrees to indemnify, defend and hold harmless the Company and its respective affiliates and agents, from and against any and all demands, claims, actions or causes of action, judgments, assessments, losses, liabilities, damages or penalties and reasonable attorneys' fees and related disbursements incurred by the Company (collectively, "Losses") which directly or indirectly relate to, result from, or arise out of, a breach of any representations or warranties made by Purchaser herein, and Purchaser agrees that in the event of any breach of any representations or warranties made by Purchaser herein, the Company may, at its option, forthwith rescind the sale of the Securities to Purchaser.

(b) The party to be indemnified hereunder (the "Indemnified Party") shall promptly notify the party providing indemnification hereunder (the "Indemnifying Party") of any claim, demand, action or proceeding for which indemnification may be sought under Section 5(a) of this Agreement, and, if such claim, demand, action or proceeding is a third party claim, demand, action or proceeding (collectively, an "Action"), the Indemnifying Party will have the right at its expense to assume the defense thereof using counsel reasonably acceptable to the Indemnified Party; provided, however any failure or delay to so notify the Indemnifying Party will not relieve it from its obligation to indemnify any Indemnified Party, unless and only to the extent that such failure or delay results in the forfeiture by the Indemnifying Party of substantial rights and defenses or the Indemnifying Party is otherwise materially prejudiced by such failure or delay. Any Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party except to the extent that (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Indemnifying Party and the position of such Indemnified Party, in which case the Indemnifying Party shall be responsible for the reasonable fees and expenses of no more than one such separate counsel for the Indemnified Party. In connection with any such third party Action, Purchasers and the Company shall cooperate with each other and provide each other with access to relevant books and records in their possession. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, which shall not be unreasonably withheld, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened Action in respect of which any Indemnified Party is or could have been a party and indemnity was or could have been sought hereunder by such Indemnified Party, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Action. Further, no Indemnified Party seeking indemnification hereunder will, without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Action. The Indemnifying Party shall not be liable for settlement of any Action effected without its written consent.

6. Registration Rights.

(a) Subject to the terms of subsection (b) below, the Company has agreed to provide incidental "piggyback" registration rights to the holders of the Warrants (the "Warrant Holders"), such that, concurrent with the filing of any registration statement under the Securities Act for the purpose of registering the issuance of new or re-offer of existing securities of the Company, excluding registration statements on SEC forms S-4 and S-8, or any similar or successor forms, it will agree to register the re-offer of the Shares issuable upon exercise of the Warrants, if at all.

(b) Notwithstanding the foregoing, the terms of such registration shall be granted in a manner consistent with the terms of the first registration rights agreement that may be issued by the Company within twelve (12) months of the date hereof, to investors in a private placement offering (the "Investors") undertaken in conjunction with a third-party (the "Operating Company") business combination involving the Company (the "Subsequent Registration Rights Agreement"); and will be subject to the holders of the Warrants agreeing to enter into and become a party to such form of Subsequent Registration Rights Agreement. Thus, the grant of registration rights under subsection (a) above, will be subject to limitations covering, among others, registration exclusions, allocations, black-out periods, resale restrictions, underwriter cut-backs and cut-backs to accommodate SEC Rule 415 issues, in a manner consistent with such Subsequent Registration Rights Agreement; with the understanding, however, that if any such allocations, resale restrictions, cut-backs and exclusions (collectively, the "Cut-backs and Exclusions") need to be allocated among the Warrant Holders, warrant holders ("Operating Company Warrant Holders") of the Operating Company and the Investors, the Warrant Holders agree that they shall be subject to such Cut-backs and Exclusions prior to the Operating Company Warrant Holders and the Investors.

7. Confidentiality. Purchaser acknowledges and agreements that:

(a) This Agreement and the other Offering Documents have been furnished to Purchaser by the Company for the sole purpose of enabling Purchaser to consider and evaluate an investment in the Company, and will be kept confidential by Purchaser and not used for any other purpose.

(b) The information contained herein shall not, without the prior written consent of the Company, be disclosed by Purchaser to any person or entity, other than Purchaser's personal financial and legal advisors for the sole purpose of evaluating an investment in the Company, and will not, directly or indirectly, disclose or permit Purchaser's personal financial and legal advisors to disclose, any of such information without the prior written consent of the Company.

(c) Purchaser shall make its representatives aware of the terms of this section and to be responsible for any breach of this Agreement by such representatives.

(d) Purchaser shall not, without the prior written consent of the Company, directly or indirectly, make any statements, public announcements or release to trade publications or the press with respect to the subject matter of this Agreement and the other Offering Documents.

(e) If Purchaser decides to not pursue further investigation of the Company or to not participate in the Offering, Purchaser will promptly return this Agreement, the other Offering Documents and any accompanying documentation to the Company.

8. Entire Agreement. This Agreement contains the entire agreement between the parties and supercedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereto, and no party shall be liable or bound to any other party in any manner by any warranties, representations, guarantees or covenants except as specifically set forth in this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

9. Amendment and Modification. This Agreement may not be amended, modified or supplemented except by an instrument or instruments in writing signed by the party against whom enforcement of any such amendment, modification or supplement is sought.

10. Extensions and Waivers. At any time prior to the Closing, the parties hereto entitled to the benefits of a term or provision may (a) extend the time for the performance of any of the obligations or other acts of the parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto, or (c) waive compliance with any obligation, covenant, agreement or condition contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument or instruments in writing signed by the party against whom enforcement of any such extension or waiver is sought. No failure or delay on the part of any party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, covenant or agreement.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that no party hereto may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other party hereto. Except as provided in Section 5, nothing in this Agreement is intended to confer upon any person not a party hereto (and their successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

12. Survival of Representations, Warranties and Covenants. The representations and warranties contained herein shall survive the Closing and shall thereupon terminate eighteen (18) months from the Closing, except that the representations contained in Sections 3(a), 3(b), 4(a), and 4(b) shall survive indefinitely. All covenants and agreements contained herein which by their terms contemplate actions following the Closing shall survive the Closing and remain in full force and effect in accordance with their terms. All other covenants and agreements contained herein shall not survive the Closing and shall thereupon terminate.

13. Headings; Definitions. The Section headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement. All references to Sections contained herein mean Sections of this Agreement unless otherwise stated. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms.

14. Severability. If any provision of this Agreement or the application thereof to any person or circumstance is held to be invalid or unenforceable to any extent, the remainder of this Agreement shall remain in full force and effect and shall be reformed to render the Agreement valid and enforceable while reflecting to the greatest extent permissible the intent of the parties.

15. Notices. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, telecopy, telefax or other electronic transmission service to the appropriate address or number as set forth below:

If to the Company:

Matinas Biopharma Holdings, Inc.
600 W. Germantown Pike, Suite 400
Plymouth Meeting, PA 19462
Attention: Stephen P. Harrington, President

If to Purchaser:

To that address indicated on the signature page hereof.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

17. Arbitration. If a dispute arises as to the interpretation of this Agreement, it shall be decided in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration then in effect at the time of the dispute. The arbitration shall take place in New York, New York. The decision of the arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. The parties shall share equally the costs of the arbitration.

18. No Separate Counsel for Investors. Fox Rothschild LLP has acted as counsel for the Company and not as counsel for the Purchaser. Unless separately retained by the Purchaser (at its expense), no counsel as acted for the Purchaser.

19. Counterparts. This Agreement may be executed and delivered by facsimile in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have caused this Agreement to be executed as of the date set forth below.

Individual Purchasers:

PURCHASER

Date: _____

Individual Purchasers:

_____

Name:

Entity Purchasers:

_____

Name of Company

By: _____

Name:
Title:

All Purchasers Complete:

Address: _____

_____

Email address: _____

Social Security/Tax I.D. Number:

_____

Number of Warrants Purchased:

_____

Purchase Price
@ $.04 per Warrant:

$ _____

MATINAS BIOPHARMA HOLDINGS, INC.

Date: _____

By: _____

Stephen P. Harrington
President

ANNEX I TO PURCHASER SIGNATURE PAGE

Purchaser makes the following representations regarding its involvement in certain legal proceedings:

(i) Have any of the following events occurred during the past ten years?

(1) A petition under the Federal bankruptcy laws or any state or foreign insolvency law was filed by or against you, your business or your property, or a receiver, fiscal agent or similar officer was appointed by a court for your business or your property.

☐ Yes ☐ No

(2) A petition under the Federal bankruptcy laws or any state or foreign insolvency law was filed by or against any partnership, corporation or other business association in which you were a general partner or an "executive officer" within two years before the time of such filing or a receiver, fiscal agent or similar officer was appointed by a court for any partnership, corporation or other business association in which you were a general partner or an "executive officer" within two years before the time of such appointment.

☐ Yes ☐ No

(3) You were convicted in a criminal proceeding or are a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses).

☐ Yes ☐ No

(4) You were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining you from, or otherwise limiting, the following activities:

a. acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission ("CFTC"), or an "associated" person of any of the foregoing;

☐ Yes ☐ No

b. acting as an investment adviser, underwriter, broker or dealer in securities, or as an "affiliated" person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

☐ Yes ☐ No

c. engaging in any type of business practice; or

☐ Yes ☐ No

d. engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or state securities laws or Federal commodities laws.

☐ Yes ☐ No

(5) You were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or state authority barring, suspending or otherwise limiting for more than 60 days your right to engage in any activity described in paragraph 4(a)(iv)(A) or 4(a)(iv) (B) above or your right to be "associated" with persons engaged in any such activity.

☐ Yes ☐ No

(6) You were found by a court of competent jurisdiction in a civil action or by the U.S. Securities and Exchange Commission ("SEC") to have violated any Federal or state securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended or vacated, or you are presently the subject of any investigation by the SEC that could result in the finding of such a violation.

☐ Yes ☐ No

(7) You were found by a court of competent jurisdiction in a civil action or by the CFTC to have violated any Federal commodities law, and the judgment in such civil action or finding by the CFTC has not been subsequently reversed, suspended or vacated, or you are presently the subject of any investigation by the CFTC that could result in the finding of such a violation.

☐ Yes ☐ No

(8) You were the subject of, or a party to, any Federal or state judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated, related to an alleged violation of:

a. any Federal or state securities or commodities law or regulation;

b. any law or regulation with respect to any financial institution or insurance company (including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil monetary penalty or temporary or permanent cease and desist order, or removal or prohibition order); or

c. any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity.

☐ Yes ☐ No

(9) You were the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of the Financial Industry Regulatory Authority, National Association of Securities Dealers, New York Stock Exchange, or any other self-regulatory organization, any "registered entity" (as defined under the Commodities Exchange Act) or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons "associated" with its members.

☐ Yes ☐ No

(ii) If the answer is "Yes" to any of the foregoing questions, please describe such event below. Please include in your explanation any mitigating circumstances, if you believe it appropriate. Please use additional sheets to answer if necessary.

(iii) Do you know of any pending or contemplated legal proceedings, including administrative proceedings and investigations by governmental authorities, to which either you or any other director, officer or "affiliate" of the Company or any owner of more than 5% of the Company's securities, or any "associate" of any such director, officer, "affiliate" or 5% security holder, is or may be a party adverse to the Company or any of its "subsidiaries" or has an interest adverse to the Company or any of its "subsidiaries"?

☐ Yes ☐ No

(iv) If the answer is "yes," please provide basic information about the proceedings below (we will contact you for specifics).

(v) Are you aware of any other pending, threatened or contemplated legal proceedings to which the Company or any of its "subsidiaries" is a party or to which any of their property is the subject?

☐ Yes ☐ No

(vi) If the answer is "yes," please provide basic information about the proceedings below (we will contact you for specifics).

(vii) Do you know of any legal, regulatory or administrative proceeding brought or contemplated by any governmental authority (including but not limited to antitrust, price-fixing, tax, environmental, copyright or patent litigation) to which the Company or any "subsidiary" is or may be a party or of which the Company or any "subsidiary" is or may be subject?

☐ Yes ☐ No

(1) If the answer is "yes," please provide basic information about the proceedings below (we will contact you for specifics).

ATTESTED TO:

PURCHASER

Individual Purchasers:

_____

Name:

Entity Purchasers:

_____

Name of Company

By: _____

Name:

Title:

EXHIBIT A
FORM OF WARRANT

Warrant Certificate No. ___

NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS.

Effective Date: [ ], 2013 Void After: June 30, 2018

MATINAS BIOPHARMA HOLDINGS, INC.

WARRANT TO PURCHASE COMMON STOCK

Matinas BioPharma Holdings, Inc., a Delaware corporation (the "**Company**"), for value received on [ ], 2013 (the "**Effective Date**"), hereby issues to **[ ]** (the "**Holder**" or "**Warrant Holder**") this Warrant (the "**Warrant**") to purchase, **[ ]** shares (each such share as from time to time adjusted as hereinafter provided being a "**Warrant Share**" and all such shares being the "**Warrant Shares**") of the Company's Common Stock (as defined below), at the Exercise Price (as defined below), as adjusted from time to time as provided herein, on or before June 30, 2018 (the "**Expiration Date**"), all subject to the following terms and conditions. This Warrant is one of a series of warrants of like tenor that have been issued in connection with the Company's private offering solely to accredited investors of units in accordance with, and subject to, the terms and conditions described in the Securities Purchase Agreement dated June 10, 2013, as the same may be amended and supplemented from time to time (the "**Subscription Agreement**"). [**Comment – all these warrants should expire on same day, even though may be more than one closing. I choose June 30]**

As used in this Warrant, (i) "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York, New York, are authorized or required by law or executive order to close; (ii) "**Common Stock**" means the common stock of the Company, par value $0.0001 per share, including any securities issued or issuable with respect thereto or into which or for which such shares may be exchanged for, or converted into, pursuant to any stock dividend, stock split, stock combination, recapitalization, reclassification, reorganization or other similar event; (iii) "**Exercise Price**" means $2.00 per share of Common Stock, subject to adjustment as provided herein; (iv) "**Trading Day**" means any day on which the Common Stock is traded (or available for trading) on its principal trading market; (v) "**Affiliate**" means any person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, a person, as such terms are used and construed in Rule 144 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") and (vi) "**Warrantholders**" means the holders of Warrants issued pursuant to the Subscription Agreement.

1. DURATION AND EXERCISE OF WARRANTS

(a) Exercise Period. The Holder may exercise this Warrant in whole or in part on any Business Day on or before 5:00 P.M., Eastern Time, on the Expiration Date, at which time this Warrant shall become void and of no value.

(b) Exercise Procedures.

(i) While this Warrant remains outstanding and exercisable in accordance with Section 1(a), in addition to the manner set forth in Section 1(b)(ii) below, the Holder may exercise this Warrant in whole or in part at any time and from time to time by:

(A) delivery to the Company of a duly executed copy of the Notice of Exercise attached as **Exhibit A**;

(B) surrender of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder; and

(C) payment of the then-applicable Exercise Price per share multiplied by the number of Warrant Shares being purchased upon exercise of the Warrant (such amount, the "**Aggregate Exercise Price**") made in the form of cash, or by certified check, bank draft or money order payable in lawful money of the United States of America or in the form of a Cashless Exercise to the extent permitted in Section 1(b)(ii) below.

(ii) In addition to the provisions of Section 1(b)(i) above, if any time commencing 300 days after the Effective Date a registration statement covering the resale of the Warrant Shares by the Holder is not effective with the Securities and Exchange Commission (the "**SEC**"), the Holder may, in its sole discretion, exercise all or any part of the Warrant in a "cashless" or "net-issue" exercise (a "**Cashless Exercise**") by delivering to the Company (1) the Notice of Exercise and (2) the original Warrant, pursuant to which the Holder shall surrender the right to receive upon exercise of this Warrant, a number of Warrant Shares having a value (as determined below) equal to the Aggregate Exercise Price, in which case, the number of Warrant Shares to be issued to the Holder upon such exercise shall be calculated using the following formula:

$$X = \frac{Y * (A - B)}{A}$$

with: X = the number of Warrant Shares to be issued to the Holder

Y = the number of Warrant Shares with respect to which the Warrant is being exercised

A = the fair value per share of Common Stock on the date of exercise of this Warrant

B = the then-current Exercise Price of the Warrant

Solely for the purposes of this paragraph, "**fair value**" per share of Common Stock shall mean the average Closing Price (as defined below) per share of Common Stock for the twenty (20) trading days immediately preceding the date on which the Notice of Exercise is deemed to have been sent to the Company. "**Closing Price**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on the New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market or any other national securities exchange, the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary eligible market or exchange on which the Common Stock is then listed or quoted; (b) if prices for the Common Stock are then quoted on the OTC Bulletin Board or any tier of the OTC Markets, the closing bid price per share of the Common Stock for such date (or the nearest preceding date) so quoted; or (c) if prices for the Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent closing bid price per share of the Common Stock so reported. If the Common Stock is not publicly traded as set forth above, the "fair value" per share of Common Stock shall be reasonably and in good faith determined by the Board of Directors of the Company as of the date which the Notice of Exercise is deemed to have been sent to the Company.

Notwithstanding the foregoing, provided that a registration statement covering the resale of the Warrant Shares by the Holder has (x) been declared effective by the SEC and (y) remained effective for a period of one year, any Cashless Exercise right hereunder shall thereupon terminate.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for such shares shall be deemed to have commenced, on the date this Warrant was originally issued.

(iii) Upon the exercise of this Warrant in compliance with the provisions of this Section 1(b), and except as limited pursuant to the last paragraph of Section 1(b)(ii), the Company shall promptly issue and cause to be delivered to the Holder a certificate for the Warrant Shares purchased by the Holder. Each exercise of this Warrant shall be effective immediately prior to the close of business on the date (the "**Date of Exercise**") that the conditions set forth in Section 1(b) have been satisfied, as the case may be. On the first Business Day following the date on which the Company has received each of the Notice of Exercise and the Aggregate Exercise Price (or notice of a Cashless Exercise in accordance with Section 1(b)(ii)) (the "**Exercise Delivery Documents**"), the Company shall transmit an acknowledgment of receipt of the Exercise Delivery Documents to the Company's transfer agent (the "**Transfer Agent**"). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Notice of Exercise, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares.

(iv) If the Company shall fail for any reason or for no reason to issue to the Holder, within three (3) Business Days of receipt of the Exercise Delivery Documents, a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such Business Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "**Buy-In Amount**") plus the amount paid by the Holder to the Company as the exercise price for the Warrant Shares exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock, and paid the Company $5,000 as the exercise price, the Holder's cash outlay would be a total of $16,000; and if the aggregate sales price of the shares giving rise to such Buy-In obligation was $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $6,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

(c) Partial Exercise. This Warrant shall be exercisable, either in its entirety or, from time to time, for part only of the number of Warrant Shares referenced by this Warrant. If this Warrant is submitted in connection with any exercise pursuant to Section 1 and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the actual number of Warrant Shares being acquired upon such an exercise, then the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue a new Warrant of like tenor representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 16.

2. ISSUANCE OF WARRANT SHARES

(a) The Company covenants that all Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be (i) duly authorized, fully paid and non-assessable, and (ii) free from all liens, charges and security interests, with the exception of claims arising through the acts or omissions of any Holder and except as arising from applicable Federal and state securities laws.

(b) The Company shall register this Warrant upon records to be maintained by the Company for that purpose in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner thereof for the purpose of any exercise thereof, any distribution to the Holder thereof and for all other purposes.

(c) The Company will not, by amendment of its certificate of incorporation, by-laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all action necessary or appropriate in order to protect the rights of the Holder to exercise this Warrant, or against impairment of such rights.

3. ADJUSTMENTS OF EXERCISE PRICE, NUMBER AND TYPE OF WARRANT SHARES

(a) The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 3; provided, that notwithstanding the provisions of this Section 3, the Company shall not be required to make any adjustment if and to the extent that such adjustment would require the Company to issue a number of shares of Common Stock in excess of its authorized but unissued shares of Common Stock, less all amounts of Common Stock that have been reserved for issue upon the conversion of all outstanding securities convertible into shares of Common Stock and the exercise of all outstanding options, warrants and other rights exercisable for shares of Common Stock. If the Company does not have the requisite number of authorized but unissued shares of Common Stock to make any adjustment, the Company shall use its commercially best efforts to obtain the necessary stockholder consent to increase the authorized number of shares of Common Stock to make such an adjustment pursuant to this Section 3.

(i) Subdivision or Combination of Stock. In case the Company shall at any time subdivide (whether by way of stock dividend, stock split or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares shall be proportionately increased, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined (whether by way of stock combination, reverse stock split or otherwise) into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(i).

(ii) Dividends in Stock, Property, Reclassification. If at any time, or from time to time, all of the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefore:

(A) any shares of stock or other securities that are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(B) additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of Section 3(a)(i) above),

then and in each such case, the Exercise Price and the number of Warrant Shares to be obtained upon exercise of this Warrant shall be adjusted proportionately, and the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to above) that such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(ii)**.**

(iii) Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property (an "**Organic Change**"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented by this Warrant) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable assuming the full exercise of the rights represented by this Warrant. In the event of any Organic Change, appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant and registration rights) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. The Company will not affect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument reasonably satisfactory in form and substance to the Holder executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase. If there is an Organic Change, then the Company shall cause to be mailed to the Holder at its last address as it shall appear on the books and records of the Company, at least 10 calendar days before the effective date of the Organic Change, a notice stating the date on which such Organic Change is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares for securities, cash, or other property delivered upon such Organic Change; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the 10-day period commencing on the date of such notice to the effective date of the event triggering such notice. In any event, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall be deemed to assume such obligation to deliver to such Holder such shares of stock, securities or assets even in the absence of a written instrument assuming such obligation to the extent such assumption occurs by operation of law.

(b) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 3, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Warrant a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall promptly furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments; and (ii) the number of shares and the amount, if any, of other property which at the time would be received upon the exercise of the Warrant.

(c) Certain Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but the lack of any adjustment would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, or if strictly applicable would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, then the Company's Board of Directors will, in good faith, make an appropriate adjustment to protect the rights of the Holder; provided, that no such adjustment pursuant to this Section 3(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 3.

4. REDEMPTION OF WARRANTS

(a) General. Prior to the Expiration Date, the Company shall have the option, subject to the conditions set forth herein, to redeem all of the Warrants then outstanding upon not less than thirty (30) days nor more than sixty (60) days prior written notice to the Warrant Holders at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the closing bid price of the Company's Common Stock for each of the twenty (20) consecutive Trading Days prior to the date of the notice of redemption is at least $5.00, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events. Notwithstanding the foregoing, the Company shall not be entitled to redeem the Warrants pursuant to this Section 4 unless the Company also redeems all other warrants then outstanding for which it has rights of redemption.

(b) Notice. Notice of redemption will be effective upon mailing in accordance with this Section and such date may be referred to below as the "**Notice Date.**" Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the date fixed for redemption to the Holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder received such notice.

(c) Redemption Date and Redemption Price. The notice of redemption shall state the date set for redemption, which date shall be not less than thirty (30) days, or more than sixty (60) days, from the Notice Date (the "**Redemption Date**"). The Company shall not mail the notice of redemption unless all funds necessary to pay for redemption of the Warrants to be redeemed shall have first been set aside by the Company for the benefit of the Warrant Holders so as to be and continue to be available therefor. The redemption price to be paid to the Warrant Holders will be $0.0001 for each share of Common Stock of the Company to which the Warrant Holder would then be entitled upon exercise of the Warrant being redeemed, as adjusted from time to time as provided herein (the "**Redemption Price**").

(d) Exercise. Following the Notice Date, the Warrant Holders may exercise their Warrants in accordance with Section 1 of this Warrant between the Notice Date and 5:00 p.m. Eastern Time on the Redemption Date and such exercise shall be timely if the form of election to purchase duly executed and the Warrant Exercise Price for the shares of Common Stock to be purchased are actually received by the Company at its principal offices prior to 5:00 p.m. Eastern Time on the Redemption Date.

(e) Mailing. If any Warrant Holder does not wish to exercise any Warrant being redeemed, he should mail such Warrant to the Company at its principal offices after receiving the notice of redemption. On and after 5:00 p.m. Eastern Time on the Redemption Date, notwithstanding that any Warrant subject to redemption shall not have been surrendered for redemption, the obligation evidenced by all Warrants not surrendered for redemption or effectively exercised shall be deemed no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the right of the holder of each Warrant subject to redemption to receive the Redemption Price for each share of Common Stock to which he would be entitled if he exercised the Warrant upon receiving notice of redemption of the Warrant subject to redemption held by him.

5. TRANSFERS AND EXCHANGES OF WARRANT AND WARRANT SHARES

(a) Registration of Transfers and Exchanges. Subject to Section 5(c), upon the Holder's surrender of this Warrant, with a duly executed copy of the Form of Assignment attached as **Exhibit B**, to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder, the Company shall register the transfer of all or any portion of this Warrant. Upon such registration of transfer, the Company shall issue a new Warrant, in substantially the form of this Warrant, evidencing the acquisition rights transferred to the transferee and a new Warrant, in similar form, evidencing the remaining acquisition rights not transferred, to the Holder requesting the transfer.

(b) Warrant Exchangeable for Different Denominations. The Holder may exchange this Warrant for a new Warrant or Warrants, in substantially the form of this Warrant, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrants to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by the Holder. The Holder shall surrender this Warrant with duly executed instructions regarding such re-certification of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder.

(c) Restrictions on Transfers. This Warrant may not be transferred at any time without (i) registration under the Securities Act or (ii) an exemption from such registration and a written opinion of legal counsel addressed to the Company that the proposed transfer of the Warrant may be effected without registration under the Securities Act, which opinion will be in form and from counsel reasonably satisfactory to the Company.

(d) Permitted Transfers and Assignments. Notwithstanding any provision to the contrary in this Section 5, the Holder may transfer, with or without consideration, this Warrant or any of the Warrant Shares (or a portion thereof) to the Holder's Affiliates (as such term is defined under Rule 144 of the Securities Act) without obtaining the opinion from counsel that may be required by Section 5(c)(ii), provided, that the Holder delivers to the Company and its counsel certification, documentation, and other assurances reasonably required by the Company's counsel to enable the Company's counsel to render an opinion to the Company's Transfer Agent that such transfer does not violate applicable securities laws.

6. MUTILATED OR MISSING WARRANT CERTIFICATE

If this Warrant is mutilated, lost, stolen or destroyed, upon request by the Holder, the Company will, at its expense, issue, in exchange for and upon cancellation of the mutilated Warrant, or in substitution for the lost, stolen or destroyed Warrant, a new Warrant, in substantially the form of this Warrant, representing the right to acquire the equivalent number of Warrant Shares; provided, that, as a prerequisite to the issuance of a substitute Warrant, the Company may require satisfactory evidence of loss, theft or destruction as well as an indemnity from the Holder of a lost, stolen or destroyed Warrant.

7. PAYMENT OF TAXES

The Company will pay all transfer and stock issuance taxes attributable to the preparation, issuance and delivery of this Warrant and the Warrant Shares (and replacement Warrants) including, without limitation, all documentary and stamp taxes; provided, however, that the Company shall not be required to pay any tax in respect of the transfer of this Warrant, or the issuance or delivery of certificates for Warrant Shares or other securities in respect of the Warrant Shares to any person or entity other than to the Holder.

8. FRACTIONAL WARRANT SHARES

No fractional Warrant Shares shall be issued upon exercise of this Warrant. The Company, in lieu of issuing any fractional Warrant Share, shall round up the number of Warrant Shares issuable to nearest whole share.

9. NO STOCK RIGHTS AND LEGEND

No holder of this Warrant, as such, shall be entitled to vote or be deemed the holder of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, the rights of a stockholder of the Company or the right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided herein), or to receive dividends or subscription rights or otherwise (except as provide herein).

Each certificate for Warrant Shares initially issued upon the exercise of this Warrant, and each certificate for Warrant Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS."

10. INTENTIONALLY DELETED

11. NOTICES

All notices, consents, waivers, and other communications under this Warrant must be in writing and will be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, if to the registered Holder hereof; or (d) seven days after the placement of the notice into the mails (first class postage prepaid), to the Holder at the address, facsimile number, or e-mail address furnished by the registered Holder to the Company in accordance with the Subscription Agreement by and between the Company and the Holder, or if to the Company, to it at 600 W. Germantown Pike, Suite 400, Plymouth Meeting, PA 19462, Attention: Stephen P. Harrington, President (or to such other address, facsimile number, or e-mail address as the Holder or the Company as a party may designate by notice the other party).

12. SEVERABILITY

If a court of competent jurisdiction holds any provision of this Warrant invalid or unenforceable, the other provisions of this Warrant will remain in full force and effect. Any provision of this Warrant held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

13. BINDING EFFECT

This Warrant shall be binding upon and inure to the sole and exclusive benefit of the Company, its successors and assigns, the registered Holder or Holders from time to time of this Warrant and the Warrant Shares.

14. SURVIVAL OF RIGHTS AND DUTIES

This Warrant shall terminate and be of no further force and effect on the earlier of 5:00 P.M., Eastern Time, on the Expiration Date or the date on which this Warrant has been exercised in full.

15. GOVERNING LAW

This Warrant will be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law.

16. DISPUTE RESOLUTION

In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two Business Days of receipt of the Notice of Exercise giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days, submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

17. NOTICES OF RECORD DATE

Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, or the sale, in a single transaction, of a majority of the Company's voting stock (whether newly issued, or from treasury, or previously issued and then outstanding, or any combination thereof), the Company shall mail to the Holder at least ten (10) Business Days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up, or sale is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, transfer, consolation, merger, dissolution, liquidation or winding up.

18. RESERVATION OF SHARES

The Company shall reserve and keep available out of its authorized but unissued shares of Common Stock for issuance upon the exercise of this Warrant, free from pre-emptive rights, such number of shares of Common Stock for which this Warrant shall from time to time be exercisable. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation. Without limiting the generality of the foregoing, the Company covenants that it will use commercially reasonable efforts to take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and use commercially reasonable efforts to obtain all such authorizations, exemptions or consents, including but not limited to consents from the Company's stockholders or Board of Directors or any public regulatory body, as may be necessary to enable the Company to perform its obligations under this Warrant.

19. NO THIRD PARTY RIGHTS

This Warrant is not intended, and will not be construed, to create any rights in any parties other than the Company and the Holder, and no person or entity may assert any rights as third-party beneficiary hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first set forth above.

MATINAS BIOPHARMA HOLDINGS, INC.

By: _____

Name: Stephen P. Harrington
Title: President

EXHIBIT A

NOTICE OF EXERCISE

(To be executed by the Holder of Warrant if such Holder desires to exercise Warrant)

To Matinas BioPharma Holdings,Inc.:

The undersigned hereby irrevocably elects to exercise this Warrant and to purchase thereunder, _____ full shares of Matinas BioPharma Holdings,Inc. common stock issuable upon exercise of the Warrant and delivery of:

(1) $_____ (in cash as provided for in the foregoing Warrant) and any applicable taxes payable by the undersigned pursuant to such Warrant; and

(2) _____ shares of Common Stock (pursuant to a Cashless Exercise in accordance with Section 1(b)(ii) of the Warrant) (check here if the undersigned desires to deliver an unspecified number of shares equal the number sufficient to effect a Cashless Exercise [___]).

The undersigned requests that certificates for such shares be issued in the name of:

_____
(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

If the shares issuable upon this exercise of the Warrant are not all of the Warrant Shares which the Holder is entitled to acquire upon the exercise of the Warrant, the undersigned requests that a new Warrant evidencing the rights not so exercised be issued in the name of and delivered to:

_____
(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

Name of Holder (print): _____
(Signature): _____
(By:) _____
(Title:) _____
Dated: _____

EXHIBIT B

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers to each assignee set forth below all of the rights of the undersigned under the Warrant (as defined in and evidenced by the attached Warrant) to acquire the number of Warrant Shares set opposite the name of such assignee below and in and to the foregoing Warrant with respect to said acquisition rights and the shares issuable upon exercise of the Warrant:

Name of Assignee	Address	Number of Shares

If the total of the Warrant Shares are not all of the Warrant Shares evidenced by the foregoing Warrant, the undersigned requests that a new Warrant evidencing the right to acquire the Warrant Shares not so assigned be issued in the name of and delivered to the undersigned.

Name of Holder (print): _____
(Signature): _____
(By:) _____
(Title:) _____
Dated: _____

MATINAS BIOPHARMA HOLDINGS, INC.

Securities Purchase Agreement

Units consisting of Common Stock
and
Warrants

June 10, 2013

CONFIDENTIAL

NOTICE TO OFFEREES

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THIS SECURITIES PURCHASE AGREEMENT AND THE OTHER OFFERING DOCUMENTS DO NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

THE SECURITIES ARE BEING SOLD FOR INVESTMENT PURPOSES ONLY, WITHOUT A VIEW TO RESALE OR DISTRIBUTION THEREOF, AND MAY NOT BE TRANSFERRED, RESOLD OR OFFERED FOR RESALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND EFFECTIVE REGISTRATION OR QUALIFICATION UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, OR THE AVAILABILITY OF AN EXEMPTION THEREFROM.

AN INVESTMENT MADE IN THE SECURITIES OFFERED HEREBY IS SPECULATIVE AND SUITABLE ONLY FOR PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES, WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT AND WHO UNDERSTAND OR HAVE BEEN ADVISED WITH RESPECT TO THE TAX CONSEQUENCES OF, AND RISK FACTORS ASSOCIATED WITH, THIS INVESTMENT AND WHO ARE ABLE TO BEAR THE SUBSTANTIAL ECONOMIC RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR THE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS SECURITIES PURCHASE AGREEMENT OR ANY OF THE OTHER OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS SECURITIES PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

CONFIDENTIAL INFORMATION

THE OFFEREE ACKNOWLEDGES AND AGREES THAT: (I) THE OFFERING IS BEING CONDUCTED ON A CONFIDENTIAL BASIS; AND (II) IT WILL BE LEGALLY BOUND TO RETAIN ALL INFORMATION ABOUT THE COMPANY AND THIS OFFERING ON A CONFIDENTIAL BASIS.

CONFIDENTIAL

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of June 10, 2013, by and between Matinas Biopharma Holdings, Inc., a Delaware corporation (the "Company"), and the purchaser or purchasers identified on the signature page hereof ("Purchaser").

RECITALS:

WHEREAS, Purchaser desires to purchase and the Company desires to sell, units comprised of shares of the Company's common stock and warrants to acquire shares of common stock, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises hereof and the agreements set forth herein below, the parties hereto hereby agree as follows:

1. The Offering.

(a) Private Offering. The securities offered by this Agreement are being offered in the United States in a private offering (the "Offering") of up to 7,500,000 shares of the Company's common stock, $.0001 par value per share (the "Shares"), and warrants to acquire 3,750,000 shares of the Company's common stock (the "Warrants'). The Shares and Warrants will be sold in units consisting of two (2) Shares and one (1) Warrant (the "Units"). Up to 3,750,000 Units will be sold in the Offering on a "reasonable efforts" basis at a purchase price of $.10 per Unit (the "Purchase Price") pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 of Regulation D thereunder. The Units are being offered solely to a limited number of "accredited investors" as that term is defined in Rule 501(a) of the Securities Act during an offering period commencing June 10, 2013, and terminating July 10, 2013, unless extended thereafter in the sole discretion of the Company. Each Warrant is initially exercisable through June 30, 2018 into one (1) share of Common Stock at an exercise price of $2.00 per share, subject to adjustment and redemption. The general terms of the Warrants are set forth in the Form of Warrant, attached hereto and made a part hereof as Exhibit A. The Shares, Warrants and shares of Common Stock issuable upon exercise of the Warrants are hereinafter referred to collectively as the "Securities."

(b) Concurrent Offering. Concurrently, the Company is offering for sale in a private placement transaction, separate warrants to acquire 250,000 shares of the Company's common stock at a purchase price of $.04 per warrant (the "Concurrent Offering"). Each warrant offered in the Concurrent Offering (the "Concurrent Warrants") is initially exercisable into one (1) share of Common Stock at an exercise price of $2.00 per share, subject to adjustment and redemption. The terms of the Concurrent Warrants are identical to the terms of the Form of Warrant, attached hereto and made a part hereof as Exhibit A. Participation in this Offering does not provide any rights to participate in the Concurrent Offering.

(c) The Business of the Company; Speculative Investment Activities. The Company has only been recently formed and, to date, its activities have been limited to organizational efforts. The Company has been formed to make investments in, or to engage in a business combination with, one or more early-stage businesses. Towards that end, the Company has engaged in preliminary discussions regarding a business combination with a development stage biopharmaceutical company with a focus on identifying and developing novel pharmaceutical products, however, there can be no assurances that any such combination will occur. The business of the Company is extremely speculative and an investment in the Securities should only be made by Purchasers who can afford a total loss of their investment and who understand the speculative nature of this investment. Purchase of the Securities is subject to other material risk factors identified in this Agreement.

(d) Use of Proceeds. Assuming all of the Securities in the Offering are sold, the net proceeds to the Company are estimated to be approximately $355,000 (after deducting offering expenses and legal fees payable by the Company). The Company intends to use the net proceeds of the Offering to make investments in, or to contribute towards, a business combination with one or more early-stage businesses, and for general working capital purposes. There can be no assurances, however, that the net proceeds of this Offering will be sufficient to accomplish the business purpose of the Company. No placement fees or other sales commissions will be payable in connection with the Offering.

2. Sale and Purchase of Securities.

(a) Sale and Purchase of the Securities. Subject to the terms and conditions hereof, the Company agrees to sell, and Purchaser agrees to purchase, the number of Units specified on the signature page of this Agreement at a purchase price of $.10 per Unit. The aggregate Purchase Price for the number of Units subscribed for shall be as set forth on the signature page hereto and shall be payable upon execution hereof by certified or bank check or wire transfer of immediately available funds. The Units are being sold on a reasonable “best efforts” basis and there is no minimum sale amount of Units prior to release of funds to the Company.

(b) Subscription Procedure. In order to purchase Units, Purchaser shall deliver to the Company, (i) one completed and duly executed copy of this Agreement; and (ii) immediately available funds in an amount equal to the Purchase Price. Execution and delivery of this Agreement shall constitute an irrevocable subscription for that number of Units set forth on the signature page hereto. Payment for the Units may be made either by certified or bank check made payable to the Company, or by wire transfer to the Company (with wire transfer instructions to be provided upon request). This Agreement may be rejected by the Company, in whole or in part, in its sole discretion, in which event the Purchase Price will be returned (by mail) to Purchaser within five (5) business days thereafter.

(c) Closing. Upon the Company's acceptance of a Purchaser's subscription and upon the receipt of the Purchase Price, the Company shall conduct one or more closings at such time and in such manner as the Company shall determine in its sole discretion (the "Closing"). There is no minimum number of Units to be sold before one or more Closings can occur. Thus, at the time a Purchaser subscribes, it will not be assured that all of the Units will be sold in the Offering. At each Closing, the Company shall countersign this Agreement and confirm the issuance of the Units specified on the signature page of this Agreement in book form on the transfer books and records of the Company, against payment of the Purchase Price specified on the signature page of this Agreement by wire transfer or certified or bank check payable to the Company. Upon the Closing, the subscription evidenced hereby, if not previously rejected by the Company, will, in reliance upon Purchaser's representations and warranties contained herein, be accepted, in whole or in part, by the Company. If Purchaser's subscription is accepted only in part, this Agreement will be marked to indicate such fact, and the Company will return to Purchaser the portion of the funds tendered by Purchaser representing the unaccepted portion of Purchaser's subscription, without interest or deduction of any kind.

3. Representations and Warranties of Purchaser. Purchaser represents and warrants to the Company as follows:

(a) Organization and Qualification.

(i) If Purchaser is an entity, Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with the corporate or other entity power and authority to own and operate its business as presently conducted, except where the failure to be or have any of the foregoing would not have a material adverse effect on Purchaser, and Purchaser is duly qualified as a foreign corporation or other entity to do business and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of their activities makes such qualification necessary, except for such failures to be so qualified or in good standing as would not have a material adverse effect on it.

(ii) If Purchaser is an entity, the address of its principal place of business is as set forth on the signature page hereto, and if Purchaser is an individual, the address of its principal residence is as set forth on the signature page hereto.

(b) Authority; Validity and Effect of Agreement.

(i) If Purchaser is an entity, Purchaser has the requisite corporate or other entity power and authority to execute and deliver this Agreement and perform its obligations under this Agreement. The execution and delivery of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and all other necessary corporate or other entity action on the part of Purchaser have been duly authorized by its Board of Directors or similar governing body, and no other corporate or other entity proceedings on the part of Purchaser is necessary for Purchaser to execute and deliver this Agreement and perform its obligations hereunder.

(ii) This Agreement has been duly and validly authorized, executed and delivered by Purchaser and, assuming it has been duly and validly executed and delivered by the Company, constitutes a legal, valid and binding obligation of Purchaser, in accordance with its terms.

(c) No Conflict; Required Filings and Consents. Neither the execution and delivery of this Agreement by Purchaser nor the performance by Purchaser of its obligations hereunder will: (i) if Purchaser is an entity, conflict with Purchaser's Articles of Incorporation or Bylaws, or other similar organizational documents; (ii) violate any statute, law, ordinance, rule or regulation, applicable to Purchaser or any of the properties or assets of Purchaser; or (iii) violate, breach, be in conflict with or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or permit the termination of any provision of, or result in the termination of, the acceleration of the maturity of, or the acceleration of the performance of any obligation of Purchaser under, or result in the creation or imposition of any lien upon any properties, assets or business of Purchaser under, any material contract or any order, judgment or decree to which Purchaser is a party or by which it or any of its assets or properties is bound or encumbered except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not have a material adverse effect on its obligation to perform its covenants under this Agreement.

(d) Accredited Investor. Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act. If Purchaser is an entity, Purchaser was not formed for the specific purpose of acquiring the Securities, and, if it was, all of Purchaser's equity owners are "accredited investors" as defined above.

(e) No Government Review. Purchaser understands that neither the United States Securities and Exchange Commission ("SEC") nor any securities commission or other governmental authority of any state, country or other jurisdiction has approved the issuance of the Securities or passed upon or endorsed the merits of the Securities, or this Agreement or any of the other documents relating to the proposed Offering (collectively, the "Offering Documents"), or confirmed the accuracy of, determined the adequacy of, or reviewed this Agreement or the other Offering Documents.

(f) Investment Intent. The Securities are being acquired for the Purchaser's own account for investment purposes only, not as a nominee or agent and not with a view to the resale or distribution of any part thereof, and Purchaser has no present intention of selling, granting any participation in or otherwise distributing the same. By executing this Agreement, Purchaser further represents that Purchaser does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or third person with respect to any of the Securities.

(g) Restrictions on Transfer. Purchaser understands that the Securities are "restricted securities" as such term is defined in Rule 144 under the Securities Act and have not been registered under the Securities Act or registered or qualified under any state securities law, and may not be, directly or indirectly, sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and registration or qualification under applicable state securities laws or the availability of an exemption therefrom. In any case where such an exemption is relied upon by Purchaser from the registration requirements of the Securities Act and the registration or qualification requirements of such state securities laws, Purchaser shall furnish the Company with an opinion of counsel stating that the proposed sale or other disposition of such securities may be effected without registration under the Securities Act and will not result in any violation of any applicable state securities laws relating to the registration or qualification of securities for sale, such counsel and opinion to be satisfactory to the Company. Purchaser acknowledges that it is able to bear the economic risks of an investment in the Securities for an indefinite period of time, and that its overall commitment to investments that are not readily marketable is not disproportionate to its net worth.

(h) Investment Experience. Purchaser has such knowledge, sophistication and experience in financial, tax and business matters in general, and investments in securities in particular, that it is capable of evaluating the merits and risks of this investment in the Securities, and Purchaser has made such investigations in connection herewith as it deemed necessary or desirable so as to make an informed investment decision without relying upon the Company for legal or tax advice related to this investment. Purchaser hereby confirms its understanding that the Company's business plan is entirely speculative in its nature, as the Company will be investing in one or more early-stage businesses, or contributing towards a business combination with one or more early-stage or start-up businesses, and that the Purchaser will be relying entirely on management's judgment as to the type and nature of the business opportunity pursued, and the Purchaser will have no opportunity to review, vote upon, or perform any due diligence upon any of such business opportunities. Purchaser further represents and warrants that it is familiar with the risks inherent in making investments in early-stage or start-up businesses, and that the Purchaser's investment goals and strategy include making speculative investments in start-up ventures. In making its decision to acquire the Securities, Purchaser has not relied upon any information other than information provided to Purchaser by the Company or its representatives and contained herein and in the other Offering Documents.

(i) Access to Information. Purchaser acknowledges and understands that it has reviewed such information as it has deemed necessary in order to make an informed investment decision with respect to an investment in the Securities; that it has had the opportunity to ask representatives of the Company certain questions and request certain additional information regarding the terms and conditions of such investment and the finances, operations, business and prospects of the Company and has had any and all such questions and requests answered to its satisfaction; and that it understands the risks and other considerations relating to such investment.

(j) Reliance on Representations. Purchaser understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of the federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Securities. Purchaser represents and warrants to the Company that any information that Purchaser has heretofore furnished or furnishes herewith to the Company is complete and accurate, and further represents and warrants that it will notify and supply corrective information to the Company immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the Securities. Within five (5) days after receipt of a request from the Company, Purchaser will provide such information and deliver such documents as may reasonably be necessary to comply with any and all laws and regulations to which the Company is subject.

(k) No General Solicitation. Purchaser is unaware of, and in deciding to participate in the Offering is in no way relying upon, and did not become aware of the Offering through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media, or broadcast over television or radio or the internet, in connection with the Offering.

(l) Placement and Finder's Fees. No agent, broker, investment banker, finder, financial advisor or other person acting on behalf of Purchaser or under its authority is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the Offering, and no person is entitled to any fee or commission or like payment in respect thereof based in any way on agreements, arrangements or understanding made by or on behalf of Purchaser.

(m) High Risk Investment; Material Offering Risks. While management is optimistic about the opportunities available to the Company, an investment in the Securities involves a high degree of risk as the Company remains in the early stage of its development, having only been recently formed, and having made no investments, to date. Accordingly, the Securities are a suitable investment only for those investors who can afford a total loss of their investment and who recognize the material risks associated with investing in an early-stage enterprise. Purchasing Securities in the Offering will subject the Purchaser to certain material risks, including, but not limited to, each of the following: (i) the Company will, for the foreseeable future, be totally reliant on the efforts of Stephen Harrington, its sole officer and director; (ii) while the Company has engaged in preliminary discussions regarding a business combination with a development stage biopharmaceutical company with a focus on identifying and developing novel pharmaceutical products, there can be no assurances that any such combination will occur; (iii) there can be no assurances that the proceeds of this Offering will be sufficient to assure the Company accomplishes its business purpose; (iv) Purchasers will be making their investment on a "blind" basis with no input on or ability to evaluate any potential investments of the Company, as management will have virtually unrestricted discretion as to the investments made by the Company; (v) the Company may consummate a business combination with a company in any industry management selects and is not limited to any particular industry or type of business; (vi) in connection with a business combination, the Company will likely issue a substantial amount of securities; thus, substantially diluting the percentage interests of the Purchasers of the Securities and leaving them with a small percentage of the total outstanding securities of the combined enterprise; (vii) the Company may participate in a business combination with a company that is affiliated with management or certain of the shareholders of the Company, or with whom certain shareholders have or will have a business or equity interest; thus, presenting risks of conflicts of interest that the Purchasers will have no input in evaluating; (viii) the Purchaser understands that there is no guarantee of any financial return on this investment and that this investment is not liquid; (ix) the Offering is being undertaken on a "best efforts, no minimum" basis; accordingly, investors will not know at the time of investment whether the Offering will be successful or the percentage of the Company owned by them; (x) the Company is a start-up enterprise with minimal assets and no current earnings; (xi) the Company has offered to register the Shares issuable upon exercise of the warrants, however, any such registration rights are limited as they only apply to the extent of registration rights granted to private placement investors in the future, and may be subordinated to the rights of such private placement investors; and (xii) the offering price of the Securities offered hereby has been determined solely by the Company and does not necessarily bear any relationship to the value of the Company's assets, current or potential earnings of the Company, or any other recognized criteria used for measuring value, and therefore, there can be no assurance that the offering price of the Securities is representative of the actual value of the Securities.

(n) Legends. The certificates and agreements evidencing the Securities shall have endorsed thereon the following legend (and appropriate notations thereof will be made in the Company's stock transfer books), and stop transfer instructions reflecting these restrictions on transfer will be placed with the transfer agent of the Securities:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT AND REGISTRATION OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO AN AVAILABLE EXEMPTION THEREFROM. NO TRANSFER OF THE SECURITIES REPRESENTED HEREBY MAY BE MADE IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION UNLESS THERE SHALL HAVE BEEN DELIVERED TO THE ISSUER A WRITTEN OPINION OF UNITED STATES COUNSEL OF RECOGNIZED STANDING, IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, TO THE EFFECT THAT SUCH TRANSFER MAY BE MADE WITHOUT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND REGISTRATION OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS.

(o) Involvement in Certain Legal Proceedings. Annex I to the Signature Page hereof contains a true and correct questionnaire covering Purchaser's prior and pending involvement in certain legal proceedings.

4. Representations and Warranties of the Company. The Company represents and warrants to Purchaser as follows:

(a) Organization and Qualification. The Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with the corporate power and authority to own and operate its business as presently conducted, except where the failure to be or have any of the foregoing would not have a material adverse effect on the Company. The Company is duly qualified as a foreign corporation or other entity to do business and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of their activities makes such qualification necessary, except for such failures to be so qualified or in good standing as would not have a material adverse effect on the Company.

(b) Authority; Validity and Effect of Agreement.

(i) The Company has the requisite corporate power and authority to execute and deliver this Agreement, perform its obligations under this Agreement, and conduct the Offering. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder, the Offering and all other necessary corporate action on the part of the Company have been duly authorized by its Board of Directors, and no other corporate proceedings on the part of the Company is necessary to authorize this Agreement or the Offering. This Agreement has been duly and validly executed and delivered by the Company and, assuming that it has been duly authorized, executed and delivered by Purchaser, constitutes a legal, valid and binding obligation of the Company, in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(ii) The Shares have been duly authorized and, when issued and paid for in accordance with this Agreement, will be validly issued, fully paid and non-assessable shares of Common Stock with no personal liability resulting solely from the ownership of such shares and will be free and clear of all liens, charges, restrictions, claims and encumbrances imposed by or through the Company. The shares of Common Stock issuable upon exercise of the Warrants when issued and paid for in accordance with the Warrants, will be duly authorized, validly issued, fully paid and non-assessable shares of Common Stock with no personal liability resulting solely from the ownership of such shares and will be free and clear of all liens, charges, restrictions, claims and in encumbrances imposed by or through the Company.

(c) No Conflict. Neither the execution and delivery of this Agreement by the Company nor the performance by the Company of its obligations hereunder will: (i) conflict with the Company's Articles of Incorporation or Bylaws; (ii) violate any statute, law, ordinance, rule or regulation, applicable to the Company or any of the properties or assets of the Company; or (iii) violate, breach, be in conflict with or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or permit the termination of any provision of, or result in the termination of, the acceleration of the maturity of, or the acceleration of the performance of any obligation of the Company, or result in the creation or imposition of any lien upon any properties, assets or business of the Company under, any material contract or any order, judgment or decree to which the Company is a party or by which it or any of its assets or properties is bound or encumbered except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not have a material adverse effect on its obligation to perform its covenants under this Agreement;

(d) Capitalization. The Company is currently authorized to issue 150 million shares of Common Stock, $0.0001 par value per share and 10 million shares of "blank check" Preferred Stock, $0.0001 par value per share. To date, the Company has issued 100 shares of its Common Stock to its founder. No securities of the Company are entitled to preemptive or similar rights, and no entity or person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement unless any such rights have been waived. The issue and sale of the Securities will not, immediately or with the passage of time, obligate the Company to issue shares of Common Stock or other securities to any entity or person and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities.

(e) Consents; Required Filings. The Company is not required to obtain any consent, waiver, authorization, approval or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other person or entity in connection with the execution, delivery and performance by the Company of this Agreement or the issuance, sale or delivery of the Securities other than (i) any filings required by state securities laws, if any, and (ii) the filing of a Notice of a Sale of Securities on Form D with the SEC under Regulation D of the Securities Act.

(f) Litigation. There is no pending or, to the best knowledge of the Company, threatened action, suit, proceeding or investigation before any court, governmental agency or body, or arbitrator having jurisdiction over the Company, or any of its affiliates that would affect the execution by the Company or the performance by the Company of its obligations under this Agreement, and the other Offering Documents. There is no pending or, to the best knowledge of the Company, threatened action, suit, proceeding or investigation before any court, governmental agency or body, or arbitrator having jurisdiction over the Company, or any of its affiliates which litigation if adversely determined could result in a material adverse effect to the Company.

5. Indemnification.

(a) Purchaser agrees to indemnify, defend and hold harmless the Company and its respective affiliates and agents, from and against any and all demands, claims, actions or causes of action, judgments, assessments, losses, liabilities, damages or penalties and reasonable attorneys' fees and related disbursements incurred by the Company (collectively, "Losses") which directly or indirectly relate to, result from, or arise out of, a breach of any representations or warranties made by Purchaser herein, and Purchaser agrees that in the event of any breach of any representations or warranties made by Purchaser herein, the Company may, at its option, forthwith rescind the sale of the Securities to Purchaser.

(b) The party to be indemnified hereunder (the "Indemnified Party") shall promptly notify the party providing indemnification hereunder (the "Indemnifying Party") of any claim, demand, action or proceeding for which indemnification may be sought under Section 5(a) of this Agreement, and, if such claim, demand, action or proceeding is a third party claim, demand, action or proceeding (collectively, an "Action"), the Indemnifying Party will have the right at its expense to assume the defense thereof using counsel reasonably acceptable to the Indemnified Party; provided, however any failure or delay to so notify the Indemnifying Party will not relieve it from its obligation to indemnify any Indemnified Party, unless and only to the extent that such failure or delay results in the forfeiture by the Indemnifying Party of substantial rights and defenses or the Indemnifying Party is otherwise materially prejudiced by such failure or delay. Any Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party except to the extent that (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Indemnifying Party and the position of such Indemnified Party, in which case the Indemnifying Party shall be responsible for the reasonable fees and expenses of no more than one such separate counsel for the Indemnified Party. In connection with any such third party Action, Purchasers and the Company shall cooperate with each other and provide each other with access to relevant books and records in their possession. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, which shall not be unreasonably withheld, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened Action in respect of which any Indemnified Party is or could have been a party and indemnity was or could have been sought hereunder by such Indemnified Party, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Action. Further, no Indemnified Party seeking indemnification hereunder will, without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Action. The Indemnifying Party shall not be liable for settlement of any Action effected without its written consent.

6. Registration Rights.

(a) Subject to the terms of subsection (b) below, the Company has agreed to provide incidental "piggyback" registration rights to the holders of the Warrants (the "Warrant Holders"), such that, concurrent with the filing of any registration statement under the Securities Act for the purpose of registering the issuance of new or re-offer of existing securities of the Company, excluding registration statements on SEC forms S-4 and S-8, or any similar or successor forms, it will agree to register the re-offer of the Shares issuable upon exercise of the Warrants, if at all.

(b) Notwithstanding the foregoing, the terms of such registration shall be granted in a manner consistent with the terms of the first registration rights agreement that may be issued by the Company within twelve (12) months of the date hereof, to investors in a private placement offering (the "Investors") undertaken in conjunction with a third-party (the "Operating Company") business combination involving the Company (the "Subsequent Registration Rights Agreement"); and will be subject to the holders of the Warrants agreeing to enter into and become a party to such form of Subsequent Registration Rights Agreement. Thus, the grant of registration rights under subsection (a) above, will be subject to limitations covering, among others, registration exclusions, allocations, black-out periods, resale restrictions, underwriter cut-backs and cut-backs to accommodate SEC Rule 415 issues, in a manner consistent with such Subsequent Registration Rights Agreement; with the understanding, however, that if any such allocations, resale restrictions, cut-backs and exclusions (collectively, the "Cut-backs and Exclusions") need to be allocated among the Warrant Holders, warrant holders ("Operating Company Warrant Holders") of the Operating Company and the Investors, the Warrant Holders agree that they shall be subject to such Cut-backs and Exclusions prior to the Operating Company Warrant Holders and the Investors.

7. Confidentiality. Purchaser acknowledges and agreements that:

(a) This Agreement and the other Offering Documents have been furnished to Purchaser by the Company for the sole purpose of enabling Purchaser to consider and evaluate an investment in the Company, and will be kept confidential by Purchaser and not used for any other purpose.

(b) The information contained herein shall not, without the prior written consent of the Company, be disclosed by Purchaser to any person or entity, other than Purchaser's personal financial and legal advisors for the sole purpose of evaluating an investment in the Company, and will not, directly or indirectly, disclose or permit Purchaser's personal financial and legal advisors to disclose, any of such information without the prior written consent of the Company.

(c) Purchaser shall make its representatives aware of the terms of this section and to be responsible for any breach of this Agreement by such representatives.

(d) Purchaser shall not, without the prior written consent of the Company, directly or indirectly, make any statements, public announcements or release to trade publications or the press with respect to the subject matter of this Agreement and the other Offering Documents.

(e) If Purchaser decides to not pursue further investigation of the Company or to not participate in the Offering, Purchaser will promptly return this Agreement, the other Offering Documents and any accompanying documentation to the Company.

8. Entire Agreement. This Agreement contains the entire agreement between the parties and supercedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereto, and no party shall be liable or bound to any other party in any manner by any warranties, representations, guarantees or covenants except as specifically set forth in this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

9. Amendment and Modification. This Agreement may not be amended, modified or supplemented except by an instrument or instruments in writing signed by the party against whom enforcement of any such amendment, modification or supplement is sought.

10. Extensions and Waivers. At any time prior to the Closing, the parties hereto entitled to the benefits of a term or provision may (a) extend the time for the performance of any of the obligations or other acts of the parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto, or (c) waive compliance with any obligation, covenant, agreement or condition contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument or instruments in writing signed by the party against whom enforcement of any such extension or waiver is sought. No failure or delay on the part of any party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, covenant or agreement.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that no party hereto may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other party hereto. Except as provided in Section 5, nothing in this Agreement is intended to confer upon any person not a party hereto (and their successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

12. Survival of Representations, Warranties and Covenants. The representations and warranties contained herein shall survive the Closing and shall thereupon terminate eighteen (18) months from the Closing, except that the representations contained in Sections 3(a), 3(b), 4(a), and 4(b) shall survive indefinitely. All covenants and agreements contained herein which by their terms contemplate actions following the Closing shall survive the Closing and remain in full force and effect in accordance with their terms. All other covenants and agreements contained herein shall not survive the Closing and shall thereupon terminate.

13. Headings; Definitions. The Section headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement. All references to Sections contained herein mean Sections of this Agreement unless otherwise stated. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms.

14. Severability. If any provision of this Agreement or the application thereof to any person or circumstance is held to be invalid or unenforceable to any extent, the remainder of this Agreement shall remain in full force and effect and shall be reformed to render the Agreement valid and enforceable while reflecting to the greatest extent permissible the intent of the parties.

15. Notices. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, telecopy, telefax or other electronic transmission service to the appropriate address or number as set forth below:

If to the Company:

Matinas Biopharma Holdings, Inc.
600 W. Germantown Pike, Suite 400
Plymouth Meeting, PA 19462
Attention: Stephen P. Harrington, President

If to Purchaser:

To that address indicated on the signature page hereof.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

17. Arbitration. If a dispute arises as to the interpretation of this Agreement, it shall be decided in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration then in effect at the time of the dispute. The arbitration shall take place in New York, New York. The decision of the arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. The parties shall share equally the costs of the arbitration.

18. No Separate Counsel for Investors. Fox Rothschild LLP has acted as counsel for the Company and not as counsel for the Purchaser. Unless separately retained by the Purchaser (at its expense), no counsel as acted for the Purchaser.

19. Counterparts. This Agreement may be executed and delivered by facsimile in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have caused this Agreement to be executed as of the date set forth below.

Individual Purchasers:

PURCHASER

Date: _____

Individual Purchasers:

_____

Name:

Entity Purchasers:

_____

Name of Company

By: _____

Name:
Title:

All Purchasers Complete:

Address: _____

_____

Email address: _____
Social Security/Tax I.D. Number:
_____

Number of Units Purchased: _____

Purchase Price
@ $.10 per Unit: $_____

MATINAS BIOPHARMA HOLDINGS, INC.

Date: _____

By: _____

Stephen P. Harrington
President

ANNEX I TO PURCHASER SIGNATURE PAGE

Purchaser makes the following representations regarding its involvement in certain legal proceedings:

(i) Have any of the following events occurred during the past ten years?

(1) A petition under the Federal bankruptcy laws or any state or foreign insolvency law was filed by or against you, your business or your property, or a receiver, fiscal agent or similar officer was appointed by a court for your business or your property.

☐ Yes ☐ No

(2) A petition under the Federal bankruptcy laws or any state or foreign insolvency law was filed by or against any partnership, corporation or other business association in which you were a general partner or an "executive officer" within two years before the time of such filing or a receiver, fiscal agent or similar officer was appointed by a court for any partnership, corporation or other business association in which you were a general partner or an "executive officer" within two years before the time of such appointment.

☐ Yes ☐ No

(3) You were convicted in a criminal proceeding or are a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses).

☐ Yes ☐ No

(4) You were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining you from, or otherwise limiting, the following activities:

a. acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission ("CFTC"), or an "associated" person of any of the foregoing;

☐ Yes ☐ No

b. acting as an investment adviser, underwriter, broker or dealer in securities, or as an "affiliated" person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

☐ Yes ☐ No

c. engaging in any type of business practice; or

☐ Yes ☐ No

d. engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or state securities laws or Federal commodities laws.

☐ Yes ☐ No

(5) You were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or state authority barring, suspending or otherwise limiting for more than 60 days your right to engage in any activity described in paragraph 4(a)(iv)(A) or 4(a)(iv) (B) above or your right to be "associated" with persons engaged in any such activity.

☐ Yes ☐ No

(6) You were found by a court of competent jurisdiction in a civil action or by the U.S. Securities and Exchange Commission ("SEC") to have violated any Federal or state securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended or vacated, or you are presently the subject of any investigation by the SEC that could result in the finding of such a violation.

☐ Yes ☐ No

(7) You were found by a court of competent jurisdiction in a civil action or by the CFTC to have violated any Federal commodities law, and the judgment in such civil action or finding by the CFTC has not been subsequently reversed, suspended or vacated, or you are presently the subject of any investigation by the CFTC that could result in the finding of such a violation.

☐ Yes ☐ No

(8) You were the subject of, or a party to, any Federal or state judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated, related to an alleged violation of:

a. any Federal or state securities or commodities law or regulation;

b. any law or regulation with respect to any financial institution or insurance company (including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil monetary penalty or temporary or permanent cease and desist order, or removal or prohibition order); or

c. any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity.

☐ Yes ☐ No

(9) You were the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of the Financial Industry Regulatory Authority, National Association of Securities Dealers, New York Stock Exchange, or any other self-regulatory organization, any "registered entity" (as defined under the Commodities Exchange Act) or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons "associated" with its members.

☐ Yes ☐ No

(ii) If the answer is "Yes" to any of the foregoing questions, please describe such event below. Please include in your explanation any mitigating circumstances, if you believe it appropriate. Please use additional sheets to answer if necessary.

(iii) Do you know of any pending or contemplated legal proceedings, including administrative proceedings and investigations by governmental authorities, to which either you or any other director, officer or "affiliate" of the Company or any owner of more than 5% of the Company's securities, or any "associate" of any such director, officer, "affiliate" or 5% security holder, is or may be a party adverse to the Company or any of its "subsidiaries" or has an interest adverse to the Company or any of its "subsidiaries"?

☐ Yes ☐ No

(iv) If the answer is "yes," please provide basic information about the proceedings below (we will contact you for specifics).

(v) Are you aware of any other pending, threatened or contemplated legal proceedings to which the Company or any of its "subsidiaries" is a party or to which any of their property is the subject?

☐ Yes ☐ No

(vi) If the answer is "yes," please provide basic information about the proceedings below (we will contact you for specifics).

(vii) Do you know of any legal, regulatory or administrative proceeding brought or contemplated by any governmental authority (including but not limited to antitrust, price-fixing, tax, environmental, copyright or patent litigation) to which the Company or any "subsidiary" is or may be a party or of which the Company or any "subsidiary" is or may be subject?

☐ Yes ☐ No

(1) If the answer is "yes," please provide basic information about the proceedings below (we will contact you for specifics).

ATTESTED TO:

PURCHASER

Individual Purchasers:

_____

Name:

Entity Purchasers:

_____

Name of Company

By: _____
Name:
Title:

EXHIBIT A
FORM OF WARRANT

Warrant Certificate No. ___

NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS.

Effective Date: [ ], 2013 Void After: June 30, 2018

MATINAS BIOPHARMA HOLDINGS, INC.

WARRANT TO PURCHASE COMMON STOCK

Matinas BioPharma Holdings, Inc., a Delaware corporation (the "**Company**"), for value received on [ ], 2013 (the "**Effective Date**"), hereby issues to **[ ]** (the "**Holder**" or "**Warrant Holder**") this Warrant (the "**Warrant**") to purchase, **[ ]** shares (each such share as from time to time adjusted as hereinafter provided being a "**Warrant Share**" and all such shares being the "**Warrant Shares**") of the Company's Common Stock (as defined below), at the Exercise Price (as defined below), as adjusted from time to time as provided herein, on or before June 30, 2018 (the "**Expiration Date**"), all subject to the following terms and conditions. This Warrant is one of a series of warrants of like tenor that have been issued in connection with the Company's private offering solely to accredited investors of units in accordance with, and subject to, the terms and conditions described in the Securities Purchase Agreement dated June 10, 2013, as the same may be amended and supplemented from time to time (the "**Subscription Agreement**").

As used in this Warrant, (i) "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York, New York, are authorized or required by law or executive order to close; (ii) "**Common Stock**" means the common stock of the Company, par value $0.0001 per share, including any securities issued or issuable with respect thereto or into which or for which such shares may be exchanged for, or converted into, pursuant to any stock dividend, stock split, stock combination, recapitalization, reclassification, reorganization or other similar event; (iii) "**Exercise Price**" means $2.00 per share of Common Stock, subject to adjustment as provided herein; (iv) "**Trading Day**" means any day on which the Common Stock is traded (or available for trading) on its principal trading market; (v) "**Affiliate**" means any person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, a person, as such terms are used and construed in Rule 144 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") and (vi) "**Warrantholders**" means the holders of Warrants issued pursuant to the Subscription Agreement.

1. DURATION AND EXERCISE OF WARRANTS

(a) Exercise Period. The Holder may exercise this Warrant in whole or in part on any Business Day on or before 5:00 P.M., Eastern Time, on the Expiration Date, at which time this Warrant shall become void and of no value.

(b) Exercise Procedures.

(i) While this Warrant remains outstanding and exercisable in accordance with Section 1(a), in addition to the manner set forth in Section 1(b)(ii) below, the Holder may exercise this Warrant in whole or in part at any time and from time to time by:

(A) delivery to the Company of a duly executed copy of the Notice of Exercise attached as **Exhibit A**;

(B) surrender of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder; and

(C) payment of the then-applicable Exercise Price per share multiplied by the number of Warrant Shares being purchased upon exercise of the Warrant (such amount, the "**Aggregate Exercise Price**") made in the form of cash, or by certified check, bank draft or money order payable in lawful money of the United States of America or in the form of a Cashless Exercise to the extent permitted in Section 1(b)(ii) below.

(ii) In addition to the provisions of Section 1(b)(i) above, if any time commencing 300 days after the Effective Date a registration statement covering the resale of the Warrant Shares by the Holder is not effective with the Securities and Exchange Commission (the "**SEC**"), the Holder may, in its sole discretion, exercise all or any part of the Warrant in a "cashless" or "net-issue" exercise (a "**Cashless Exercise**") by delivering to the Company (1) the Notice of Exercise and (2) the original Warrant, pursuant to which the Holder shall surrender the right to receive upon exercise of this Warrant, a number of Warrant Shares having a value (as determined below) equal to the Aggregate Exercise Price, in which case, the number of Warrant Shares to be issued to the Holder upon such exercise shall be calculated using the following formula:

$$X = \frac{Y * (A - B)}{A}$$

with: X = the number of Warrant Shares to be issued to the Holder

Y = the number of Warrant Shares with respect to which the Warrant is being exercised

A = the fair value per share of Common Stock on the date of exercise of this Warrant

B = the then-current Exercise Price of the Warrant

Solely for the purposes of this paragraph, "**fair value**" per share of Common Stock shall mean the average Closing Price (as defined below) per share of Common Stock for the twenty (20) trading days immediately preceding the date on which the Notice of Exercise is deemed to have been sent to the Company. "**Closing Price**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on the New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market or any other national securities exchange, the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary eligible market or exchange on which the Common Stock is then listed or quoted; (b) if prices for the Common Stock are then quoted on the OTC Bulletin Board or any tier of the OTC Markets, the closing bid price per share of the Common Stock for such date (or the nearest preceding date) so quoted; or (c) if prices for the Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent closing bid price per share of the Common Stock so reported. If the Common Stock is not publicly traded as set forth above, the "fair value" per share of Common Stock shall be reasonably and in good faith determined by the Board of Directors of the Company as of the date which the Notice of Exercise is deemed to have been sent to the Company.

Notwithstanding the foregoing, provided that a registration statement covering the resale of the Warrant Shares by the Holder has (x) been declared effective by the SEC and (y) remained effective for a period of one year, any Cashless Exercise right hereunder shall thereupon terminate.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for such shares shall be deemed to have commenced, on the date this Warrant was originally issued.

(iii) Upon the exercise of this Warrant in compliance with the provisions of this Section 1(b), and except as limited pursuant to the last paragraph of Section 1(b)(ii), the Company shall promptly issue and cause to be delivered to the Holder a certificate for the Warrant Shares purchased by the Holder. Each exercise of this Warrant shall be effective immediately prior to the close of business on the date (the "**Date of Exercise**") that the conditions set forth in Section 1(b) have been satisfied, as the case may be. On the first Business Day following the date on which the Company has received each of the Notice of Exercise and the Aggregate Exercise Price (or notice of a Cashless Exercise in accordance with Section 1(b)(ii)) (the "**Exercise Delivery Documents**"), the Company shall transmit an acknowledgment of receipt of the Exercise Delivery Documents to the Company's transfer agent (the "**Transfer Agent**"). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Notice of Exercise, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares.

(iv) If the Company shall fail for any reason or for no reason to issue to the Holder, within three (3) Business Days of receipt of the Exercise Delivery Documents, a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such Business Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "**Buy-In Amount**") plus the amount paid by the Holder to the Company as the exercise price for the Warrant Shares exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock, and paid the Company $5,000 as the exercise price, the Holder's cash outlay would be a total of $16,000; and if the aggregate sales price of the shares giving rise to such Buy-In obligation was $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $6,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

(c) Partial Exercise. This Warrant shall be exercisable, either in its entirety or, from time to time, for part only of the number of Warrant Shares referenced by this Warrant. If this Warrant is submitted in connection with any exercise pursuant to Section 1 and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the actual number of Warrant Shares being acquired upon such an exercise, then the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue a new Warrant of like tenor representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 16.

2. ISSUANCE OF WARRANT SHARES

(a) The Company covenants that all Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be (i) duly authorized, fully paid and non-assessable, and (ii) free from all liens, charges and security interests, with the exception of claims arising through the acts or omissions of any Holder and except as arising from applicable Federal and state securities laws.

(b) The Company shall register this Warrant upon records to be maintained by the Company for that purpose in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner thereof for the purpose of any exercise thereof, any distribution to the Holder thereof and for all other purposes.

(c) The Company will not, by amendment of its certificate of incorporation, by-laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all action necessary or appropriate in order to protect the rights of the Holder to exercise this Warrant, or against impairment of such rights.

3. ADJUSTMENTS OF EXERCISE PRICE, NUMBER AND TYPE OF WARRANT SHARES

(a) The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 3; provided, that notwithstanding the provisions of this Section 3, the Company shall not be required to make any adjustment if and to the extent that such adjustment would require the Company to issue a number of shares of Common Stock in excess of its authorized but unissued shares of Common Stock, less all amounts of Common Stock that have been reserved for issue upon the conversion of all outstanding securities convertible into shares of Common Stock and the exercise of all outstanding options, warrants and other rights exercisable for shares of Common Stock. If the Company does not have the requisite number of authorized but unissued shares of Common Stock to make any adjustment, the Company shall use its commercially best efforts to obtain the necessary stockholder consent to increase the authorized number of shares of Common Stock to make such an adjustment pursuant to this Section 3.

(i) Subdivision or Combination of Stock. In case the Company shall at any time subdivide (whether by way of stock dividend, stock split or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares shall be proportionately increased, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined (whether by way of stock combination, reverse stock split or otherwise) into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(i).

(ii) Dividends in Stock, Property, Reclassification. If at any time, or from time to time, all of the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefore:

(A) any shares of stock or other securities that are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(B) additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of Section 3(a)(i) above),

then and in each such case, the Exercise Price and the number of Warrant Shares to be obtained upon exercise of this Warrant shall be adjusted proportionately, and the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to above) that such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(ii)**.**

(iii) Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property (an "**Organic Change**"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented by this Warrant) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable assuming the full exercise of the rights represented by this Warrant. In the event of any Organic Change, appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant and registration rights) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. The Company will not affect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument reasonably satisfactory in form and substance to the Holder executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase. If there is an Organic Change, then the Company shall cause to be mailed to the Holder at its last address as it shall appear on the books and records of the Company, at least 10 calendar days before the effective date of the Organic Change, a notice stating the date on which such Organic Change is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares for securities, cash, or other property delivered upon such Organic Change; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the 10-day period commencing on the date of such notice to the effective date of the event triggering such notice. In any event, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall be deemed to assume such obligation to deliver to such Holder such shares of stock, securities or assets even in the absence of a written instrument assuming such obligation to the extent such assumption occurs by operation of law.

(b) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 3, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Warrant a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall promptly furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments; and (ii) the number of shares and the amount, if any, of other property which at the time would be received upon the exercise of the Warrant.

(c) Certain Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but the lack of any adjustment would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, or if strictly applicable would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, then the Company's Board of Directors will, in good faith, make an appropriate adjustment to protect the rights of the Holder; provided, that no such adjustment pursuant to this Section 3(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 3.

4. REDEMPTION OF WARRANTS

(a) General. Prior to the Expiration Date, the Company shall have the option, subject to the conditions set forth herein, to redeem all of the Warrants then outstanding upon not less than thirty (30) days nor more than sixty (60) days prior written notice to the Warrant Holders at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the closing bid price of the Company's Common Stock for each of the twenty (20) consecutive Trading Days prior to the date of the notice of redemption is at least $5.00, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events. Notwithstanding the foregoing, the Company shall not be entitled to redeem the Warrants pursuant to this Section 4 unless the Company also redeems all other warrants then outstanding for which it has rights of redemption.

(b) Notice. Notice of redemption will be effective upon mailing in accordance with this Section and such date may be referred to below as the "**Notice Date.**" Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the date fixed for redemption to the Holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder received such notice.

(c) Redemption Date and Redemption Price. The notice of redemption shall state the date set for redemption, which date shall be not less than thirty (30) days, or more than sixty (60) days, from the Notice Date (the "**Redemption Date**"). The Company shall not mail the notice of redemption unless all funds necessary to pay for redemption of the Warrants to be redeemed shall have first been set aside by the Company for the benefit of the Warrant Holders so as to be and continue to be available therefor. The redemption price to be paid to the Warrant Holders will be $0.0001 for each share of Common Stock of the Company to which the Warrant Holder would then be entitled upon exercise of the Warrant being redeemed, as adjusted from time to time as provided herein (the "**Redemption Price**").

(d) Exercise. Following the Notice Date, the Warrant Holders may exercise their Warrants in accordance with Section 1 of this Warrant between the Notice Date and 5:00 p.m. Eastern Time on the Redemption Date and such exercise shall be timely if the form of election to purchase duly executed and the Warrant Exercise Price for the shares of Common Stock to be purchased are actually received by the Company at its principal offices prior to 5:00 p.m. Eastern Time on the Redemption Date.

(e) Mailing. If any Warrant Holder does not wish to exercise any Warrant being redeemed, he should mail such Warrant to the Company at its principal offices after receiving the notice of redemption. On and after 5:00 p.m. Eastern Time on the Redemption Date, notwithstanding that any Warrant subject to redemption shall not have been surrendered for redemption, the obligation evidenced by all Warrants not surrendered for redemption or effectively exercised shall be deemed no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the right of the holder of each Warrant subject to redemption to receive the Redemption Price for each share of Common Stock to which he would be entitled if he exercised the Warrant upon receiving notice of redemption of the Warrant subject to redemption held by him.

5. TRANSFERS AND EXCHANGES OF WARRANT AND WARRANT SHARES

(a) Registration of Transfers and Exchanges. Subject to Section 5(c), upon the Holder's surrender of this Warrant, with a duly executed copy of the Form of Assignment attached as **Exhibit B**, to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder, the Company shall register the transfer of all or any portion of this Warrant. Upon such registration of transfer, the Company shall issue a new Warrant, in substantially the form of this Warrant, evidencing the acquisition rights transferred to the transferee and a new Warrant, in similar form, evidencing the remaining acquisition rights not transferred, to the Holder requesting the transfer.

(b) Warrant Exchangeable for Different Denominations. The Holder may exchange this Warrant for a new Warrant or Warrants, in substantially the form of this Warrant, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrants to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by the Holder. The Holder shall surrender this Warrant with duly executed instructions regarding such re-certification of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder.

(c) Restrictions on Transfers. This Warrant may not be transferred at any time without (i) registration under the Securities Act or (ii) an exemption from such registration and a written opinion of legal counsel addressed to the Company that the proposed transfer of the Warrant may be effected without registration under the Securities Act, which opinion will be in form and from counsel reasonably satisfactory to the Company.

(d) Permitted Transfers and Assignments. Notwithstanding any provision to the contrary in this Section 5, the Holder may transfer, with or without consideration, this Warrant or any of the Warrant Shares (or a portion thereof) to the Holder's Affiliates (as such term is defined under Rule 144 of the Securities Act) without obtaining the opinion from counsel that may be required by Section 5(c)(ii), provided, that the Holder delivers to the Company and its counsel certification, documentation, and other assurances reasonably required by the Company's counsel to enable the Company's counsel to render an opinion to the Company's Transfer Agent that such transfer does not violate applicable securities laws.

6. MUTILATED OR MISSING WARRANT CERTIFICATE

If this Warrant is mutilated, lost, stolen or destroyed, upon request by the Holder, the Company will, at its expense, issue, in exchange for and upon cancellation of the mutilated Warrant, or in substitution for the lost, stolen or destroyed Warrant, a new Warrant, in substantially the form of this Warrant, representing the right to acquire the equivalent number of Warrant Shares; provided, that, as a prerequisite to the issuance of a substitute Warrant, the Company may require satisfactory evidence of loss, theft or destruction as well as an indemnity from the Holder of a lost, stolen or destroyed Warrant.

7. PAYMENT OF TAXES

The Company will pay all transfer and stock issuance taxes attributable to the preparation, issuance and delivery of this Warrant and the Warrant Shares (and replacement Warrants) including, without limitation, all documentary and stamp taxes; provided, however, that the Company shall not be required to pay any tax in respect of the transfer of this Warrant, or the issuance or delivery of certificates for Warrant Shares or other securities in respect of the Warrant Shares to any person or entity other than to the Holder.

8. FRACTIONAL WARRANT SHARES

No fractional Warrant Shares shall be issued upon exercise of this Warrant. The Company, in lieu of issuing any fractional Warrant Share, shall round up the number of Warrant Shares issuable to nearest whole share.

9. NO STOCK RIGHTS AND LEGEND

No holder of this Warrant, as such, shall be entitled to vote or be deemed the holder of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, the rights of a stockholder of the Company or the right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided herein), or to receive dividends or subscription rights or otherwise (except as provide herein).

Each certificate for Warrant Shares initially issued upon the exercise of this Warrant, and each certificate for Warrant Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS."

10. INTENTIONALLY DELETED

11. NOTICES

All notices, consents, waivers, and other communications under this Warrant must be in writing and will be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, if to the registered Holder hereof; or (d) seven days after the placement of the notice into the mails (first class postage prepaid), to the Holder at the address, facsimile number, or e-mail address furnished by the registered Holder to the Company in accordance with the Subscription Agreement by and between the Company and the Holder, or if to the Company, to it at 600 W. Germantown Pike, Suite 400, Plymouth Meeting, PA 19462, Attention: Stephen P. Harrington, President (or to such other address, facsimile number, or e-mail address as the Holder or the Company as a party may designate by notice the other party).

12. SEVERABILITY

If a court of competent jurisdiction holds any provision of this Warrant invalid or unenforceable, the other provisions of this Warrant will remain in full force and effect. Any provision of this Warrant held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

13. BINDING EFFECT

This Warrant shall be binding upon and inure to the sole and exclusive benefit of the Company, its successors and assigns, the registered Holder or Holders from time to time of this Warrant and the Warrant Shares.

14. SURVIVAL OF RIGHTS AND DUTIES

This Warrant shall terminate and be of no further force and effect on the earlier of 5:00 P.M., Eastern Time, on the Expiration Date or the date on which this Warrant has been exercised in full.

15. GOVERNING LAW

This Warrant will be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law.

16. DISPUTE RESOLUTION

In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two Business Days of receipt of the Notice of Exercise giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days, submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

17. NOTICES OF RECORD DATE

Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, or the sale, in a single transaction, of a majority of the Company's voting stock (whether newly issued, or from treasury, or previously issued and then outstanding, or any combination thereof), the Company shall mail to the Holder at least ten (10) Business Days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up, or sale is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, transfer, consolation, merger, dissolution, liquidation or winding up.

18. RESERVATION OF SHARES

The Company shall reserve and keep available out of its authorized but unissued shares of Common Stock for issuance upon the exercise of this Warrant, free from pre-emptive rights, such number of shares of Common Stock for which this Warrant shall from time to time be exercisable. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation. Without limiting the generality of the foregoing, the Company covenants that it will use commercially reasonable efforts to take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and use commercially reasonable efforts to obtain all such authorizations, exemptions or consents, including but not limited to consents from the Company's stockholders or Board of Directors or any public regulatory body, as may be necessary to enable the Company to perform its obligations under this Warrant.

19. NO THIRD PARTY RIGHTS

This Warrant is not intended, and will not be construed, to create any rights in any parties other than the Company and the Holder, and no person or entity may assert any rights as third-party beneficiary hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first set forth above.

MATINAS BIOPHARMA HOLDINGS, INC.

By: _____

Name: Stephen P. Harrington
Title: President

EXHIBIT A

NOTICE OF EXERCISE

(To be executed by the Holder of Warrant if such Holder desires to exercise Warrant)

To Matinas BioPharma Holdings,Inc.:

The undersigned hereby irrevocably elects to exercise this Warrant and to purchase thereunder, _____ full shares of Matinas BioPharma Holdings,Inc. common stock issuable upon exercise of the Warrant and delivery of:

(1) $_____ (in cash as provided for in the foregoing Warrant) and any applicable taxes payable by the undersigned pursuant to such Warrant; and

(2) _____ shares of Common Stock (pursuant to a Cashless Exercise in accordance with Section 1(b)(ii) of the Warrant) (check here if the undersigned desires to deliver an unspecified number of shares equal the number sufficient to effect a Cashless Exercise [___]).

The undersigned requests that certificates for such shares be issued in the name of:

_____

(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

If the shares issuable upon this exercise of the Warrant are not all of the Warrant Shares which the Holder is entitled to acquire upon the exercise of the Warrant, the undersigned requests that a new Warrant evidencing the rights not so exercised be issued in the name of and delivered to:

_____

(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

Name of Holder (print): _____
(Signature): _____
(By:) _____
(Title:) _____
Dated: _____

EXHIBIT B

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers to each assignee set forth below all of the rights of the undersigned under the Warrant (as defined in and evidenced by the attached Warrant) to acquire the number of Warrant Shares set opposite the name of such assignee below and in and to the foregoing Warrant with respect to said acquisition rights and the shares issuable upon exercise of the Warrant:

Name of Assignee	Address	Number of Shares

If the total of the Warrant Shares are not all of the Warrant Shares evidenced by the foregoing Warrant, the undersigned requests that a new Warrant evidencing the right to acquire the Warrant Shares not so assigned be issued in the name of and delivered to the undersigned.

Name of Holder (print): _____
(Signature): _____
(By:) _____
(Title:) _____
Dated: _____

LEASE AGREEMENT

by and between

A-K BEDMINSTER ASSOCIATES, L.P.,
Landlord

and

MATINAS BIOPHARMA HOLDINGS, INC.
Tenant

* * * * * *

The mailing, delivery or negotiation of this Lease shall not be deemed an offer to enter into any transaction or to enter into any relationship, whether on the terms contained herein or on any other terms. This Lease shall not be binding, nor shall either party have any obligations or liabilities or any rights with respect thereto, or with respect to the premises, unless and until both parties have executed and delivered this Lease. Until such execution and delivery of this Lease, either party may terminate all negotiation and discussion of the subject matter hereof, without cause and for any reason, without recourse or liability.

* * * * * *

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is dated as of the ____ day of November 2013, by and between A-K BEDMINSTER ASSOCIATES, L.P., a New Jersey limited partnership ("Landlord"), and MATINAS BIOPHARMA HOLDINGS, INC., a Delaware corporation ("Tenant").

ARTICLE I
BASIC LEASE PROVISIONS; DEFINITIONS

1.1 Additional Rent: as defined in Section 4.2.

1.2 Anticipated Delivery Date: February 15, 2014.

1.3 Intentionally Deleted.

1.4 Base Rent:

Lease Year	Annual Base Rent	Monthly Base Rent	Base Rent Per Rentable Square Foot
1	$ 152,672.04	$ 12,722.67	$ 26.00
2	$ 155,607.96	$ 12,967.33	$ 26.50
3	$ 158,544.00	$ 13,212.00	$ 27.00
4	$ 161,480.04	$ 13,456.67	$ 27.50
5	$ 164,415.96	$ 13,701.33	$ 28.00
6	$ 167,352.00	$ 13,946.00	$ 28.50
7	$ 170,288.04	$ 14,190.67	$ 29.00

1.5 Base Year: 2014.

1.6 Broker: Franzwa Real Estate Advisors, LLC.

1.7 Building: the three (3) story building containing an agreed upon fifty-one thousand eight hundred twenty-five (51,825) square feet of total rentable area as of the date hereof and located at 1545 Route 206 North, Bedminster, New Jersey.

1.8 Building Holidays: All of the following: Sundays, New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day and Christmas Day; the Friday after Thanksgiving, and Friday, when Christmas falls on a Thursday.

1.9 Building Hours: 6:00 a.m. to 6:00 p.m., Monday through Friday (excluding Building Holidays), provided however, subject to emergencies, Tenant shall have access to the Premises and Parking Area seven (7) days a week, twenty-four (24) hours a day.

1.10 Building Structure and Systems: as defined in Section 8.1.

1.11 Business Days: Monday through Friday, excluding Building Holidays.

1.12 Commencement Date: the date on which Landlord delivers to Tenant vacant possession of the Premises, in a broom clean condition, free of all Hazardous Materials (as hereinafter defined), with all Building Structure and Systems in good condition and good working order, with the Tenant Improvement Work therein to be provided by Landlord deemed "Substantially Complete" (as all such terms are defined in Exhibit B attached hereto and made a part hereof).

1.13 Common Areas: those interior areas of the Building devoted to corridors, elevator foyers, rest rooms, mechanical rooms, janitorial closets, electrical and telephone closets, vending areas, property management offices and lobby areas (whether at ground level or otherwise), and the like, as well as those exterior portions of the Property including parking areas, access driveways, roadways, sidewalks, plazas, landscaped areas, traffic lights, storm drainage facilities, sanitary sewer, domestic and fire water systems, fire protection installations, electric power and telephone cables and lines and other utility connections, facilities and other similar improvements (above and below ground), and such other areas and facilities which now exist or may hereafter be constructed in, on, or upon the Building or the Land which are for the common use or benefit of all tenants and occupants of the Building and their respective employees.

1.14 Conference Center: The conference room located in the Building for use by tenants of the Building.

1.15 Default Interest Rate: a rate of interest equal to the greater of eighteen percent (18%) per annum or the rate per annum which is two (2) percentage points higher than the prime rate published in the Money Rates section of the Wall Street Journal, Northeast Edition, but in no event shall such rate exceed the maximum legal rate then allowed by applicable Legal Requirements with respect to breaches under commercial contracts.

1.16 Environmental Laws: as defined in Section 25.1(a).

1.17 Event of Default: as defined in Section 19.1.

1.18 Expiration Date: 11:59 p.m. on the last day of the seventh (7^{th}) Lease Year, subject to earlier termination of the Term as provided in this Lease.

1.19 Fitness Center: the fitness center (including locker rooms) located in the Building for the use by tenants of the Building on a twenty-four (24) hour, seven (7) day a week basis.

1.20 Geographic Area: Bedminster, Far Hills, Bridgewater and Warren, New Jersey.

1.21 Intentionally Omitted.

1.22 Hazardous Materials: as defined in Section 25.1(a).

1.23 Insurance Requirements: all rules, regulations, orders, requirements and recommendations made by the Board of Fire Underwriters and any insurance organizations or associations with appropriate authority, and/or insurance companies insuring the Property, as the same may be amended from time to time.

1.24 Land: the land upon which the Building and Common Areas are constructed.

1.25 Landlord Notice Address: A-K Bedminster Associates, L.P., c/o Advance Realty Group, 1041 U.S. Highway 202-206, Bridgewater, New Jersey 08807, Attention: Mary Majewski, General Counsel, concurrently with a duplicate copy to McCarter & English, LLP, Four Gateway Center, 100 Mulberry Street, Newark, New Jersey 07102, Attention: Edward J. Butler, Jr., Esq.

1.26 Landlord Payment Address: A-K Bedminster Associates, L.P., c/o Advance Realty Group, 1041 U.S. Highway 202-206, Bridgewater, New Jersey 08807, Attention: Accounts Receivable.

1.27 Landlord's Agents: collectively, any managing agent of the Property, any Mortgagee of Landlord, and any of their respective employees, officers, directors, partners, shareholders, members, agents, and representatives.

1.28 Landlord's Parties: collectively, Landlord's Agents and any contractor, invitee, and licensee of Landlord.

1.29 Lease Year: a period of twelve (12) consecutive months commencing on the Rent Commencement Date, and each successive twelve (12) month period thereafter; provided, however, that if the Rent Commencement Date is not the first day of a month, then the first Lease Year shall be extended to the last day of the month in which the first anniversary of the Rent Commencement Date occurs, and the second Lease Year shall commence on the first day of the month following the month in which the first anniversary of the Rent Commencement Date occurs.

1.30 Leasehold Fixtures: all leasehold improvements that are so affixed as to be deemed to be a part of the real estate for insurance purposes.

1.31 Legal Requirements: all present and future laws (including, without limitation, Title III of the Americans with Disabilities Act of 1990 [the "ADA"] and the regulations promulgated thereunder), ordinances (including without limitation, zoning ordinances and land use requirements), regulations, and orders now or hereafter in effect, of whatever nature, of any federal, state, county, municipal and/or other governmental authorities with appropriate jurisdiction over the Property, as the same may be amended from time to time.

1.32 Mortgage: any mortgage, deed of trust or other security instrument, and any ground lease, master lease or other superior leasehold interest which may now or hereafter encumber the Property or any portion thereof.

1.33 Mortgagee: the holder of any Mortgage.

1.34 Operating Charges: as defined in Section 5.1.

1.35 Parking Permits: twenty-four (24), determined based on four (4) spaces for each 1,000 rentable square feet of space in the Premises. In the event of any change in the rentable square feet of space in the Premises, the total number of Parking Permits shall be adjusted based on the aforesaid ratio, and the number of exclusive spaces shall also be proportionately adjusted.

1.36 Permitted Use: as defined in Section 6.1(a).

1.37 Premises: those premises containing an agreed-upon five thousand eight hundred seventy-two (5,872) square feet of rentable space, located on the third (3rd) floor of the Building, as more particularly designated on Exhibit A.

1.38 Property: the Land, the Building, and any other improvements now or hereafter located on the Land, collectively.

1.39 Real Estate Taxes: as defined in Section 5.2.

1.40 Renewal Option: One (1) term of five (5) year, as set forth in Exhibit F attached hereto and made a part hereof.

1.41 Rent: as defined in Section 4.3.

1.42 Rent Commencement Date: the date that is one month after the Commencement Date.

1.43 Security Deposit: $300,000 in the form of a Letter of Credit, but subject to decrease in accordance with Section 11.4 of this Lease.

1.44 Tenant Billing Address: the Premises.

1.45 Tenant Notice Address: 1545 Route 206 North, Bedminster, New Jersey, until the Commencement Date, after which the Tenant Notice Address shall be at the Premises.

1.46 Tenant's Agents: collectively, any employees, officers, directors, partners, shareholders, members, agents, and representatives of Tenant.

1.47 Tenant's NAICS Number: the number designated in the then-current U.S. NAICS Manual prepared and published by the Executive Office of the President, Office of Management and Budget, or any successor to such publication.

1.48 Tenant's Parties: collectively, Tenant's Agents and any assignee, sublessee, contractor, invitee, and licensee of Tenant.

1.49 Tenant's Proportionate Share: the percentage which is determined by reference to a fraction, the numerator of which is the number of rentable square feet in the Premises, and the denominator of which is the number of rentable square feet in the Building. As of the date hereof, Tenant's Proportionate Share is agreed to be 11.33%. The measurement standard used to measure the Premises and the Building shall be the same for purposes of determining the aforesaid numbers of rentable square feet.

1.50 Term: as defined in Section 3.1.

1.51 Total Electrical Load: a total connected electrical load, within the Premises, of at least six (6) watts per rentable square foot of the Premises with respect to lighting fixtures and other equipment or fixtures requiring electricity.

ARTICLE II
PREMISES

2.1 Tenant leases the Premises from Landlord, and Landlord leases the Premises to Tenant, for the Term. In addition thereto, Tenant shall have the non-exclusive right to use the Common Areas (as the same may be designated by Landlord from time to time) during the Term, subject to and upon the terms and conditions of this Lease including, without limitation, the rules and regulations from time to time promulgated by Landlord or any managing agent of the Building (which rules and regulations are subject to the provisions set forth in Article XIV below). Notwithstanding the foregoing, or any other provision of this Lease, Tenant's non-exclusive right to use the Common Areas shall not include the right to use the roof, exterior walls, land beneath the Building, mechanical rooms, electrical closets, janitorial closets, telephone rooms, or any other portions of the Common Areas not generally made available to all tenants of the Building, except to the extent specifically provided in this Lease.

ARTICLE III
TERM; DELIVERY OF POSSESSION; CONDITION OF PREMISES

3.1 This Lease and all of its provisions shall be in full force and effect from and after the date first above written (which date, unless otherwise expressly provided herein, shall be the date on which the last of Landlord or Tenant executes and delivers this Lease). The term of this Lease ("Term") shall commence on the Commencement Date and shall end on the Expiration Date, unless the Term shall sooner terminate pursuant to the provisions of this Lease.

3.2 After the Commencement Date, Rent Commencement Date and Expiration Date are determined, Landlord shall deliver to Tenant and Tenant shall execute a short form agreement in the form attached hereto as Exhibit D, confirming the Commencement Date, the Expiration Date and such other information reasonably requested by Landlord. In the event Tenant does not execute and return such agreement within ten (10) Business Days after receipt thereof, then the dates set forth in the agreement tendered by Landlord shall, at Landlord's option, be deemed conclusive, and Tenant's obligation to commence paying Rent in accordance with the terms of this Lease shall not be effected by the failure of either party to execute such certificate, unless Tenant advises Landlord in writing within the aforesaid ten (10) Business Days why the short form agreement is not accurate.

3.3 Prior to the Commencement Date, Landlord shall cause the Tenant Improvement Work to be Substantially Completed in accordance with and upon the terms and conditions set forth in Exhibit B hereof. Landlord shall have no obligation to alter, improve, decorate or otherwise prepare the Premises, the Building, or the Land for Tenant's occupancy, except to perform the Tenant Improvement Work. Except as expressly set forth herein, neither Landlord nor Landlord's Agents have made any representations or promises with respect to the physical condition of the Building or the Property. Notwithstanding anything contained to the contrary herein, Tenant's taking of possession of the Premises shall constitute Tenant's acknowledgment that the Premises and the Building are in good condition and that all work and materials are satisfactory, except for any so-called "punch list" items (as described in Exhibit B hereto) and except for any latent defects in the Tenant Improvement Work which are not reasonably ascertainable by a thorough visual inspection prior to Tenant's taking possession of the Premises and which are discovered and reported to Landlord within six (6) months following the Commencement Date.

3.4 It is presently expected that the Commencement Date will occur on or about the Anticipated Delivery Date, which date is subject to extension due to Force Majeure and Tenant Delays (as defined in Exhibit B). If the Commencement Date does not, for any reason other than Force Majeure or Tenant Delays, occur on or before the date that is ninety (90) days from the issuance of building permits (the "Outside Delivery Date"), then the Concession Period shall be extended on a per diem basis for each day from and after the Outside Delivery Date until the Commencement Date does occur. In addition, if the Commencement Date does not, for any reason other than Tenant Delays, occur within one hundred eighty (180) days from the date Outside Delivery Date, then Tenant shall have the right to terminate this Lease upon written notice to Landlord, provided however, if the Commencement Date occurs within thirty (30) days of Landlord's receipt of Tenant's termination notice, Tenant's termination notice shall be deemed null and void. If Tenant terminates this Lease as aforesaid, Landlord shall, within five (5) Business Days from Landlord's receipt of such termination notice, pay Tenant an amount equal to the monies provided by Tenant in connection with this Lease (including, but not limited to, any advance payments of Base Rent and any Change Orders [as hereinafter defined]), together with the Security Deposit. Tenant shall not be entitled to use or occupy any portion of the Premises prior to Substantial Completion of the Tenant Improvement Work without Landlord's prior written consent, except as provided in Exhibit B.

3.5 Notwithstanding anything herein to the contrary, in the event the Commencement Date does not occur within one (1) year of the date hereof for any reason whatsoever, this Lease shall automatically terminate and be null and void, without further liability on the part of either Landlord or Tenant.

ARTICLE IV
RENT

4.1 From and after the Rent Commencement Date, Tenant shall pay the Base Rent in twelve (12) equal monthly installments in advance on the first day of each month, without (except as expressly set forth herein) any offset, abatement, defense, claim, counterclaim or deduction whatsoever. Simultaneously with Tenant's execution of this Lease, Tenant shall pay an amount equal to one (1) month's Base Rent, which amount shall be credited toward the monthly installment of Base Rent payable for the first full calendar month of the Term after the expiration of the Concession Period. If the Rent Commencement Date is not the first day of a calendar month, then Rent (as hereinafter defined) from the Rent Commencement Date until the first day of the following calendar month shall be prorated on a per diem basis using, for the Base Rent, the rate of the monthly installment of the Base Rent payable during the first Lease Year, and Tenant shall pay such prorated installment of the Base Rent on or before the Rent Commencement Date. If the Expiration Date of this Lease is not the last day of a calendar month (other than by reason of Tenant's default), then Rent for such month shall be prorated on a per diem basis using, for the Base Rent, the rate of the monthly installment of the Base Rent payable during the Lease Year in which this Lease terminates.

4.2 (a) Any item of rent, or other fee or charge owed by Tenant to Landlord hereunder, other than Base Rent, and any cost, expense, damage or liability incurred by Landlord for which Tenant is liable hereunder, shall be considered "Additional Rent" payable pursuant to this Lease, without any offset, abatement, defense, claim, counterclaim or deduction whatsoever (except as expressly set forth herein), and shall, unless a different time period is specifically provided herein, be paid by Tenant within thirty (30) days after an invoice therefor is given to Tenant. As used herein, the term "Rent" shall mean, collectively, all Base Rent and Additional Rent.

(b) If any payment of Base Rent, Additional Rent or any other sum is not received at the Landlord Payment Address (or such other address as Landlord may designate in writing) within five (5) days after the date such payment is due hereunder (without regard to any cure period specified in Section 19.1 below), then Tenant shall pay to Landlord, as Additional Rent and as an agreed-upon amount of liquidated damages and not as a penalty, a late charge equal to three percent (3%) of the amount of such payment. In addition, such late payment shall bear interest at the Default Interest Rate from the date such payment became due until the date on which Landlord receives full payment thereof (inclusive of all accrued interest thereon). Notwithstanding the foregoing, neither the late charge nor the interest shall accrue the first time during each Lease Year that Tenant fails to pay the Rent timely, unless and until Landlord has given Tenant a five (5) business day notice and cure period and Tenant has still failed to pay the same within such period.

4.3 Base Rent and Additional Rent are sometimes collectively referred to in this Lease as "Rent". All sums payable by Tenant under this Lease, whether or not stated to be Base Rent, Additional Rent or otherwise, shall be paid to Landlord in legal tender of the United States at the Landlord Payment Address, or to such other party or such other address as Landlord may designate in writing. Landlord's acceptance of Rent after it shall have become due and payable hereunder shall not constitute a waiver of any of Landlord's rights hereunder with respect to such late payment or excuse such late payment or any subsequent late payment of Rent. If any sum payable by Tenant under this Lease is paid by check and such check is returned due to insufficient funds, stop payment order, or otherwise, then such event shall be treated as a failure to pay such sum when due and, in addition to all other rights and remedies of Landlord hereunder, Landlord shall be entitled to impose a returned check fee of Fifty Dollars ($50.00) to cover Landlord's administrative expenses and overhead for processing same, and further, Landlord may require that all future payments of Rent be remitted by money order or cashier's or certified check.

4.4 Intentionally deleted.

4.5 Notwithstanding anything contained herein to the contrary, provided that there is no continuing Event of Default as of the Commencement Date, Tenant's obligation to pay Base Rent for the first (1^{st}) full month after the Commencement Date (the "Concession Period") shall be waived by Landlord; however, Tenant shall be obligated to pay for all items of Additional Rent due hereunder during the Concession Period, including but not limited to utilities.

ARTICLE V
OPERATING CHARGES AND REAL ESTATE TAXES

5.1 (a) Commencing on first day of the month following the Base Year and thereafter for the remainder of the Term, but in no event sooner than the first anniversary of the Commencement Date, (the "Op Ex Rent CD") Tenant shall pay to Landlord, as Additional Rent, Tenant's Proportionate Share of the amount by which Operating Charges for each calendar year following the Base Year exceed the Base Year Operating Charges (hereinafter referred to as the "Operating Charges Escalation") falling entirely or partly within the Term. "Operating Charges" shall mean all costs and expenses of any kind or nature whatsoever incurred in connection with the ownership, management, operation, maintenance, repair, replacement and cleaning of the Building, the Land, and the Common Areas, but subject to the exclusions hereinafter set forth. Operating Charges shall include, but not be limited to, the following: (i) premiums and other charges for such insurance as Landlord is required or permitted to carry pursuant to Section 13.3 below or is required to be carried by any Mortgagee; (ii) wages and salaries of all employees at or below the level of Building manager engaged in the provision of the services described above, including wages and other compensation, social security, unemployment taxes, workers' compensation insurance, disability benefits, pensions, uniforms and expenses pursuant to any collective bargaining agreements; (iii) intentionally omitted; (iv) intentionally omitted; (v) costs of service and maintenance contracts, including, without limitation, contracts for the provision of window cleaning and other janitorial services, elevator maintenance, landscaping, snow plowing, any security services elected by Landlord; and extermination; (vi) depreciation of capital expenditures made in order to reduce Operating Charges, or to comply with Legal Requirements enacted after the Commencement Date (but expressly subject to the exclusions below), such capital costs and expenses to be amortized on a straight line basis over the useful life thereof as specified by Internal Revenue Service Code regulations and in accordance with Generally Accepted Accounting Principles consistently applied ("GAAP"), together with interest at the rate that would be paid by Landlord if it borrowed funds for such expenditures (whether or not Landlord, in fact, borrows funds therefor), provided, however, that the amount so included in Operating Charges relating to cost saving capital expenditures for any calendar year (or portion thereof) shall not exceed the amount by which such component expense was reduced in such calendar year (or portion thereof) as a result of such expense (which actual savings shall be as determined by a reputable, licensed engineer); (vii) removal of trash, debris, snow and ice; (viii) repairs to or replacements of the Building Structure and Systems; (ix) reasonable amounts paid to a managing agent, if any, whether or not such managing agent is related to Landlord; (x) amounts charged for services, materials, and supplies furnished; (xi) the cost of licenses, permits and similar governmental charges relating to the operation, repair and maintenance of the Building in general; (xii) intentionally omitted; (xiii) sales taxes required to be paid for Operating Charges; and (xiv) other costs and expenses that are customarily incurred by owners of first-class office buildings in the Geographic Area. Notwithstanding anything contained herein, Operating Charges shall not include: (1) principal or interest payments on any Mortgages; (2) leasing commissions or legal fees with respect to the negotiation of leases; (3) capital improvements (or the depreciation thereof), except as permitted hereinabove; (4) the costs of services and utilities separately payable by particular tenants of the Building (other than as part of an operating expense-type charge similar to the charges imposed by this Section 5.1(a)); (5) costs which are actually reimbursed by insurers or by governmental authorities in eminent domain proceedings to Landlord (net of all collection expenses incurred); (6) expenses of advertising for vacant space in the Building; (7) the cost of improvements to individual tenants' premises (so-called "tenant improvements"); (8) salaries, wages, fees or other benefits or compensation for employees above the grade of Building manager or for officers, directors, partners or other principals of Landlord or Landlord's affiliates; (9) costs, expenses, and expenditures for those improvements that are required under GAAP to be capitalized (but the foregoing shall not be deemed to limit Tenant's obligations for payments of capital improvements on an amortized basis as expressly set forth above); (10) advertising, marketing, and promotional expenditures; (11) legal fees and expenses for lease negotiations and disputes with tenants, lenders, or other third parties (other than as a result of a default by Landlord or its agents, employees or contractors); (12) legal and auditing fees and expenses, other than legal and auditing fees reasonably incurred in connection with (x) the maintenance and operation of the Building or (y) the preparation of statements required pursuant to additional rent or lease escalation provisions; (13) as a deduction, amounts received by Landlord through proceeds of insurance to the extent the proceeds are compensation for expenses that were previously included as Operating Charges hereunder; (14) any bad debt loss, rent loss, or reserves for bad debts or rent loss; (15) the cost of repairs, replacements or other work occasioned by fire, windstorm, other casualty or acts of terrorism; (16) the cost of repairs, replacements or other work occasioned by the exercise of eminent domain; (17) any costs in connection with services, utilities (including electricity), items or other benefits (y) of a type, quality or quantity which are not available to Tenant without specific charge therefor, but which are provided to another tenant or occupant of the Building, whether or not such other tenant or occupant is specifically charged therefor by Landlord or (z) which are provided to another tenant or occupant of the Building and to Tenant without specific charge therefor but where the type, quality or quantity of the same as provided to such other tenant or occupant is in excess (by more than a de minimis amount) of that provided to Tenant; (18) all items, utilities and services for which, and to the extent, Tenant specifically reimburses or any other tenant or occupant of the Building is required to specifically reimburse Landlord or for which, and to the extent, Tenant pays or any other tenant or occupant of the Building is required to pay third parties; (19) any sum incurred, paid, or payable to any affiliate of Landlord for services rendered or materials or goods furnished to the extent that the costs of such services exceed (by more than a de minimis extent) competitive costs for comparable services rendered by persons or entities of similar skill, competence and experience, other than an affiliate of Landlord, or the cost of such materials or goods exceeds (by more than a de minimis extent) the costs of the same materials or other goods furnished by any person or entity other than an affiliate of Landlord; (20) all expenses resulting from (I) the failure of Landlord's Parties to secure all necessary permits and approvals in the operation of the Property and/or the performance of any work by Landlord's Parties at the Property (including, but not limited to, the Premises) and/or the failure to comply otherwise with Legal Requirements and Insurance Requirements with respect to the satisfaction of Landlord's obligations at the Property, (II) the negligence or willful misconduct of the Landlord, its employees, agents, contractors, subcontractors, and/or (III) the breach by Landlord or of Landlord's Parties of Landlord's obligations under agreements pertaining to the Property; (21) costs and expenses to the extent they are reimbursed to Landlord by any third party, including without limitation by means of warranty or guarantee; (22) contributions to operating expense or other reserves; (23) costs incurred to put the Property (including the Premises) in compliance with any Legal Requirements and/or Insurance Requirements in effect prior to the Commencement Date; (24) the costs of any electrical surveys conducted at the Property; (25) Real Estate Taxes; and (26) Utilities. The term "Base Year Operating Charges" shall mean those Operating Charges incurred during the Base Year (excluding the benefit or credit that is received on costs due to rebates, discounts and similar expense items during the Base Year and extraordinary and non-recurring expense items during the Base Year).

(b) If the average occupancy rate for the Building during the Base Year or any other calendar year is less than one hundred percent (100%), then Operating Charges pertaining to the Building or the Common Areas for the Base Year or such calendar year shall be deemed to include all additional expenses, as reasonably estimated by Landlord, which would have been incurred during such year if such average occupancy rate for the Building had been one hundred percent (100%). If any tenant of the Building is separately paying for (or does not require) any of the goods or services provided to tenants of the Building which are included in Operating Charges pertaining to the Building or the Common Areas, then the Operating Charges for such year shall be deemed to include all additional expenses, as reasonably estimated by Landlord, which would have been incurred during such year if Landlord had provided such goods and services.

(c) Tenant shall make estimated monthly payments to Landlord on account of Tenant's Proportionate Share of the Operating Charges Escalation. At the beginning of the Term and at the beginning of each calendar year thereafter, Landlord shall submit a statement to Tenant setting forth (i) the amount of the Base Year Operating Charges and (ii) on an annualized basis in reasonably detailed form, Landlord's reasonable estimate of such Operating Charges ("Estimated Operating Charges Statement") and Tenant's Proportionate Share of the Operating Charges Escalation for the forthcoming year. From and after the Op Ex Rent CD, Tenant shall pay to Landlord as Additional Rent, on the first day of each month following receipt of such Estimated Operating Charges Statement, until Tenant's receipt of any succeeding Estimated Operating Charges Statement, an amount equal to one-twelfth ($1/12^{th}$) of Tenant's Proportionate Share of the Operating Charges Escalation as shown on such Estimated Operating Charges Statement. From time to time during any calendar year, Landlord may revise Landlord's estimate of Operating Charges and adjust Tenant's monthly payments to reflect Landlord's revised estimate, in which event Tenant shall pay, along with the next monthly payment due, the difference (if any) between the aggregate amount of Tenant's estimated payments theretofore made on account of the Operating Charges Escalation during such calendar year, and the amount which would have been payable by Tenant during such calendar year had Landlord billed Tenant for the revised monthly amount for such prior elapsed months during such calendar year. Thereafter, Tenant shall pay the revised monthly estimate in accordance with the provisions of this Section 5.1(c). Within approximately one hundred twenty (120) days after the end of each calendar year, or as soon thereafter as is feasible, Landlord shall submit a statement ("Annual Operating Charges Statement") to Tenant showing (1) the amount of Operating Charges incurred during the preceding calendar year, (2) Tenant's Proportionate Share of the Operating Charges Escalation for such calendar year, and (3) the aggregate amount of Tenant's estimated payments made on account of the Operating Charges Escalation during such calendar year. If the Annual Operating Charges Statement indicates that the aggregate amount of such estimated payments made by Tenant exceeds Tenant's actual liability for the Operating Charges Escalation, then provided Tenant is not in default under any provision of this Lease, Landlord shall, at Landlord's option, either credit the overpayment toward Tenant's next monthly payment(s) of the Operating Charges Escalation due hereunder, or promptly refund such overpayment to Tenant. If the Annual Operating Charges Statement indicates that Tenant's actual liability for the Operating Charges Escalation exceeds the aggregate amount of such estimated payments made by Tenant, then Tenant shall pay such deficient amount to Landlord as Additional Rent within thirty (30) days after such Annual Operating Charges Statement is given to Tenant. If Landlord fails to provide the Estimated Operating Charges Statement or the Annual Operating Charges Statement by the anticipated dates provided herein, Landlord shall not be deemed to have waived its right to thereafter provide such statements.

(d) Provided Tenant has timely paid the amount set forth in the Annual Operating Charges Statement, then for a period of one hundred eighty (180) days after Tenant's receipt of such statement, Tenant shall have the right, during regular business hours and after giving Landlord at least twenty (20) days' advance written notice, to complete an inspection or audit, or cause an independent certified public accountant who meets the criteria set forth below to complete an inspection or audit, of Landlord's books and records relating to Operating Charges for the immediately preceding calendar year. Such inspection or audit (hereinafter referred to as "Tenant's Audit") shall take place at a mutually convenient date and time, at any of Landlord's office locations in the greater New York City metropolitan area selected by Landlord. Any independent certified public accountant who is hired by Tenant to perform Tenant's Audit shall offer a full range of accounting services and be engaged on an hourly fee-based arrangement (i.e., not on a contingency basis or other arrangement), and Tenant shall furnish proof in advance of Tenant's Audit that the person conducting same satisfies the foregoing criteria. Notwithstanding anything contained herein, Tenant's Audit may not commence until Tenant and the person conducting Tenant's Audit execute a confidentiality agreement, which shall be prepared by Landlord and be reasonably acceptable to the parties thereto, which shall provide that any information obtained by Tenant and such person as a result of Tenant's Audit shall be treated as confidential, subject to reasonable exclusions (including, but not limited to, an exception relating to litigation or proceeding between the parties, and an exception to disclose such information to any governmental agency pursuant to any subpoena or judicial process). Tenant shall furnish to Landlord a reasonably detailed report of the results of Tenant's Audit within ten (10) days after such audit is completed. If Landlord disagrees with the results of Tenant's Audit then, at Landlord's option, such disagreement shall be resolved by an independent, third-party certified public accountant jointly selected by Landlord and Tenant (whose fees shall be shared equally by Landlord and Tenant) who shall conduct an audit of such books and records and whose determination of Operating Charges shall be final and conclusive. If Tenant's Audit, as finally determined, shows that the amounts paid by Tenant to Landlord on account of Operating Charges exceed the amounts to which Landlord is entitled hereunder, then provided Tenant is not in default under any provision of this Lease, Landlord shall, at Landlord's option, either credit such excess toward Tenant's next monthly payment(s) of Operating Charges due hereunder, or promptly refund such excess to Tenant. If Tenant's Audit reveals that Tenant's actual liability exceeds the amounts paid by Tenant to Landlord on account of Operating Charges then Tenant shall pay the deficient amount as Additional Rent, together with the delivery to Landlord of the detailed report of Tenant's Audit, as aforesaid. If Tenant does not timely notify Landlord in writing of any objection to any Annual Operating Charges Statement and thereafter complete Tenant's Audit within ninety (90) days after Landlord has provided Tenant with all documentation and information reasonably needed to conduct Tenant's Audit (including, but not limited to, such documents as are in Landlord's possession or control and which are necessary or desirable to conduct the audit including cancelled checks, invoices, and other documents as may be reasonably requested by Tenant), TIME BEING OF THE ESSENCE, then Tenant shall be deemed to have waived any and all objections it may have with respect to Operating Charges for the preceding calendar year or the Annual Operating Charges Statement pertaining thereto. Notwithstanding anything herein to the contrary, Landlord agrees that the aforesaid audit right of Tenant (and Landlord's obligations in connection therewith) shall apply similarly to the review of Real Estate Taxes, Utilities, and any other Additional Rent charge.

5.2 (a) From and after the Op Ex Rent CD, Tenant shall pay, as Additional Rent, Tenant's Proportionate Share of the amount by which Real Estate Taxes for each calendar year falling entirely or partially within the Term following the Base Year exceeds the Base Year Real Estate Taxes (hereinafter referred to as the "Real Estate Taxes Escalation"). "Real Estate Taxes" shall mean (1) all real estate taxes, business district or arena taxes, and assessments (including general and special assessments, if any), ordinary and extraordinary, foreseen and unforeseen, which are imposed upon Landlord or assessed against the Property or any portion(s) thereof, (2) any other present or future taxes or governmental charges that are imposed upon Landlord or assessed against the Property or any portion(s) thereof which are in the nature of or in substitution for real estate taxes, including any tax levied on or measured by the rents payable by tenants of the Building, and (3) expenses (including, without limitation, reasonable attorneys' and consultants' fees and court costs) incurred by or on behalf of Landlord in reviewing, protesting or seeking a refund or reduction of Real Estate Taxes, whether or not such protest is ultimately successful, or such refund or reduction is ultimately granted (Tenant hereby acknowledging and agreeing that Tenant shall not under any circumstances be entitled to appeal or otherwise contest Real Estate Taxes, such rights of appeal and contest being wholly reserved to Landlord in its sole and absolute discretion). Real Estate Taxes shall not include any inheritance, estate, transfer, capital levy, stamp, gift, franchise, corporation, income or net or excess profits tax assessed against Landlord with respect to the Property, unless any of the foregoing are imposed in substitution for any real estate taxes which constitute real estate taxes.

(b) Tenant shall make estimated monthly payments to Landlord on account of Tenant's Proportionate Share of the Real Estate Taxes Escalation. At the beginning of the Term and at the beginning of each calendar year thereafter, Landlord may submit a statement to Tenant setting forth, on an annualized basis, Landlord's reasonable estimate of such Real Estate Taxes ("Estimated Tax Statement") and Tenant's Proportionate Share of the Real Estate Taxes Escalation for the forthcoming year. Tenant shall pay to Landlord as Additional Rent on the first day of each month following receipt of such Estimated Tax Statement, until Tenant's receipt of any succeeding Estimated Tax Statement, an amount equal to one-twelfth ($1/12^{th}$) of Tenant's Proportionate Share of the Real Estate Taxes Escalation as shown on such Estimated Tax Statement. From time to time during any calendar year, Landlord may revise Landlord's estimate of Real Estate Taxes and adjust Tenant's monthly payments to reflect Landlord's revised estimate, in which event Tenant shall pay, along with the next monthly payment due, the difference, if any, between the aggregate amount of Tenant's estimated payments theretofore made on account of the Real Estate Taxes Escalation during such calendar year, and the amount which would have been payable by Tenant during such calendar year had Landlord billed Tenant for the revised monthly amount for such prior elapsed months during such calendar year. Thereafter, Tenant shall pay the revised monthly estimate in accordance with the provisions of this Section 5.2(b). Within approximately one hundred twenty (120) days after the end of each calendar year, or as soon thereafter as is feasible, Landlord shall submit a statement ("Annual Tax Statement") to Tenant, showing (1) the amount of Real Estate Taxes incurred during the preceding calendar year, (2) Tenant's Proportionate Share of the Real Estate Taxes Escalation for such calendar year, and (3) the aggregate amount of Tenant's estimated payments made on account of the Real Estate Taxes Escalation during such calendar year. If the Annual Tax Statement indicates that the aggregate amount of such estimated payments made by Tenant exceeds Tenant's actual liability for the Real Estate Taxes Escalation, then provided Tenant is not in default under any provision of this Lease, Landlord shall, at Landlord's option, either credit the overpayment toward Tenant's next monthly payment(s) of Real Estate Taxes due hereunder, or promptly refund such overpayment to Tenant. If the Annual Tax Statement indicates that Tenant's actual liability for Real Estate Taxes exceeds the aggregate amount of such estimated payments made by Tenant, then Tenant shall pay the deficient amount to Landlord as Additional Rent within thirty (30) days after such Annual Tax Statement is given to Tenant. If Landlord fails to provide the Estimated Tax Statement or the Annual Tax Statement by the applicable dates provided herein, Landlord shall not be deemed to have waived its right to thereafter provide such statements.

(c) In addition to Tenant's Proportionate Share of the Real Estate Taxes Escalation, Tenant shall also be liable for any portion of the Real Estate Taxes (and not simply any increase over the Base Year Real Estate Taxes) imposed upon the Property during the Term which is attributable to improvements (other than the Tenant Improvement Work and other than to satisfy any obligations of Tenant set forth herein) in the Premises or the Property constructed by or on behalf of Tenant or at Tenant's expense and for which the taxing authority has assigned an increase in valuation in computing the assessed valuation of the Property ("Extra Taxes"). Tenant shall pay to Landlord as Additional Rent 100% of the amount of such Extra Taxes within thirty (30) days after issuance of an invoice therefor or, at Landlord's option, such Extra Taxes may be included as a component of the Estimated Tax Statement and Annual Tax Statement, and paid pursuant to Section 5.2(b) above.

(d) Notwithstanding anything to the contrary contained herein, should the Premises or any other portion of the Building be separately assessed with respect to any item(s) of Real Estate Taxes, then Landlord shall have the sole option of declaring Tenant's Proportionate Share of such item(s) of Real Estate Taxes to be (i) the amount of such item(s) of Real Estate Taxes allocated to the Premises, or (ii) the amount derived by multiplying (1) such item(s) of Real Estate Taxes for that portion or portions of the Building containing the Premises, by (2) a fraction, the numerator of which shall be the square footage of the Premises, and the denominator of which shall be the square footage of that portion of the Building to which such item(s) of Real Estate Taxes in question apply.

5.3 (a) Commencing from the Op Ex Rent CD, and thereafter for the remainder of the Term, Tenant shall pay, as Additional Rent, Tenant's Proportionate Share of the amount by which the costs of (i) electricity used in connection with the Common Areas, (ii) water and any other utilities that serve all of the Building tenants, and (iii) fuel (gas, oil or other) used in heating, ventilating and air-conditioning all portions of the Building including all rentable square footage therein (hereinafter collectively referred to as the "Utilities") for each calendar year falling entirely or partially within the Term following the Base Year exceeds the Base Year Utilities (hereinafter referred to as the "Utilities Escalation"). If the Building is not one hundred percent (100%) percent occupied in the Base Year or any calendar year of the Term, then the Utilities for such calendar year shall nevertheless be computed, as determined by Landlord in its sole discretion, as though the Building had been one hundred percent (100%) occupied the Base Year or entire calendar year; similarly, if any tenant of the Building is separately paying for (or does not require) any of the utilities provided to tenants of the Building which are included in Utilities pertaining to the Building or the Common Areas, then the Utilities for such year shall be deemed to include all additional expenses, as reasonably estimated by Landlord, which would have been incurred during such year if Landlord had provided such utilities. The term "Base Year Utilities" shall mean those Utilities incurred for the Property (or deemed to have been incurred pursuant to the immediately preceding sentence) during the Base Year.

(b) Tenant shall make estimated monthly payments to Landlord on account of Tenant's Proportionate Share of the Utilities Escalation. At the beginning of the Term and at the beginning of each calendar year thereafter, Landlord may submit a statement to Tenant setting forth, on an annualized basis, Landlord's reasonable estimate of such Utilities ("Estimated Utilities Statement") and Tenant's Proportionate Share of the Utilities Escalation for the forthcoming year. Tenant shall pay to Landlord as Additional Rent on the first day of each month following receipt of such Estimated Utilities Statement, until Tenant's receipt of any succeeding Estimated Utilities Statement, an amount equal to one-twelfth ($1/12^{th}$) of Tenant's Proportionate Share of the Utilities Escalation as shown on such Estimated Utilities Statement. From time to time during any calendar year, Landlord may revise Landlord's estimate of Utilities and adjust Tenant's monthly payments to reflect Landlord's revised estimate, in which event Tenant shall pay, along with the next monthly payment due, the difference, if any, between the aggregate amount of Tenant's estimated payments theretofore made on account of the Utilities Escalation during such calendar year, and the amount which would have been payable by Tenant during such calendar year had Landlord billed Tenant for the revised monthly amount for such prior elapsed months during such calendar year. Thereafter, Tenant shall pay the revised monthly estimate in accordance with the provisions of this Section 5.3(c). Within approximately one hundred twenty (120) days after the end of each calendar year, or as soon thereafter as is feasible, Landlord shall submit a statement ("Annual Utilities Statement") to Tenant, showing (1) the amount of Utilities incurred during the preceding calendar year, (2) Tenant's Proportionate Share of the Utilities Escalation for such calendar year, and (3) the aggregate amount of Tenant's estimated payments made on account of the Utilities Escalation during such calendar year. If the Annual Utilities Statement indicates that the aggregate amount of such estimated payments made by Tenant exceeds Tenant's actual liability for the Utilities Escalation, then provided Tenant is not in default under any provision of this Lease, Landlord shall, at Landlord's option, either credit the overpayment toward Tenant's next monthly payment(s) of Utilities due hereunder, or promptly refund such overpayment to Tenant. If the Annual Utilities Statement indicates that Tenant's actual liability for Utilities exceeds the aggregate amount of such estimated payments made by Tenant, then Tenant shall pay the deficient amount to Landlord as Additional Rent within thirty (30) days after such Annual Utilities Statement is given to Tenant. If Landlord fails to provide the Estimated Utilities Statement or the Annual Utilities Statement by the applicable dates provided herein, Landlord shall not be deemed to have waived its right to thereafter provide such statements.

5.4 Tenant shall pay before delinquency, directly to the applicable taxing authority, any business, rent or other taxes or fees that are now or hereafter levied, assessed or imposed upon Tenant for Tenant's use or occupancy of the Premises, the conduct of Tenant's business at the Premises, or Tenant's equipment, fixtures, furnishings, inventory or personal property at the Property. In the alternative, if any such tax or fee is enacted or altered so that same is levied against Landlord or so that Landlord is responsible for collection or payment thereof, then Tenant shall pay the amount of such tax or fee to Landlord as Additional Rent within thirty (30) days after Tenant's receipt of an invoice therefor from Landlord.

5.5 If the Term commences or expires on a day other than the first day or the last day of a calendar year, respectively, then Tenant's liabilities pursuant to Sections 5.1, 5.2 and 5.3 above for such calendar year shall be apportioned by multiplying the respective amount of Tenant's Proportionate Share of the Operating Charges Escalation, Real Estate Taxes Escalation or Utilities Escalation, as the case may be, thereof for the full calendar year by a fraction, the numerator of which is the number of days during such calendar year falling within the Term, and the denominator of which is the number of days during such calendar year.

5.6 Landlord reserves the right to change the accounting period for either Operating Charges, Real Estate Taxes or Utilities, or any combination of them, to each consecutive twelve (12) month period commencing on the Rent Commencement Date or such other date as Landlord shall designate by notice to Tenant.

ARTICLE VI
USE OF PREMISES

6.1 (a) Tenant has the right to use and occupy the Premises solely for general, executive and administrative offices in a manner compatible with first-class office buildings of the type and quality located in the Geographic Area ("Permitted Use"), and for no other use or purpose. In all events, the Permitted Use shall not include: (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign government or political subdivision thereof which are entitled to any diplomatic or other form of sovereign immunity or otherwise not amenable to service of process in New Jersey; (iii) offices of any health care professionals, including, without limitation, doctors' offices and laboratories; (iv) schools or other training facilities; (v) retail or restaurant uses; (vi) broadcast studios or other broadcast production facilities, such as radio and/or television stations; (vii) offices at which deposits or bills are regularly paid in person by customers; (viii) personnel agencies; (ix) meeting facilities, other than for meetings consistent with Tenant's office use; (x) office suites or business suites for use by third parties for profit; and (xi) offices used for telemarketing or so-called "call" center purposes. However, the foregoing restrictions shall not be deemed in any way to limit Landlord's right to lease or otherwise permit the use of other portions of the Building for any lawful purposes, provided the Property shall continue to be maintained in the same condition as presently maintained. In all events, Tenant's use of the Premises is subject to all present and future Legal Requirements and Insurance Requirements, and covenants, conditions, restrictions and other matters of record.

(b) Tenant shall not use or occupy the Premises for any unlawful purpose, or in any manner that would violate any certificate of occupancy for the Premises or the Building, or that would constitute waste, nuisance or unreasonable annoyance to Landlord or any other tenant or occupant of the Building, or that would overload the plumbing or mechanical systems of the Premises or the Building, or exceed the floor load which any floor in the Premises was designed to carry, and Tenant shall not permit or suffer the emission of objectionable odors or noise.

(c) If any Legal Requirement necessitates obtaining an occupancy or use permit or license for the Premises or the operation of the business conducted therein, Tenant shall obtain and keep current such permit or license at Tenant's expense, and shall promptly deliver a copy thereof, including copies of all renewals thereof, to Landlord; however, Landlord shall be responsible, as a part of the Tenant Improvement Work, to secure the issuance of a certificate of occupancy for the Premises. Tenant shall not conduct any sales, promotions, advertising, special events or any other business activities of any nature whatsoever at the Property, whether inside or outside of the Premises, other than as expressly provided in the Permitted Use.

6.2 As of the Commencement Date, Tenant's employees shall be entitled to use the Conference Room and Fitness Center in common with other tenants of the Building on a first-come first-served basis at no additional charge to Tenant except to the extent of (i) Tenant's Proportionate Share of Operating Charges and (ii) any costs incurred by Landlord to clean-up or repair the aforesaid facilities, which costs are directly attributable to the conduct of Tenant or Tenant's employees. With respect to use of the Conference Center, Landlord's property manager is responsible for scheduling the use of the meeting room and Tenant shall be entitled to use the meeting room by reserving the meeting room through Landlord's property manager. Landlord acknowledges and agrees the Conference Center shall be available to all tenants in the Building during the Term on a first come, first-served basis.

ARTICLE VII
ASSIGNMENT AND SUBLETTING

7.1 (a) Except as expressly permitted in this Article VII, Tenant shall not assign or transfer (collectively, "assign") this Lease or all or any of Tenant's rights hereunder or interest herein by operation of law or otherwise, or sublet or otherwise license or permit anyone to use or occupy (collectively, "sublet") the Premises or any part thereof, or mortgage, pledge, hypothecate or otherwise encumber (collectively, "encumber") this Lease, without, in each case, obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. Landlord shall consent or withhold consent, in any event, within twenty (20) days of Landlord's receipt of all documents requested by Landlord with respect to the proposed transaction. If Landlord fails to consent or withhold consent within such period and then continues to fail after Tenant gives Landlord a ten (10) day reminder notice and cure period, Landlord's consent shall be deemed to have been granted. Any attempted assignment or encumbrance of this Lease or of all or any of Tenant's rights hereunder or interest herein, and any attempted sublet or permission to use or occupy the Premises or any part thereof, other than strictly in accordance with this Article VII, shall be void and of no force or effect and shall constitute an immediate Event of Default hereunder. No assignment, subletting or encumbrance, or Landlord's consent thereto, or Landlord's collection or acceptance of rent from any assignee, subtenant or other party, shall be construed as a waiver or release of the initial named Tenant (or any prior assignees or Guarantors hereunder) from any of its or their liabilities or obligations under this Lease, and all of such parties shall remain jointly and severally liable hereunder, notwithstanding anything to the contrary contained in this Lease (but subject to the limitations in this sentence) or any guaranty of this Lease; however, Tenant's liability shall be limited to the obligations that exist as of the date of the assignment for the remaining Term of the Lease and any Renewal Terms expressly provided in the Lease and not for any obligations arising from any amendment to the Lease or extension of the Lease beyond the existing Renewal Terms entered into by Landlord and assignee. In addition, Landlord's consent to any proposed assignment, subletting or encumbrance shall not be construed to relieve Tenant or any permitted assignee, subtenant or other party from the obligation of obtaining Landlord's prior written consent to any subsequent assignment, subletting (or sub-subletting, as the case may be) or encumbrance. As security for this Lease, Tenant hereby assigns to Landlord the rent due from any subtenant or other occupant of the Premises. For any period during which Tenant is in default hereunder, Tenant hereby authorizes each such subtenant or other occupant to pay said rent directly to Landlord upon receipt of notice from Landlord specifying same. Landlord's collection of such rent shall not be construed as either an approval of such occupancy under this Article VII (if Tenant has theretofore failed to comply with the provisions of this Article VII) or an acceptance of such subtenant or other occupant as a tenant. If Landlord's prior consent is required under this Article for Tenant, Tenant shall pay to Landlord, as Additional Rent all expenses (including reasonable attorneys' fees and accounting costs) incurred by Landlord in connection with Tenant's request to assign or encumber this Lease, or sublet all or any part of the Premises, in an amount not to exceed Two Thousand Five Hundred and 00/100 Dollars ($2,500.00), which amounts shall be paid within thirty (30) days after Landlord's written demand therefor, whether or not Landlord consents thereto. Any assignment, sublease or encumbrance, if any require Landlord's prior consent, shall be effected on reasonable forms.

(b) If at any time during the Term Tenant desires to assign this Lease or sublet all or part of the Premises, and if such transaction requires Landlord's prior consent, then Tenant shall notify Landlord at least sixty (60) days in advance ("Tenant's Request Notice") and advise Landlord of: (i) the identity of the proposed assignee or subtenant and a description of its business; (ii) the terms of the proposed assignment or subletting; (iii) the commencement date of the proposed assignment or subletting (the "Proposed Transfer Commencement Date"); and (iv) if, applicable, the area proposed to be sublet (the "Proposed Sublet Space"). Tenant's Request Notice shall be accompanied by the most recent audited financial statement or other evidence of financial responsibility of such proposed assignee or subtenant. Provided that Tenant is not in default of its obligations under this Lease as of the date Landlord receives Tenant's Request Notice, Landlord shall not unreasonably withhold its consent to a proposed assignment of this Lease or a proposed subletting of the Premises. In the event Landlord is withholding its consent due to the occurrence of a default by Tenant, Landlord shall notify Tenant in writing of such default and Tenant may resubmit Tenant's Request Notice upon the cure of such default. Without limitation, Landlord shall be deemed to be reasonable in withholding its consent if:

(i) the use of the Premises pursuant to such assignment or sublease would not be in compliance with Article VI hereof; or

(ii) the proposed assignee or subtenant is not of a type and quality consistent and compatible with first-class office buildings located in the Geographic Area (and the tenants of such buildings); or

(iii) Landlord is not reasonably satisfied with the financial condition of the proposed assignee under any such assignment or the proposed sublessee under any such sublease because Landlord reasonably believes that such financial condition is not sufficient for such assignee or sublessee to meet its financial obligations for the remaining term of the Lease or sublease, as the case may be; or

(iv) the proposed assignee's or subtenant's occupancy will cause an excessive density of traffic or make excessive demands on the services, maintenance or facilities of the Building or the Common Areas; or

(v) at the time of Landlord's receipt of Tenant's Request Notice, (1) the proposed assignee or subtenant is a tenant in the Building, or a party with whom Landlord or its affiliates has negotiated for the leasing of office space within the Geographic Area during the immediately preceding six (6) months and (2) Landlord or its affiliates has "competitive" (as hereinafter defined) space available for the proposed assignee or subtenant; or

(vi) less than eighty (80%) percent of the rentable area in the Building at such time is then rented and Landlord or its affiliates has "competitive" (as hereinafter defined) space available for the proposed assignee or subtenant; or

(vii) in the course of seeking an assignee, subtenant or other occupant of its space, Tenant has publicly advertised (or permitted the public advertisement of) a rental rate that is lower than the rental rate then payable by Tenant pursuant to this Lease; or

(viii) it wishes to recapture the space if permitted under, and as provided in, Section 7.3.

(c) Notwithstanding the preceding provisions of this Article VII, Landlord shall have no consent or recapture rights over a proposed assignment of this Lease to a Successor Entity (as hereinafter defined), provided that at the effective date of such assignment: (i) Tenant is not in default beyond any applicable notice and cure periods under any provision of this Lease; and (ii) such Successor Entity will use the Premises solely for the Permitted Use. The term "Successor Entity" shall mean (y) a corporation or other entity into which or with which Tenant shall be merged or consolidated, in accordance with applicable statutory provisions for the merger or consolidation of corporations or entities, or (z) a corporation or other entity acquiring this Lease and the term hereof and the estate hereby granted, and all or substantially all of the other property and assets of Tenant, and assuming all of Tenant's obligations under this Lease arising and accruing from and after the date of such acquisition; provided that, in each case, such merger or consolidation, or such acquisition and assumption, as the case may be, shall be made for a good business purpose other than (and not principally for) the purpose of transferring the leasehold estate created hereby.

(d) Notwithstanding the preceding provisions of this Article VII, Landlord shall have no consent or recapture rights over a proposed assignment of this Lease or a proposed subletting of the Premises to any corporation or other entity which controls, is controlled by, or is under common control with Tenant (an "Affiliate"), provided that at the effective date thereof (i) Tenant is not in default beyond any applicable notice and cure periods under any provision of this Lease; and (ii) such Affiliate will use the Premises solely for the Permitted Use.

7.2 Intentionally deleted.

7.3 With respect to proposed assignments or subleases that require Landlord's consent under this Article VII, Landlord shall have the right in its sole and absolute discretion to: (i) terminate this Lease in the case of any proposed assignment of this Lease; or (ii) terminate this Lease as it relates to the Proposed Sublet Space in the case of a proposed subletting for the balance of the Term. If Landlord elects to exercise its rights under this Section 7.3, it will send Tenant written notice of such termination within thirty (30) days after Landlord's receipt of Tenant's Request Notice. If Landlord exercises its option to terminate this Lease under clause (i) or to terminate this Lease only with respect to the Proposed Sublet Space under clause (ii) above, then (a) Tenant shall tender the Premises or the Proposed Sublet Space, as the case may be, to Landlord on the Proposed Transfer Commencement Date in the condition required pursuant to Section 22.3 hereof (but subject to a reasonable extension in time to allow for Tenant to be able to tender the Premises or the Proposed Sublet Space, as the case may be, in such condition), at which time such space (with respect to a sublease) shall thereafter be deleted from the Premises, and (b) with respect to a recapture of the Proposed Sublet Space, as to that portion of the Premises which is not part of the Proposed Sublet Space, this Lease shall remain in full force and effect, except that Base Rent, Additional Rent, the number of Parking Permits, and any other items which are determined on a per square foot basis shall (notwithstanding anything contained in this Lease to the contrary) be proportionately reduced, based on the amount of square footage deleted from the Premises in relation to the total square footage in the Premises immediately prior to such termination; and (c) with respect to a recapture of the Proposed Sublease Space, Landlord shall be responsible for the cost of all alterations required to separate the Proposed Sublet Space and the balance of the Premises from each other, in order to permit separate operation of each such space in compliance with all Legal Requirements and Insurance Requirements. Notwithstanding the foregoing provisions of this Section 7.3, Landlord shall not have the right to terminate this Lease (either as to the entire Premises or the Proposed Sublet Space) in the case of an assignment or sublet to a Successor Entity or to an Affiliate.

7.4 If any sublease or assignment requires that the subtenant or assignee pay any amount in excess of the rental and other charges due under this Lease (except that in the case of a sublease of less than all of the Premises, such rental and other charges shall be prorated on a per square foot basis prior to such calculation), then whether such excess be in the form of an increased monthly or annual rental, a lump sum payment, payment for the sale, transfer or lease of Tenant's fixtures, leasehold improvements, furniture and other personal property, or any other form (less, in the case of the sale thereof, the fair market value and, in the case of the rental thereof, the fair rental thereof), Tenant shall pay to Landlord (i) promptly after the Proposed Transfer Commencement Date (in the case of an assignment), fifty percent (50%) of any such excess or other premium as and when paid with respect to assignment, less any documented Transaction Costs (as hereinafter defined) incurred by Tenant in connection with such assignment; and (ii) as and when received by Tenant, fifty percent (50%) of any such excess or other premium payable with respect to the sublease, less any documented Transaction Costs (as defined below) incurred by Tenant in connection with such sublease. Notwithstanding anything herein to the contrary, amounts attributable to business goodwill or the sale of the business, stock, or assets of Tenant shall not be included in this calculation. However, under no circumstance shall Landlord be paid any net profits until Tenant has recovered its Transaction Costs, it being understood that, if in any year the profit to Tenant is less than the Transaction Costs, the amount of the excess Transaction Costs shall be carried over to the next year and then deducted from profits with the procedure repeated until a profit is achieved. As used herein, the term "Transaction Costs" shall mean the commercially reasonable costs incurred by Tenant in effecting such assignment or sublease, including, but not limited to: attorneys' fees and costs and other professionals and costs; brokerage commissions; usual and customary marketing expenses; so-called "hard" and "soft" costs of alterations made by Tenant for the purpose of preparing the Premises for the assignee or subtenant; concessions and allowances as Tenant may grant, sales, gains and transfer taxes. Acceptance by Landlord of any payments due under this Section 7.4 shall not be deemed to constitute approval by Landlord of any sublease or assignment, nor shall such acceptance waive any rights of Landlord hereunder. Landlord shall have the right to inspect and audit Tenant's books and records relating to any assignment or sublease, provided Landlord (a) executes a confidentiality agreement , which shall be prepared by Tenant and be reasonably acceptable to the parties hereto, and which shall provide that any information obtained by Landlord as a result of Landlord's inspection shall be treated as confidential, subject to reasonable exclusions (including, but not limited to, an exception relating to litigation or proceedings between the parties, and an exception to disclose such information to a government agency pursuant to a subpoena or judicial process), and (b) completes such review within ninety (90) days after Tenant has provided Landlord with access to or copies of the applicable books and records. Landlord agrees that the terms of this Section 7.4 shall not apply with respect to an assignment or sublease to a Successor Entity or to an Affiliate.

7.5 All restrictions and obligations imposed on Tenant pursuant to this Lease shall be deemed to extend to any assignee, subtenant, licensee, concessionaire or other occupant or transferee, and Tenant shall cause all such parties to comply with such restrictions and obligations. As a condition to the effectiveness of any assignment or subletting hereunder, Tenant shall deliver to Landlord prior to, and as a condition of, the Proposed Transfer Commencement Date (i) in the case of an assignment, a fully-executed assignment and assumption agreement which provides, among other things reasonably required by Landlord, that Tenant remains jointly and severally liable hereunder (but subject to the limitations set forth in Section 7.1(a)); and (ii) in the case of a sublet, a fully executed sublease which provides, among other things reasonably required by Landlord, that such sublease is (y) subject and subordinate to all the terms and provisions of this Lease; and (z) if a sublease to a party that is not a Successor Entity or an Affiliate, subject to the condition that if the Term is terminated or Landlord succeeds to Tenant's interest in the Premises by voluntary surrender or otherwise then, at Landlord's option, in its sole and absolute discretion, the subtenant shall be bound to Landlord for the balance of the term of such sublease and shall attorn to and recognize Landlord as its landlord under the then-executory terms of such sublease, and Landlord shall accept such attornment.

7.6 Intentionally omitted.

7.7 If Landlord's consent to an assignment or subletting is required and is given, and such transaction does not become fully binding upon the parties thereto and effective within six (6) months of the Proposed Transfer Commencement Date for any reason, then Landlord's consent to such transaction shall be deemed null and void, and Tenant's compliance with the provisions of Section 7.1 and 7.3 shall again be necessary in the event Tenant desires to assign this Lease or sublease all or any portion of the Premises, even in connection with the same transaction as that initially proposed by Tenant in the Tenant Request Notice.

7.8 Tenant hereby indemnifies, defends and holds Landlord and Landlord's Agents harmless from and against any and all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including litigation costs and attorneys' fees) (collectively, "Claims") that may be made against Landlord and/or Landlord's Agents arising out of claims by (i) any assignee, subtenant, leasehold mortgagee, or proposed assignee, subtenant or leasehold mortgagee asserting that Landlord unreasonably withheld its consent to such assignment, sublease or leasehold mortgage, or (ii) any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease, or any termination of this Lease by Landlord pursuant to Section 7.3 above.

ARTICLE VIII
MAINTENANCE AND REPAIRS; COMPLIANCE WITH LAWS

8.1 Except as otherwise provided in this Lease, (a) Landlord shall keep the structural support beams, load-bearing elements, foundations, exterior and structural walls, windows, support columns, and roof of the Building, and the mechanical, electrical, HVAC (inclusive of any VAV boxes), elevators, life safety systems, plumbing, pipes and conduits that are provided by Landlord in the operation of the Building (collectively, the "Building Structure and Systems"), clean and in good operating condition, and Landlord will also make repairs (and replacements as reasonably necessary) thereto, and (b) maintain and repair (and replace as reasonably necessary) the Common Areas and other portions of the Property to keep the same in the same condition as presently exists as of the date of this Lease. The foregoing obligation shall include keeping the same in compliance with all Legal Requirements and Insurance Requirements. The costs of the foregoing shall be included as Operating Charges, but subject to the exclusions set forth in this Lease. Notwithstanding any of the foregoing to the contrary, maintenance and repair of special tenant areas, facilities, finishes and equipment (including, but not limited to, any special fire protection equipment, telecommunications and computer equipment, computer rooms, kitchen/galley equipment, all other fixtures furnishings and equipment of Tenant located in the Premises or exclusively serving the Premises [wherever located], and any heating, air-conditioning, electrical, ventilating, plumbing or mechanical equipment or systems exclusively serving the Premises [wherever located], as well as (but subject to the provisions governing casualty and condemnation) all Alterations (as hereinafter defined), shall be the sole responsibility of Tenant and in no event shall same be deemed to be a part of the Building Structure and Systems.

8.2 Except for such items of maintenance, repair and replacement that are Landlord's obligation under this Lease, Tenant shall, at its sole cost and expense, perform all maintenance and promptly make all non-structural (but structural shall be included if and to the extent the work is required due to Alterations made by Tenant) repairs and replacements in and to the Premises that are necessary or desirable to keep the Premises in first-class condition and repair, in a clean, safe and tenantable condition, and otherwise in accordance with all Legal Requirements, Insurance Requirements, and the requirements of this Lease (including, without limitation, the provisions of Article IX pertaining to Alterations). Without limiting the generality of the foregoing, Tenant shall, at its sole cost and expense, perform all maintenance and promptly make all repairs and replacements to, and keep in clean, safe and sanitary condition: (i) special tenant areas, facilities, fixtures and equipment (including, but not limited to, any special fire protection equipment, telecommunications and computer equipment, kitchen/galley equipment, and all other fixtures, furnishings and equipment of Tenant located in the Premises or exclusively serving the Premises [wherever located]); (ii) any heating, air-conditioning, electrical, ventilating, plumbing or mechanical equipment or systems exclusively serving the Premises (wherever located); (iii) all interior glass, window panes and doors, including the entrance door(s) into the Premises; and (iv) all Alterations. Tenant shall give Landlord prompt written notice of any defects or damage to the structure of, or equipment or fixtures in, the Building or any part thereof. Except as otherwise provided in Article XIII with respect to the mutual waiver of claims and mutual waivers of subrogation and except as otherwise provided in Article XVII, all injury, breakage and damage to the Premises and to any other part of the Building or the Property caused by any act or omission of Tenant or Tenant's Parties shall be repaired at Tenant's expense by Tenant or by Landlord on behalf of Tenant as set forth in this Section 8.2. Notwithstanding the foregoing sentence or any other section of this Lease to the contrary, Landlord shall have the right, at Landlord's option, to make (or to cause its designated contractor or subcontractor to make), at Tenant's reasonable cost and expense: (i) any repairs which connect to or may otherwise involve interaction with the Building Structure and Systems, or require alterations to any portion of the Building outside of the Premises, or which require a building permit; (ii) any repairs to the Premises which are otherwise the responsibility of Landlord hereunder, but are caused by the act or omission of Tenant or Tenant's Parties; and (iii) any repairs to any other part of the Building or the Property caused by any act or omission of Tenant or Tenant's Parties; and in any such case Tenant shall reimburse Landlord for all reasonable costs incurred in connection with such work, as Additional Rent, within thirty (30) days following Tenant's receipt of an invoice therefor. Tenant shall not clean, nor allow any window in the Premises to be cleaned, from the outside, except by Landlord's designated contractor. Tenant shall obtain and keep in full force and effect annual maintenance contract(s) on all systems and equipment that both (y) exclusively serve the Premises and (z) (i) remain at the Premises upon surrender by Tenant or (ii) are obligated to remain at the Premises upon surrender by Tenant, copies of which contracts shall be delivered to Landlord annually and at such other times as requested by Landlord, and Tenant shall prepare and retain complete maintenance logs with regard to its maintenance, repairs and replacements of all such systems and equipment. Landlord shall have the right, upon prior written notice to Tenant, to inspect the foregoing records at the Premises.

8.3 Tenant shall, in a timely manner and at its sole cost and expense, comply with all Legal Requirements and Insurance Requirements concerning the use, occupancy and condition of the Premises and all machinery, equipment, furnishings, fixtures and improvements therein, including, without limitation, the ADA, whether foreseen or unforeseen, or ordinary or extraordinary. Notwithstanding anything herein to the contrary, to the extent that such compliance is applicable to the office use of the Building generally, as opposed to the specific nature of Tenant's office use, Landlord shall be responsible for such compliance with the costs included as an Operating Charge (but subject to the exclusions therefrom as set forth in this Lease). In the event any such compliance obligation of Tenant requires Alterations which would connect to or otherwise involve interaction with the Building Structure and Systems, or require alterations to any portion of the Building outside of the Premises, or requires a building permit, Landlord shall have the right, but not the obligation, to perform such work, in which case Tenant shall be responsible for the reasonable cost thereof, plus a charge of five percent (5%) for administrative cost recovery, and shall reimburse Landlord, as Additional Rent for the cost thereof, within thirty (30) days following Tenant's receipt of an invoice therefor. With respect to the ADA only, the parties hereby agree that: (a) Tenant shall be responsible for ADA compliance in the Premises (subject to the provisions of this Section 8.3 and subject further to Landlord's obligation to deliver the Premises on the Commencement Date in compliance with all Legal Requirements), including any leasehold improvements or other work to be performed in the Premises under or in connection with this Lease (other than the Tenant Improvement Work), (b) Landlord may perform (as aforesaid) and Tenant shall be responsible for the reasonable cost of, or Landlord may require that Tenant perform, at its cost, ADA "path of travel" requirements triggered by improvements or Alterations in the Premises (other than the Tenant Improvement Work or Tenant Installations (as hereinafter defined)), made by or on behalf of Tenant, and (c) Landlord may perform (as aforesaid), and Tenant shall be responsible for the reasonable cost of, or Landlord may require that Tenant perform, at Tenant's cost, ADA compliance in the Common Areas necessitated as a result of the Building or the Property in general being deemed to be a "public place of accommodation" as a result of Tenant's particular manner of use or occupancy of the Premises (as opposed to the general office use of the Building).

ARTICLE IX
ALTERATIONS

9.1 After the Tenant Improvement Work and the Tenant Installations, Tenant shall not make or permit anyone to make any repairs (whether required pursuant to Section 8.2 or otherwise), alterations, decorations, additions, improvements or other changes (collectively, "Alterations"), whether structural or non-structural, interior or exterior, in or to the Premises or the Building without the prior written consent of Landlord. Landlord's consent shall not, however, be required for any proposed Alteration to the interior portions of the Premises which does not affect the Building Structure and Systems and which costs less than Fifty Thousand and 00/100 Dollars ($50,000.00). Landlord's consent shall be required, but shall not be unreasonably withheld, conditioned, or delayed if the proposed Alteration requires a building permit or would affect Building Structure and Systems. If the proposed Alteration would, in the reasonable opinion of Landlord, adversely affect the Building Structure and Systems or materially and adversely affect the marketability of the Premises or not be of a type and quality consistent with first-class office buildings located in the Geographic Area, Landlord's consent may be withheld using its sole discretion.

9.2 (a) In addition to the provisions of Section 9.1 above, any Alterations performed by Tenant shall be made: (i) promptly upon Tenant's compliance with the requirements of this Article IX, and thereafter diligently prosecuted to completion; (ii) in a good, workerlike, and first-class manner; (iii) using new materials only; (iv) by a contractor approved in advance by Landlord; (v) on days, at times and under the supervision of an engineer or architect approved in writing by Landlord for those Alterations requiring Landlord's consent; (vi) in accordance with plans and specifications prepared by such engineer or architect, which plans and specifications shall include a reasonably detailed itemization of the estimated total hard and soft costs of such Alterations, and shall be approved in advance by Landlord, at a reasonable charge; (vii) in accordance with all Legal Requirements and Insurance Requirements; (viii) only after having obtained, through Landlord, any required consent of any Mortgagee; (ix) only after having obtained and furnished to Landlord commercial general liability, worker's compensation and so-called "builder's risk" insurance policies (if such policy would reasonably be required for the proposed Alteration) reasonably acceptable to Landlord, which policies shall cover all parties who will perform any work with respect to such Alterations; (x) in accordance with all contracts, subcontracts, supply contracts, equipment leases, consulting agreements or similar documents, and any amendments thereto, which have been executed by Tenant in connection with the Alterations, (xi) on the condition that Tenant shall provide to Landlord written, unconditional waivers of mechanics' and materialmen's liens against the Premises and the Building from all proposed contractors, subcontractors, laborers and material suppliers for all work, labor and services to be performed and materials to be furnished in connection with such Alterations (or, if such waivers are then prohibited by Legal Requirements, then Tenant shall provide to Landlord, on an ongoing basis on the first day of each month during the performance of such work, a complete and accurate list setting forth the names and addresses of each contractor, subcontractor, construction manager, design professional, supplier or other persons or entities providing work, services, materials or equipment to Tenant or for the benefit of the Premises who may have the right, under applicable Legal Requirements, to file a mechanic's lien or other encumbrance in connection therewith, (xii) in a manner that will not interfere with the use or occupancy by other tenants of the Building of their respective premises; (xi) in a manner that will not risk damage to the remainder of the Building; and (xii) in accordance with all construction rules and regulations from time to time promulgated by Landlord (but subject to the provisions of Article XIV below). Promptly after the completion of any Alterations where plans and specifications were appropriate to have been prepared for such Alteration, Tenant shall, at its expense, deliver to Landlord three (3) sets of accurate as-built drawings showing such Alterations.

(b) Landlord's review and/or approval of any plans and specifications for Tenant's Alterations shall not constitute an assumption of any responsibility by Landlord for their accuracy, safety or sufficiency, and shall in no event create an express or implied confirmation that either Tenant's plans and specifications have been prepared in accordance with, or that the Alterations shown thereon or specified therein are in accordance with, Legal Requirements or Insurance Requirements.

9.3 All Alterations (after the Tenant Improvement Work and the Tenant Installations) affecting the Building Structure and Systems shall, at Landlord's election, be performed by Landlord or Landlord's designated contractor(s) at Tenant's reasonable expense and Tenant shall reimburse Landlord for all costs incurred in connection with such work, plus a charge of five percent (5%) for administrative cost recovery, as Additional Rent, within thirty (30) days following Tenant's receipt of an invoice therefor. If Landlord elects not to perform such work, then Tenant shall pay to Landlord as Additional Rent, within thirty (30) days after receipt of an invoice therefor, a construction supervision fee equal to five percent (5%) of the cost of such work.

9.4 To the fullest extent permitted by the New Jersey Construction Lien Law, N.J.S.A. 2A:4A-1, et seq., or any other applicable Legal Requirement, Landlord's consent to the making of any Alterations shall not be deemed an agreement by Landlord to subject Landlord or any Mortgagee, or its or their interest in the Premises or the Building, to any Lien (as hereinafter defined), charge or encumbrance which may be filed in connection with such permitted Alterations. It is expressly agreed that Landlord shall have no obligation to review any such contracts (notwithstanding the fact that same may have been delivered to Landlord), it being agreed by Landlord and Tenant that, to the fullest extent permitted by applicable Legal Requirements, any Liens by any contractor, subcontractor, construction manager, design professional, supplier or other persons or entities providing work, services, materials or equipment to Tenant or for the benefit of the Premises pursuant to such contracts shall attach only to the leasehold interest of Tenant. Tenant covenants and agrees to promptly pay all persons or entities furnishing or providing work, services, materials or equipment to Tenant or for the benefit of the Premises at the direction of Tenant or Tenant's Agents. If, because of any act or omission (or alleged act or omission) of Tenant or Tenant's Agents, any construction lien, claim or other lien, including, without limitation, any Notice of Unpaid Balance and Right to File Lien (collectively "Lien"), charge, or order for the payment of money or other encumbrance shall be filed against Tenant, Landlord or any Mortgagee, or against any portion of the Premises or the Building (whether or not such Lien, charge, order, or encumbrance is valid or enforceable as such), Tenant shall notify Landlord of same immediately after Tenant is first notified, or otherwise becomes aware, thereof, and shall, at Tenant's own cost and expense, cause same to be discharged of record by paying the claimant, obtaining a discharge and recording or filing same, as applicable, or by filing a surety bond or depositing funds with the Clerk of the Superior Court of New Jersey, as provided in N.J.S.A. 2A:4A-31, or by any other then-customary process with respect to the type of Lien or encumbrance involved; and Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from and against all Claims based thereon, arising therefrom or in any way relating thereto, directly or indirectly, whether in whole or in part, such indemnification obligation to survive the expiration or earlier termination of this Lease. If within thirty (30) days after first becoming aware of such filing, Tenant fails to cause such Lien or other encumbrance to be so discharged of record, bonded over or otherwise disposed of in accordance with any customary process as provided above, Landlord shall have the option of discharging or bonding any such Lien or other encumbrance, and Tenant agrees to reimburse Landlord, as Additional Rent, for all costs, expenses and other sums of money incurred by Landlord in connection therewith, with interest thereon at the Default Interest Rate from the date such cost was incurred, until repaid in full. All materialmen, contractors, artisans, mechanics, laborers, and any other persons or entities now or hereafter contracting with Tenant or Tenant's Agents or any contractor or subcontractor of Tenant or Tenant's Agents for the furnishing of any labor, services, materials, supplies, or equipment with respect to any portion of the Premises or the Building at any time from the date hereof (whether or not Landlord has consented thereto), are hereby charged with notice that they look exclusively to Tenant for payment of same, but the foregoing shall not be deemed Landlord's consent to Alterations which could give rise to such Liens.

9.5 Tenant shall not, at any time employ, or permit the employment of, any contractor, mechanic or laborer, whether in connection with an Alteration or otherwise, if in Landlord's opinion such employment would interfere, cause any conflict, or create any difficulty, strike or jurisdictional dispute with, other contractors, mechanics or laborers engaged in the construction, maintenance, repair or operation of the Building by Landlord, Tenant or others. In the event of any such interference, conflict, difficulty, strike or jurisdictional dispute, Tenant shall, upon demand of Landlord, cause all contractors, mechanics or laborers causing the same to leave the Building immediately.

9.6 If any Alterations are made without the prior written consent of Landlord, Landlord shall have the right, at its option and in addition to Landlord's other rights and remedies, to either require Tenant to remove such Alterations and restore the affected portion(s) of the Premises or the Building, as applicable, to their condition immediately prior thereto, or to do so on Tenant's behalf, in which case Tenant shall reimburse Landlord as Additional Rent for the cost of such removal and restoration, with interest at the Default Interest Rate, from the date such cost was incurred until repaid in full, within ten (10) days after receipt of an invoice therefor. All Alterations to the Premises or the Building made by either party shall become the property of Landlord and shall remain upon and be surrendered with the Premises at the expiration or earlier termination of the Term; provided, however, that (a) Tenant shall have the right to remove, and at Landlord's direction shall remove, upon the expiration or earlier termination of the Term, all movable furniture, furnishings, trade fixtures and other personal property of Tenant located in the Premises solely at the expense of Tenant, (b) Tenant shall remove, upon the expiration or earlier termination of the Term, all personal property of Tenant's Agents located in the Premises, and (c) Tenant shall remove all Alterations (including, without limitation, any wiring and cabling located in risers outside the Premises) which Landlord designates, in writing at the time of Landlord's consent, for removal prior to the Expiration Date or any such earlier date of termination. Tenant shall, at its expense, repair all damage and injury to the Premises or the Building caused by any removal and restore same to the condition in which it existed prior to such installation. Tenant's obligations under this Section 9.6 shall survive the Expiration Date or earlier termination of this Lease.

9.7 Anything contained in this Lease to the contrary notwithstanding, to the extent Landlord has either (i) provided Tenant with value (by way of a construction allowance or otherwise), or (ii) granted a credit to Tenant (by way of a rent concession or otherwise) for the express or implied purpose of funding, in whole or in part, Tenant's fit-up costs (whether in connection with the work performed by or on behalf of Tenant in fitting up the Premises on or about the Commencement Date, or at any later time during the Term), the fit-up work, fixtures, non-moveable equipment and machinery, and appurtenances funded thereby (hereinafter collectively referred to as the "Landlord Funded Improvements") shall remain the property of Landlord and may not be removed by Tenant at any time during the Term without Landlord's prior written consent, and shall remain in the Premises upon the expiration or earlier termination of this Lease, unless Landlord directs otherwise pursuant to Section 9.6 above. Landlord alone shall be entitled to depreciate the Landlord Funded Improvements as an asset for tax purposes.

ARTICLE X
SIGNS

10.1 Tenant shall not place on the exterior of the Premises (including exterior surfaces of doors and both interior and exterior surfaces of windows), or within the Premises if same are visible to public view from outside the Premises, any signs, symbols, advertisements or items of a similar nature. Notwithstanding the preceding sentence, Landlord will not unreasonably withhold, condition, or delay its consent to signs or lettering on or next to the entry door to the Premises, provided that (i) Tenant has submitted to Landlord a plan or sketch thereof in reasonable detail showing, without limitation, size, color, location, materials and method of affixation; and (ii) such signs and/or lettering conform to Building standards as adopted by Landlord from time to time in its sole discretion. Landlord shall, at no cost to Tenant, maintain a tenant directory in the lobby of the Building and elevator lobby on the third (3^{rd}) floor and include Tenant's business name thereon. Except as expressly provided in this Article X, if any sign, symbol, advertisement or other item that has not been approved by Landlord is so displayed, then Landlord shall have the immediate right, with or without prior notice to Tenant, to remove such item at Tenant's expense or to require Tenant to do the same. Landlord reserves the right to install and display signs, advertisements and notices of any kind on any portions of the exterior or interior of the Building as Landlord may elect, provided the same are in keeping with a first class office building.

ARTICLE XI
SECURITY DEPOSIT

11.1 (a) Simultaneously with Tenant's execution of this Lease, Tenant shall deposit with Landlord an unconditional, irrevocable commercial letter of credit (the "Letter of Credit") in the amount of the Security Deposit set forth in Article I, which shall be held as security for the performance by Tenant of all of Tenant's obligations, covenants, conditions and agreements under this Lease. The Letter of Credit shall (i) be governed by the rules and procedures of the International Standby Practices 1998, promulgated jointly by the Institute for International Banking Law and Practice and the International Chamber of Commerce, effective January 1, 1999; (ii) be issued by a New York City metropolitan area or northern New Jersey federally insured commercial bank (1) organized under the laws of the United States of America or any state thereof, (2) doing business in the United States of America, (3) subject to state or federal banking regulatory authorities, (4) having a combined capital, surplus and undivided profits (less any undivided losses) of not less than Five Hundred Million Dollars ($500,000,000.00), and (5) having a commercial paper rating of A-] (or then equivalent) from Standard & Poor's Corporation or P- I (or then equivalent) from Moody's Investors Service, Inc. and otherwise reasonably acceptable to Landlord (collectively "Bank Criteria"); (iii) be payable in full or partial draws upon presentation of the following to the issuer of the Letter of Credit: (X) a letter on Landlord's letterhead certifying that Landlord is entitled to the Letter of Credit proceeds due to a default by Tenant under this Lease beyond any applicable notice and cure period; and (Y) an original of the Letter of Credit; (iv) be made expressly transferable and assignable (at the beneficiary's cost) by Landlord from time to time under this Lease, to any assignee of Landlord' s interest in this Lease, any Mortgagee, or any receiver of such Landlord (it being agreed that the Letter of Credit shall be delivered only to any such persons or entities); and (vi) subject to Section 11.1(c) below, include an "evergreen" provision which provides that the Letter of Credit shall be automatically renewed on an annual basis, such that the Letter of Credit remains in effect through the sixtieth (60th) day after the expiration of the Lease Term and Renewal Term, if applicable. In the event a replacement Letter of Credit is issued at any time during the term by a bank other than the initially approved bank, such replacement Letter of Credit shall be issued by a bank which satisfies the Bank Criteria. Tenant expressly waives any right it might otherwise have to prevent Landlord from drawing on the Letter of Credit, and agrees that an action for damages (and not injunctive or other equitable relief) shall be Tenant's sole and exclusive remedy in the event Tenant disputes Landlord's claim to any such amounts which are the basis for Landlord's draw upon the Letter of Credit.

(b) Landlord shall not be required to maintain the proceeds of any draw upon the Letter of Credit in a separate account and, except for any minimum amount of interest that may be required by applicable Legal Requirements pertaining to commercial leases, Tenant shall not be entitled to interest thereon. In no event shall the Security Deposit be considered an advance payment of Rent, nor shall Tenant be entitled to use the Security Deposit for the payment of Rent. If there shall be any default by Tenant under this Lease beyond any applicable notice and cure period, then Landlord shall have the immediate right, but not the obligation, with or with notice prior notice to Tenant, to draw upon the Letter of Credit and use and apply any portion of the proceeds (a) for the payment of any Base Rent, Additional Rent or any other sum as to which Tenant is in default beyond any applicable notice and cure period; (b) for the payment of any amount Landlord has spent and has not been reimbursed by Tenant by reason of such default; or (c) as compensation to Landlord for any losses to which Landlord is entitled under this Lease and incurred by reason of Tenant's default beyond any applicable notice and cure period (including, but not limited to, any damage or deficiency arising in connection with the reletting of the Premises). If any portion of the Security Deposit is so used or applied, then within five (5) Business Days after Landlord's notice to Tenant of such use or application, Tenant shall cause the issuing bank to restore the Letter of Credit to its original amount as set forth in Article I, and Tenant's failure to do so shall constitute an Event of Default under this Lease. Landlord shall also have the immediate right to draw upon the Letter of Credit if the issuing bank fails, at any time, to continue to comply with the Bank Criteria, and Tenant does not provide a replacement Letter of Credit from a bank satisfying the Bank Criteria within five (5) Business Days following notice to Tenant from Landlord, in which case Landlord may retain the cash proceeds of the Letter of Credit. Within approximately sixty (60) days after the later to occur of the expiration or earlier termination of the Term, or Tenant's vacating and surrendering the Premises in the condition required hereunder, Landlord shall return the Letter of Credit to Tenant (or the cash then held by Landlord), less the proceeds of any draw Landlord shall have made thereon in order to satisfy any of Tenant's obligations as provided hereunder.

(c) If Tenant is unable to provide an "evergreen" Letter of Credit as required by clause "(vi)" of Section 11.1(a) above, then the Letter of Credit shall expire no earlier than twelve (12) months after issuance, and all subsequent replacement Letters of Credit shall expire no earlier than twelve (12) months from the expiration date of the then outstanding and expiring Letter of Credit. Tenant shall ensure that at all times during the Term of this Lease and for sixty (60) days after the Expiration Date, Landlord shall be in possession of an unexpired Letter of Credit in the amount required hereunder. During the Term, Tenant shall deliver a replacement Letter of Credit to Landlord no later than thirty (30) days prior to the expiration date of the then outstanding and expiring Letter of Credit; provided, however, that the replacement letter of credit shall not be required to have an effective date earlier than the expiration date of the then existing Letter of Credit (it being the intent that Tenant not be required to have two outstanding Letters of Credit at any one time). Failure by Tenant to deliver any replacement Letter of Credit as required above shall entitle Landlord to immediately draw upon the outstanding Letter of Credit, and to retain the entire proceeds thereof for application as the Security Deposit under this Lease pursuant to Section 11.1(d) below (provided that Tenant shall thereafter continue to have the right to substitute a Letter of Credit for such cash Security Deposit then being held by Landlord, in accordance with the requirements of this Section 11.1).

(d) In the event Landlord draws upon the Letter of Credit as set forth in the last sentence of Section 11.2(f) above and as a result thereof Landlord, at any time thereafter, is holding a cash Security Deposit in lieu of all or any portion of the Letter of Credit, then such cash Security Deposit shall be held in accordance with the provisions of Section 11.2(e) and (f) above, and within five (5) Business Days after such draw Tenant shall provide Landlord with a replacement Letter of Credit in the full amount of the Letter of Credit portion of the Security Deposit, at which time Landlord shall return to Tenant any cash Security Deposit then held by Landlord in lieu of all or any portion of the Letter of Credit. Tenant shall also have the right, at all times that Landlord is holding the cash portion of the Security Deposit, to substitute a Letter of Credit therefor.

(e) Upon request of Landlord or any prospective purchaser or Mortgagee of the Building, Tenant shall, at the beneficiary's expense, cooperate with Landlord in obtaining an amendment to or replacement of any Letter of Credit which Landlord is then holding, so that the amended or new Letter of Credit reflects the name of the new owner and/or Mortgagee of the Building.

(f) If the financial institution which issued the Letter of Credit is declared insolvent by the FDIC or is closed for any reason related to the solvency of said financial institution, Tenant must immediately provide a substitute Letter of Credit from a financial institution meeting the criteria set forth in Section 11.1, and otherwise satisfying the requirements herein.

11.2 Nothing herein shall be construed to limit the amount of damages recoverable by Landlord, it being specifically agreed that the Security Deposit (whether in the form of cash or the Letter of Credit) shall not be deemed liquidated damages in the event of a default by Tenant under this Lease, nor shall anything herein limit any other remedy Landlord may have in addition to the right to apply all or any portion of the cash Security Deposit, (or to draw down upon the Letter of Credit, as applicable). Tenant shall not assign, pledge or encumber or attempt to assign, pledge or encumber any portion of the Security Deposit, and neither Landlord nor its successors or assigns shall be bound by any such assignment, pledge or encumbrance, or any such attempted assignment, pledge or encumbrance.

11.3 If Landlord transfers the cash Security Deposit or Letter of Credit to any purchaser or other transferee of Landlord's interest in the Building, then, provided there is an assignment and assumption of Landlord's obligations with respect to the cash Security Deposit or Letter of Credit, Tenant shall look only to such purchaser or transferee for the return thereof, and Landlord shall thereafter be released from all liability to Tenant for the return of such Security Deposit or Letter of Credit.

11.4 Provided there is not, at the time of a scheduled reduction, a continuing Event of Default, on the first (1^{st}) day of the thirteenth (13^{th}) month following the Commencement Date and thereafter on an annual basis, Tenant shall have the right to reduce the Letter of Credit in increments of $100,000 (but subject the following clause (a) in this sentence with respect to the third reduction), provided (a) Landlord shall have, during the Term, at least $50,000 as the Security Deposit and (b) Tenant delivers to Landlord, at Tenant's sole cost and expense, a replacement Letter of Credit in such reduced amount which otherwise satisfies all of the terms and conditions of this Article XI. If there is an Event of Default at the time of any of the aforesaid reduction dates, Tenant's right to the reduction shall be tolled only until such time that the Event of Default is cured (and, upon such cure, Tenant's right to the applicable reduction shall apply).

ARTICLE XII
LANDLORD'S INSPECTION OF AND ACCESS TO THE PREMISES

12.1 Tenant shall permit Landlord and Landlord's Agents to enter the Premises at all times upon reasonable prior notice to Tenant (except in an emergency when no advance notice shall be necessary): (i) to examine, inspect or protect the Premises and the Building; (ii) to make such alterations and/or repairs as in the sole and absolute judgment of Landlord may be deemed necessary or desirable; (iii) to exhibit the same to purchasers and lenders, (iv) if Tenant has not exercised its right to the Renewal Term in a timely fashion or, if Tenant has no right to extend the term of the Lease, during the last nine (9) months of the then-applicable term, to exhibit the same to brokers and prospective tenants; and (iv) if any excavation or other substructure work shall be made or authorized to be made upon land adjacent to the Building or the Land, to perform such work as is required to preserve the walls of the Building and to preserve the Land from injury or damage and to support such walls and land by proper foundations. Landlord shall be allowed to take all material into and upon the Premises that may be required for such repairs or alterations or otherwise. Except in the event of an emergency, Landlord shall use commercially reasonable efforts to minimize disruption to Tenant's normal business operations in the Premises in connection with any such entry. Any such entry pursuant to this Article XII shall not be deemed to constitute an eviction of Tenant in whole or in part, and the Base Rent and Additional Rent payable under this Lease shall not abate during any such entry. Landlord shall have no liability to Tenant for any inconvenience or interruptions caused by the making of such repairs or alterations, or by such entry by Landlord or Landlord's Agents pursuant to any provision of this Lease. Nothing in this Section 12.1 shall be construed to impose upon Landlord any greater or additional obligations to inspect, maintain or repair the Premises beyond those specific obligations expressly imposed upon Landlord pursuant to this Lease.

ARTICLE XIII
INSURANCE

13.1 (a) Throughout the Term, Tenant shall obtain and maintain the following insurance:

(1) commercial general liability insurance (written on an occurrence basis) including contractual liability coverage insuring the indemnity obligations assumed by Tenant under this Lease, premises and operations coverage, broad form property damage coverage and independent contractors coverage, and containing an endorsement for personal injury, in minimum amounts of not less than One Million Dollars ($1,000,000) combined single limit per occurrence, with a Two Million Dollar ($2,000,000) annual aggregate, together with umbrella or excess liability coverage in an amount not less than Three Million Dollars ($3,000,000);

(2) business interruption insurance or rent loss insurance (or a comparable policy of insurance providing the same benefits), in minimum amounts of not less than twelve (12) times the monthly Base Rent and estimated Additional Rent then in effect during any Lease Year;

(3) all-risk property insurance covering all perils and contingencies as normally carried by tenants of first-class office buildings in the Geographic Area, or as may be required by Landlord's Mortgagee, including, in all events, coverage for fire, lightning, windstorm, hail, explosion, terrorism, vandalism and malicious mischief, riot and civil commotion, and smoke, and with a replacement cost endorsement insuring one hundred (100%) percent of the replacement cost of all contents of the Premises (including, without limitation, Tenant's trade fixtures and other personal property, but excluding the Tenant Improvement Work which shall be insured by Landlord to the extent such Tenant Improvement Work constitutes a Leasehold Fixture);

(4) comprehensive automobile liability insurance (covering all owned, non-owned and hired vehicles), in an amount of not less than One Million Dollars ($1,000,000) for each accident

(5) worker's compensation insurance, in minimum limits as required by the State of New Jersey (as the same may be amended from time to time), for all employees of Tenant engaged in any work on or about the Premises;

(6) intentionally deleted;

(7) in amplification of the insurance requirements relating to Alterations set forth in Section 9.2 above, but without limitation thereof, for any period during which construction is being performed by or on behalf of Tenant in or about the Premises, builder's all-risk insurance (completed value non-reporting form), covering all perils and contingencies as may be required by Landlord or its Mortgagee, including, in all events, coverage for vandalism and malicious mischief with a replacement cost endorsement, if such insurance is reasonably appropriate for the particular Alteration; and

(8) if Tenant shall use the Premises for entertaining or for any other social function (including parties and/or receptions for clients, customers, employees and/or others) at which any alcoholic beverages are served, Tenant shall obtain an endorsement to its policy of commercial general liability insurance (if such coverage is not already provided by such policy) providing host liquor liability coverage of not less than One Million Dollars ($1,000,000) for bodily injury and property damage liability in any one occurrence and, if Tenant shall have contracted with a third party to serve such alcoholic beverages, Tenant shall also cause such third party to obtain an endorsement to its policy of commercial general liability insurance (if such coverage is not already provided by such policy) providing liquor liability coverage of not less than One Million Dollars ($1,000,000) for bodily injury and property damage liability in any one occurrence; provided, however, that nothing contained in this Section 13.1(a)(8) shall be construed to permit Tenant to use the Premises for any use or purpose other than the Permitted Use.

(b) All insurance required hereunder to be carried by Tenant shall: (i) be issued by companies that are licensed to do business in the State of New Jersey and have been approved in advance by Landlord, and each such company shall have a rating from A.M. Best Company, Inc. (or a comparable successor rating company if A.M. Best Company, Inc. discontinues publishing Best's Insurance Guide) of "A" or higher and a financial size of "VIII" or higher; (ii) with respect to the commercial general liability insurance in (a)(1) above, name Landlord, the managing agent of the Building and any Mortgagee (provided Landlord has notified Tenant of the foregoing) as additional insureds; (iii) be reasonably acceptable in form and content to Landlord; (iv) be primary and non-contributory; (v) contain an endorsement for cross liability and severability of interests; (vi) contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance or change in coverage without the insurer endeavoring to give Landlord and all other additional insureds or loss payees (as the case may be) thirty (30) days' prior notice by certified mail, return receipt requested, of such proposed action; and (vii) not contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Premises against the peril involved, whether collectible or not. With respect to any deductible carried on Tenant's insurance, Tenant shall, and hereby agrees to, indemnify, defend, and hold Landlord and Landlord's Agents harmless from and against all Claims beginning with the first dollar, whenever such deductible applies to a claim. Neither the issuance of any insurance policy required under this Lease nor the minimum limits specified herein shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease.

(c) Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts and/or different types of insurance if: (i) it becomes customary for landlords of first-class office buildings of the type and quality located in the Geographic Area to require similar sized tenants in similar industries to carry insurance of such higher minimum amounts or of such different types; or (ii) any such change is required by a Mortgagee.

(d) Tenant shall deliver certificate(s) of all such insurance and paid receipts therefor to Landlord prior to the earlier of: (i) the Commencement Date; or (ii) Tenant's first entry onto the Premises for any reason, and thereafter prior to the expiration of any such policy (and, upon Landlord's request, Tenant shall promptly deliver copies of all insurance policies, including endorsements and declarations thereto).

(e) Tenant shall give Landlord immediate notice in case of fire, theft or accident in the Premises, and in the case of fire, theft or accident in the Building, if involving Tenant or Tenant's Agents.

(f) Tenant shall secure an appropriate clause, or an endorsement upon the property damage insurance described above in Section 13.1(a)(3), pursuant to which its insurance companies waive subrogation or permit Tenant, prior to any loss, to agree with a third party to waive any claim Tenant may have against said third party. Such waiver shall in all events extend to Landlord and Landlord's Agents. Subject to the foregoing sentence, and insofar as may be permitted by the terms of the insurance policies carried by it, and notwithstanding any provision of this Lease to the contrary, Tenant hereby releases Landlord and Landlord's Agents with respect to any claim Tenant may have against Landlord or Landlord's Agents which is insured against under the aforesaid property damage insurance policy that Tenant carries, or would be insured against if Tenant carried the insurance required pursuant to this Lease (whether or not Tenant is, in fact then carrying such required insurance), regardless of whether the act or omission of Landlord or Landlord's Agents caused or contributed to such loss. In the event Tenant is a self-insurer or maintains a deductible, then Tenant hereby releases Landlord and Landlord's Agents from any liability arising from any event which would have been covered had the required insurance been obtained and/or the deductible not been maintained. In no event shall the foregoing be deemed to imply that Tenant may self-insure and/or maintain a deductible with respect to any insurance required hereunder.

(g) In the event Tenant fails to maintain any of the insurance required hereunder for a period of five (5) Business Days after notice from Landlord, Landlord shall have the right, but not the obligation, without waiving any other rights to which it may be entitled as a result of such default, to obtain any or all of such insurance for the account of Tenant, and in such case Tenant shall reimburse Landlord for the cost thereof, as Additional Rent, within ten (10) days after receipt of Landlord's bill therefor.

13.2 Tenant shall not conduct or permit to be conducted any activity, or place or permit to be placed any equipment or other item in or about the Property which will in any way increase the rate of fire insurance or other insurance on the Property. If any increase in the rate of fire insurance or other insurance is due to any activity, equipment or other item of Tenant, then (whether or not Landlord has consented to such activity, equipment or other item) Tenant shall pay to Landlord as Additional Rent within 30 days of receipt of an invoice therefor, the amount of such increase. The statement of any applicable insurance company or insurance rating organization (or other organization exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions) that an increase is due to any such activity, equipment or other item shall be conclusive evidence thereof. The foregoing provisions of this Section 13.2 shall not be construed as a grant to Tenant to utilize any portions of the Building outside of the Premises, or to utilize the Premises for any use or purpose other than the Permitted Use.

13.3 (a) Landlord agrees to carry and maintain special causes of loss ("all-risk") property insurance, with respect to the Property (including, but not limited to, the Tenant Improvement Work (to the extent Leasehold Fixtures) and Leasehold Fixtures) for full replacement cost thereof and in an amount required by its insurance company to avoid the application of any co-insurance provision. Landlord also agrees to carry and maintain (or cause to be carried and maintained) commercial general liability insurance with respect to the Common Areas with limits carried by landlords of first-class office buildings of the type and quality located in the Geographic Area or such higher limits as its Mortgagee reasonably deems appropriate.

(b) Landlord shall secure an appropriate clause, or an endorsement upon the property damage insurance described above in Section 13.3(a), pursuant to which its insurance companies waive subrogation or permit Landlord, prior to any loss, to agree with a third party to waive any claim Landlord may have against said third party. Such waiver shall in all events extend to Tenant and Tenant's Agents. Subject to the foregoing sentence, and insofar as may be permitted by the terms of the insurance policies carried by it, and notwithstanding any provision of this Lease to the contrary, Landlord hereby releases Tenant and Tenant's Agents with respect to any claim Landlord may have against Tenant or Tenant's Agents which is insured against under the aforesaid property damage insurance policy that Landlord carries, or would be insured against if Landlord carried the insurance required pursuant to this Lease (whether or not Landlord is, in fact then carrying such required insurance), regardless of whether the act or omission of Tenant or Tenant's Agents caused or contributed to such loss. In the event Landlord is a self-insurer or maintains a deductible, then Landlord hereby releases Tenant and Tenant's Agents from any liability arising from any event which would have been covered had the required insurance been obtained and/or the deductible not been maintained.

ARTICLE XIV
SERVICES AND UTILITIES

14.1 Landlord will furnish:

(a) heating, ventilating and air conditioning to the Premises and interior Common Areas during Building Hours (except on Building Holidays) in the seasons when, as the case may be, air conditioning or heating is reasonably required and would be provided by landlords of first-class office buildings of the type and quality located in the Geographic Area and in accordance with the specifications attached hereto as Exhibit G.

(b) after Building Hours, janitorial service to the Premises Mondays through Fridays (or, at Landlord's option, Sundays through Thursdays), excluding Building Holidays, in accordance with the specifications contained in Exhibit E attached hereto and made a part hereof;

(c) hot and cold water in the public restrooms for ordinary drinking and lavatory purposes and in the Premises to any water fixtures accessory to Tenant's office use (*e.g.*, a sink in a break room);

(d) electricity to the Premises as and to the extent provided in Section 14.5 below;

(e) elevator service to the floor(s) of the Building on which the Premises is located (with at least one [1] elevator in operation at all times);

(f) reasonably expeditious snow and ice removal from the exterior walkways, parking areas, and similar areas of the Property; and

(g) twenty-four (24) hour, seven (7) day a week access to the Building and the Premises by a card key access system.

In addition, Landlord will otherwise operate, maintain, repair and clean (or cause to be operated, maintained, repaired and cleaned) the Common Areas in a condition typical of landlords of first-class office buildings of the type and quality located in the Geographic Area. All costs incurred by Landlord in furnishing the foregoing services shall be included in Operating Charges to the extent permitted in this Lease (except for the cost of providing electric service to the Premises, which is addressed in Section 14.5 below).

14.2 If Tenant requires air-conditioning or heating beyond Building Hours, Landlord will furnish same, provided Tenant gives Landlord not less than four (4) hours advance notice of the need therefor and Tenant agrees to pay, in each instance of after-hours service, an "After-Hours HVAC Charge" which, as of the date hereof, is the fixed, agreed-upon sum of Fifty and 00/100 ($50.00) Dollars per hour, without proration for partial hours of service, subject to upward adjustment by Landlord only to the extent that the cost of utilities consumed increases. Notwithstanding anything contained herein, (a) in no event shall the After-Hours HVAC Charge ever be less than $50.00 per hour (b) Tenant shall not be obligated to pay the After-Hours HVAC Charge for overtime HVAC during the time period of 8:00 a.m. to 1:00 p.m. on Saturdays unless such Saturday is a Building Holiday.

14.3 Tenant shall reimburse Landlord for the cost of removing from the Premises and the Building any excess refuse and rubbish generated or otherwise disposed of by Tenant (*i.e.*, refuse and rubbish removal beyond the scope of refuse and rubbish removal included in the janitorial specifications set forth on Exhibit E), as well as the cost of removing any carpet stains not otherwise addressed in the janitorial specifications, and Tenant shall pay, as Additional Rent, all bills therefor within thirty (30) days from rendering.

14.4 Notwithstanding anything to the contrary contained herein, Landlord and Landlord's Agents shall not be liable for any failure to maintain comfortable atmosphere conditions in all or any portion of the Premises due to excessive heat generated by any equipment or machinery installed by Tenant (with or without Landlord's consent), or due to any impact that Tenant's furniture, equipment, machinery or millwork may have upon the delivery of heat or air-conditioning (as applicable) to the Premises, or due to the occupancy load of the Premises, or due to events beyond the control of Landlord, nor shall Landlord or Landlord's Agents shall have any liability for failure to supply any utilities or other services hereunder when prevented from doing so by strikes, repairs, alterations or improvements or by reason of the failure of the utility company servicing the Building to furnish any such utility, or by order or regulation of any Legal Requirement or Insurance Requirement, or for the maintenance or repair of or incidents upon the Common Areas, or for any cause beyond Landlord's control, nor shall any such failure be deemed a constructive eviction of Tenant, or constitute a breach of any implied warranty, or entitle Tenant to any abatement of Rent or otherwise effect Tenant's obligations hereunder. Notwithstanding the foregoing, if there is an interruption of the services to be provided by Landlord under this Lease for a period of five (5) consecutive Business Days due to a cause within Landlord's reasonable control, then there shall be an abatement of Rent from and after the sixth (6^{th}) business day.

14.5 (a) Subject to the provisions of this Section 14.5, Landlord shall redistribute electric energy to service the Premises.

(b)(i) Commencing on the Commencement Date, Tenant shall pay to Landlord in consideration of Landlord's redistribution of electricity to the Premises, an electric charge based upon the utility rate schedule(s) charged by the utility provider for electricity at the Building (the "Electric Charge"), which shall be paid in estimated monthly payments, as provided herein. Landlord's Electric Charge shall be $1.25 per rentable square foot of the Premises (on an annualized basis) until the first anniversary of the Commencement Date, after which the Electric Charge shall be $1.75 per rentable square foot of the Premises (on an annualized basis), which Electric Charge is subject to change pursuant to Section 14.5(b)(iii) below. Commencing with the aforesaid first anniversary and upon each anniversary thereafter, Landlord may submit a statement to Tenant setting forth, on an annualized basis, any change in the then current Electric Charge ("Estimated Electric Charge Statement"), which charge shall not increase unless Tenant has increased the nature and scope of its electrical consumption to a material degree or the rate charged by the utility provider has increased. Tenant shall pay to Landlord, as Additional Rent, on the first day of each month following receipt of such Estimated Electric Charge Statement, until Tenant's receipt of any succeeding Estimated Electric Charge Statement, an amount equal to one-twelfth ($1/12^{th}$) of Tenant's Electric Charge as shown on such Estimated Electric Charge Statement.

(ii) If the utility rate schedule(s) for the supply of electricity to the Building by shall be increased or decreased at any time by the provider, the Electric Charge shall be equitably increased or decreased to reflect the resulting increase or decrease in the actual change charged by the utility provider (and therefore without any markup) furnishing electricity to the Premises.

(iii) Landlord or Tenant shall have the right to measure Tenant's consumption of electricity in the Premises by means of an electrical survey performed by an independent utility auditor or engineer reasonably acceptable to Landlord and Tenant (the "Utility Auditor"), who shall inspect Tenant's equipment and fixtures in the Premises, consider the number of employees and hours typically worked at the Premises, and measure Tenant's connected load in the Premises (exclusive of HVAC). The cost of the Utility Auditor shall be paid for by the party requesting the audit. The findings and calculations of the Utility Auditor shall be conclusive and binding upon Landlord and Tenant. Notwithstanding the foregoing, there shall be no retroactive increases to the Electric Charge based on any such audit. In the alternative, Landlord shall have the right, in its sole discretion and at Landlord's sole cost and expense, to install a submeter to measure Tenant's consumption of electricity in the Premises. Landlord also reserves the right, at any time and at Landlord's sole cost, to make all arrangements necessary for the Premises to obtain electricity directly from the utility company serving the Building, and to install a meter to measure Tenant's consumption of electricity in the Premises, in which event the Premises shall constitute a self-contained unit as far as electricity is concerned, and Tenant shall pay said utility company directly for all electricity consumed in the Premises. Landlord's use of one method to measure Tenant's consumption of electricity in the Premises shall not preclude Landlord from later changing to another form of measurement at any time during the Term. Any changes in such method after the Commencement Date shall be conditioned upon Landlord's coordination with Tenant in the timing and performance of such work to minimize any interference to the operation of Tenant's business (which may result in the work being performed during overtime hours).

(c) Landlord shall have no responsibility for failure to supply the electric current or other services when prevented from doing so by strikes, repairs, alterations or improvements or by reason of the failure of the public utility to furnish electric current, or by order or regulation of any federal, state, county or municipal authority, or for any other reason whatsoever. Subject to Tenant's rights in Section 14.4 above, Landlord's obligation to furnish electricity shall not be deemed breached nor shall there be any abatement in rent or any liability on the part of Landlord to Tenant for failure to furnish electricity or other services for the reasons set forth above.

(d) Such electricity will be furnished to Tenant by means of existing Building panel boards, feeders, risers, wiring and other equipment. The use of electricity in the Premises shall not exceed the capacity of the existing feeders and risers to, or wiring in, the Premises without Landlord's consent. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord (along with any related alterations, repairs or expenses), at Tenant's expense, but only if Landlord determines, in its sole judgment, that the same are necessary and that same would not cause permanent damage to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs or expenses, or interfere with or disturb other tenants or occupants in the Building.

(e) If any tax is imposed upon Landlord subsequent to the date hereof with respect to electricity furnished as a service to Tenant by any federal, state or municipal authority then, unless prohibited by law or by any governmental authority having jurisdiction thereof, Tenant shall pay to Landlord, on demand, Tenant's pro rata share of such taxes.

14.6 (a) Tenant acknowledges that Landlord shall be entitled to engage any electricity service provider Landlord selects in its sole discretion with respect to electricity and other utility service in the Building and/or the Property, and Tenant shall not dispute Landlord's selection of any such service provider. Tenant agrees that Landlord reserves the right, at any time and from time to time during the Term, to contract for utility services from a different company or companies, other than the present utility providers heretofore selected.

(b) Tenant further agrees, notwithstanding the foregoing, that Landlord reserves the right to terminate the redistribution of electricity, other utilities or any telecommunications service to the Premises at any time (but the foregoing shall not in any way be deemed a representation that Landlord will provide any other utilities or telecommunications services, except to the extent expressly set forth herein), upon at least sixty (60) days' written notice to Tenant, in which event Tenant shall, in accordance with the provisions of this Section 14.6, make application directly to the utility company servicing the Building for Tenant's entire separate supply of electricity or other utility or the affected telecommunications service. Upon confirmation from Tenant that transition of the applicable utility or service has been made (and Tenant shall use commercially reasonable efforts to do so), Landlord may discontinue furnishing electric current, such other utility or the applicable telecommunications service to the Premises. Notwithstanding the foregoing, if such transition shall require the installation of certain equipment, panels, or other similar components, Landlord shall, at its sole cost, pay for such installation. In the event (i) Landlord elects to terminate its redistribution of electricity, such other utility or any telecommunications service to the Premises; or (ii) applicable Legal Requirements require commercial building owners to permit tenants of their facilities to utilize an alternative provider for any of the foregoing utilities or telecommunications services (an "ASP") and Tenant so elects to utilize an ASP, rather than the utility company that is then servicing the Premises, then in either such case, no such ASP shall be permitted to provide service to Tenant or to install lines or other equipment without obtaining the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned, or delayed. Landlord's consent under this Section 14.6 shall not be deemed any kind of warranty or representation by Landlord, including, without limitation, as to the suitability or competence of an ASP. Landlord may withhold its consent to a proposed ASP if, in the reasonable exercise of its judgment, Landlord determines that any of the following conditions have not been met:

(1) Landlord shall incur no expense whatsoever in connection with any aspect of an ASP's provision of its services, including, without limitation, the cost of installation, service and materials, and the ASP agrees in writing to indemnify, defend and hold Landlord and Landlord's Agents harmless in connection therewith, as more fully set forth in paragraph (6) below;

(2) Prior to commencement of any work in the Premises or the Building by an ASP, the ASP shall supply Landlord with verification satisfactory to Landlord that the ASP is properly insured, and financially capable of covering any uninsured damage;

(3) Prior to commencement of any work in the Premises or the Building by an ASP, the ASP shall agree in writing to abide by any rules or regulations as are reasonably determined by Landlord to be necessary to protect the Premises and the Building;

(4) Landlord determines that there is sufficient unreserved space in the Common Areas for the placement of all the ASP's equipment and materials, including, without limitation, the electricity risers;

(5) The ASP is licensed in the State of New Jersey and, in Landlord's judgment, is a reputable utility provider;

(6) The ASP agrees, in a license agreement executed by the ASP and Landlord: (x) to compensate Landlord in a reasonable amount for all space used in the Building for storage and maintenance of the ASP's equipment (the "ASP Space"), and for all reasonable costs incurred by Landlord in connection with the ASP, including but not limited to arranging access by the ASP's personnel and security for the ASP's equipment; (y) that at Landlord's request, upon termination of the license agreement, the ASP will remove all of the its equipment and materials from the affected portions of the Building; and (z) to indemnify, defend and hold harmless Landlord and Landlord's Agents from and against all Claims based on, to the extent arising out of or in any way relating to its provision of services as aforesaid, such indemnification obligation to survive the expiration or earlier termination of this Lease;

(7) The ASP agrees that Landlord shall have the right to supervise the ASP's performance of any work in the Building, including but not limited to, any installations or repairs; and

(8) The ASP agrees that Landlord shall have the right to enter the ASP Space at any time for any of the purposes referenced in Section 12.1 of this Lease (it being understood, however, that such right of entry shall not be construed as imposing upon Landlord any obligation to inspect, maintain or repair the ASP Space).

(c) Notwithstanding anything contained in this Lease, Tenant agrees that to the extent service by the ASP is interrupted, curtailed, or discontinued for whatever reason, Landlord shall have no obligation or liability with respect thereto.

(d) Tenant shall indemnify, defend, and hold harmless Landlord and Landlord's Agents from and against all Claims against Landlord or Landlord's Agents to the extent based on, arising out of or in any way relating to Tenant's utilization of an ASP or any acts or omissions of the ASP (such indemnification to be in addition to, and not in lieu of, any indemnification obligation provided by the ASP pursuant to Section 14.6(b)(6) above, or as provided in Section 15.2 hereof).] Tenant's indemnification obligations set forth herein shall survive the expiration or earlier termination of this Lease.

14.7 If Tenant uses machines or equipment in the Premises which materially and adversely affect the temperature otherwise maintained by the air-conditioning system, or which otherwise overload any utility, Landlord may, following notice to Tenant and Tenant's failure to remove such machines or equipment within five (5) Business Days of such notice, install supplemental air conditioning units or other supplemental equipment in the Premises and the cost thereof, including installation, of such equipment, meters to measure such excess consumption, the actual cost (without any markup) of the utilities consumed thereby as indicated on such meters, and the cost of operation, use and maintenance of such equipment shall be paid by Tenant, as Additional Rent, within thirty (30) days following written demand.

14.8 So long as Tenant's use of water in the Premises does not, in Landlord's reasonable opinion, exceed that normally consumed in office settings for ordinary drinking and lavatory purposes, the cost and expense of water shall be included in Operating Charges. However, in the event Tenant's use of water in the Premises exceeds, in Landlord's reasonable opinion, that normally consumed in office settings for ordinary drinking and lavatory purposes and ordinary kitchenette purposes, Landlord shall have the right to either: (i) install and maintain, at Tenant's sole cost and expense, water meters which measure Tenant's water consumption in the Premises; (ii) reasonably estimate the amount of such excess consumption by Tenant; or (iii) engage the services, at Tenant's sole cost and expense, of an independent utility rate auditor or engineer selected by Landlord, to perform a confirmatory water survey of the Premises; and in any such case, Tenant shall pay to Landlord, as Additional Rent within thirty (30) days of receipt of a bill therefor, all reasonable and actual out-of-pocket charges incurred as a result thereof, whether for water consumption, equipment maintenance or the services of any such utility engineer.

14.9 Landlord shall not be obligated to provide any utility or service, except as specifically set forth in this Lease.

ARTICLE XV
LIABILITY OF LANDLORD

15.1 Unless due to the negligence or willful misconduct of Landlord and/or Landlord's Parties, but subject to the mutual waiver of claims and subrogation contained herein, and unless due to the breach of Landlord's obligations under this Lease, Landlord and Landlord's Agents shall not, except as otherwise provided in this Lease, be liable to Tenant for any of Tenant's property damage (including any consequential or punitive damages therefrom), or property loss or property claim based on or arising out of any cause whatsoever including, without limitation, the following: repair to any portion of the Premises or the Property; interruption in the use of the Premises or any equipment therein; any accident or damage resulting from any use or operation (by Landlord, Tenant or any other person or entity) of elevators or heating, cooling, electrical, sewerage or plumbing equipment or apparatus; termination of this Lease by reason of damage to the Premises or the Property; any fire, robbery, theft, vandalism, mysterious disappearance or any other casualty; actions of any other tenant of the Building or of any other person or entity; failure or inability to furnish any service specified in this Lease; and leakage in any part of the Premises or the Property from water, rain, ice or snow that may leak into, or flow from, any part of the Premises or the Property, or from drains, pipes or plumbing fixtures in the Premises or the Property, and none of the foregoing shall be deemed a constructive eviction, constitute a breach of any implied warranty, or entitle Tenant to any abatement of Rent or otherwise effect any of Tenant's obligations hereunder. Any property placed by Tenant or Tenant's Agents in or about the Premises or any other portion of the Property, or in any vehicle parked at the Property, shall be at the sole risk of Tenant, and Landlord shall not in any manner be held responsible therefor. Any person receiving an article delivered for Tenant shall be acting as Tenant's agent for such purpose and not as Landlord's agent. Notwithstanding the foregoing provisions of this Section 15.1, Landlord shall not be released from liability to Tenant for any physical injury to any natural person or to property (subject to the provisions of Section 13.1(f) hereof) caused by Landlord's gross negligence or willful misconduct, to the extent such injury is not covered by insurance (a) carried by Tenant or such person, or (b) required by this Lease to be carried by Tenant (whether or not Tenant carries such required insurance); provided, however, that Landlord shall not under any circumstances be liable to Tenant for any consequential or indirect damages.

15.2 Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from and against all Claims suffered by or claimed against them based on or arising out of, or in any way relating to, in whole or in part: (a) the use and occupancy of the Premises or the business conducted therein, (b) any act or omission of Tenant or Tenant's Parties, or (c) any breach of Tenant's obligations under this Lease. Notwithstanding anything in this Lease to the contrary, Tenant's indemnification, defense, and hold harmless obligations under this Lease shall: (i) be subject to the mutual waivers of claims and subrogation provisions contained in Article 13, (ii) not apply to the extent that such Claims are due to the negligent or willful acts of Landlord and/or Landlord's Parties or due to the breach by Landlord of its obligations under this Lease, and/or (iii) not apply to the extent that such Claims are related to a condition that existed prior to the Commencement Date unless Tenant had actual knowledge of such condition and did not notify Landlord of such condition, provided that such notice, if given, would have given Landlord the opportunity to take remedial action to prevent the Claim. Furthermore, notwithstanding anything in this Lease to the contrary (but subject to the obligations of Tenant under Section 22.2), Tenant shall not under any circumstances be liable to Landlord for any consequential or indirect damages. Tenant's indemnification obligations set forth herein shall survive the expiration or earlier termination of this Lease.

ARTICLE XVI
RULES

16.1 Tenant shall at all times abide by and observe (and shall cause Tenant's Agents to abide by and observe) the rules specified in Exhibit C, as well as any new or amended rules that Landlord or the managing agent of the Building may promulgate from time to time for the operation and maintenance of the Property, or that Landlord or the managing agent of the Building may promulgate from time to time for the operation and maintenance of the Building in general), provided that: (a) reasonable advance notice of any such new or amended rule is given to Tenant (which notice may be distributed to Tenant at the Premises, notwithstanding anything to the contrary set forth in Section 27.1 below), (b) such new rule or amended rule shall not, except to a de minimis degree, increase Tenant's obligations or decrease Tenant's rights under this Lease, and (c) such new rule or amended rule shall be promulgated and enforced in a non-discriminatory manner. All rules shall be binding upon Tenant and enforceable by Landlord as if such rules were contained in this Lease, and Landlord shall be entitled to pursue its rights and remedies as set forth in Article XIX for a violation of any such rule or regulation. In the event of any conflict between any such rules and the other terms and provisions of this Lease, the latter shall govern and control the resolution of such conflict. However, nothing contained in this Lease shall be construed as imposing upon Landlord any duty or obligation to enforce, as against any other tenant, such rules, or the terms, conditions or covenants contained in any other lease, and Landlord shall not be liable to Tenant for the violation of such rules or such terms, conditions or covenants by any other tenant or its employees, agents, assignees, subtenants, invitees or licensees.

ARTICLE XVII
DAMAGE OR DESTRUCTION

17.1 If the Premises is totally or partially damaged or destroyed by fire or other insured casualty, or if the Building is damaged or destroyed by fire or other insured casualty such that Tenant is deprived of reasonable access to or parking at the Premises, then, in either such event, but subject to the provisions of this Article XVII, Landlord shall diligently repair and restore the Premises (including the Tenant Improvement Work and all Leasehold Fixtures) and such damaged or destroyed public portions of the Common Areas as are necessary to restore reasonable access to and parking at the Premises, to substantially the same condition the same were in prior to such damage or destruction; provided, however, that if in Landlord's judgment such repair and restoration cannot be completed within one hundred eighty (180) days from the date of such damage or destruction (taking into account, among other factors, the time needed for effecting a satisfactory settlement with any insurance company involved, removal of debris, preparation of plans, and issuance of all required governmental permits), then either party shall have the right to terminate this Lease by giving the other party written notice of termination within sixty (60) days after the occurrence of such damage or destruction, which notice shall be effective thirty (30) days after the date thereof. If this Lease is terminated pursuant to this Article XVII, then Rent shall be apportioned and paid until the date of the casualty (but, if a portion of the Premises remains tenantable, then Rent shall be reduced proportionately on a per square foot basis as of the date of the casualty and paid through the effective date of the termination). If this Lease is not so terminated, then until Landlord's repair and restoration of the Premises is substantially complete (or would have been complete but for any delay(s) caused by Tenant or Tenant's Parties), then Tenant shall only be required to pay Base Rent and any recurring items of Additional Rent which are determined on a per square foot basis for the portion of the Premises that is tenantable while such repair and restoration is being made. After receipt of all insurance proceeds, Landlord shall proceed with such repair and restoration of the Premises and the Building. Landlord shall not be required to repair or restore any contents of the Premises (including, without limitation, Tenant's trade fixtures and other personal property) as to which Tenant is required under this Lease to insure.

17.2 Notwithstanding the foregoing provisions of Section 17.1, and in addition thereto, Landlord shall also have the right to terminate this Lease if: (1) insurance proceeds payable to Landlord will, in Landlord's judgment, be insufficient to pay the full cost of such repair and restoration, (2) any Mortgagee fails or refuses to make such insurance proceeds available for such repair and restoration, (3) zoning or other applicable Legal Requirements do not permit such repair and restoration, (4) alteration or reconstruction of twenty-five percent (25%) or more of the Building shall, in Landlord's sole opinion, be required (whether or not the Premises shall have been damaged by such fire or casualty), or (5) there is any substantial loss to the Building that is not covered by insurance policies required to be carried by Landlord herein. Either party shall have the right to terminate this Lease if more than ten percent (10%) of the Premises is rendered untenantable as a result of any fire or casualty occurring during the last twenty-four (24) months of the Term.

17.3 Tenant hereby waives all claims (i) for any property damage resulting from any damage or destruction of the type described in this Article XVII unless caused by the gross negligence or willful misconduct of Landlord or Landlord's Parties, (ii) for any loss of profits or interruption of business resulting from Tenant's inability to use and occupy the Premises or any part thereof as a result of any damage or destruction, or (iii) by reason of any required surrender of possession of the Premises pursuant to this Article XVII. Tenant also waives the benefit of New Jersey Revised Statutes, Title 46, Chapter 8, Sections 6 and 7, and agrees that Tenant will not be relieved of the obligation to pay Rent in case of damage or destruction to the Premises or the Property, except as expressly provided in Section 17.1 above.

ARTICLE XVIII
CONDEMNATION

18.1 If one-third (1/3) or more of the Premises, or the use or occupancy thereof (including the parking rights of Tenant), shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose, or sold under the threat of a taking or condemnation (collectively, "condemned"), then this Lease shall terminate on the day prior to the date title thereto vests in such authority, and Base Rent and any recurring items of Additional Rent which are determined on a per square foot basis shall be apportioned as of such date. If less than one-third (1/3) of the Premises or the use and occupancy thereof is condemned, then this Lease shall continue in full force and effect as to the part of the Premises not so condemned, and as of the date title vests in such authority, Base Rent, Additional Rent, the number of Parking Permits and any other items which are determined on a per square foot basis shall be proportionately reduced, based on the amount of square footage taken from the Premises, in relation to the total square footage in the Premises immediately prior to such condemnation. Notwithstanding anything herein to the contrary, if twenty-five percent (25%) or more of the Land or the Building is condemned, whether or not any portion of the Premises is condemned, Landlord shall have the right, following its receipt of notice of such condemnation, to terminate this Lease as of the date title vests in such authority, or on such earlier date selected by Landlord, provided that if title has not vested in such authority, in no event may Landlord terminate the Lease on less than ninety (90) days' notice to Tenant.

18.2 All awards, damages and other compensation paid or payable on account of such condemnation shall belong to Landlord, and Tenant hereby assigns to Landlord all rights to such awards, damages and compensation. Accordingly, Tenant shall not make any claim against Landlord or such authority for any portion of such award, damages or compensation, including, without limitation, any award, damages or compensation attributable to damage to the Premises, the value of the unexpired portion of the Term, loss of profits or goodwill, leasehold improvements or severance damages. Nothing contained herein, however, shall prevent Tenant from pursuing a separate claim against the authority for relocation expenses and for the then-unamortized value of furnishings, equipment and trade fixtures installed in the Premises at Tenant's expense which Tenant is entitled pursuant to this Lease to remove at the expiration or earlier termination of the Term, provided that such claim shall in no way diminish the award, damages or compensation payable to or recoverable by Landlord in connection with such condemnation.

18.3 If all or any portion of the Premises or the Building is condemned temporarily for any public or quasi-public use or purpose (including, without limitation, for any public safety or anti-looting measure), the Term shall not be reduced or affected thereby, and Tenant shall continue to pay Rent without any reduction or abatement and, except to the extent Tenant is prevented from doing so by the direct order of the condemning authority, Tenant shall continue to perform its other obligations hereunder; however, Tenant shall be entitled to receive any award or payment made by the condemning authority as and to the extent such temporary taking impacts Tenant's use of the Premises (provided that such claim shall in no way diminish the award, damages or compensation payable to or recoverable by Landlord in connection with such condemnation), which award or payment shall be received and held in trust by Tenant for the benefit of Landlord, and applied toward the payment of Rent thereafter falling due hereunder.

ARTICLE XIX
DEFAULT

19.1 Each of the following shall constitute an "Event of Default" hereunder:

(a) Tenant's failure to pay when due any Base Rent, Additional Rent or other sum, provided, however, that with respect to the first two (2) such failures in any twelve (12) month period to pay Base Rent, Additional Rent or other sum, Tenant shall be afforded, in each instance, a period of five (5) days following Landlord's delivery to Tenant of written notice of such failure to pay, in which to fully cure such failure to pay;

(b) Tenant's desertion or abandonment of the Premises (but the same shall not be an Event of Default if Tenant is otherwise satisfying its obligations under this Lease);

(c) an Event of Bankruptcy as specified in Article XX;

(d) the dissolution or liquidation of Tenant or Guarantor (if any);

(e) any Environmental Default as specified in Section 25.2;

(f) any subletting, assignment, transfer, mortgage or other encumbrance of the Premises or this Lease in violation of Article VII;

(g) Tenant's failure to execute and deliver to Landlord any document required pursuant to the provisions of Sections 3.2 and/or 21.5 within the time periods provided therein;

(h) the submission by Tenant or Guarantor (if any), either before or after execution hereof, to Landlord of any information prepared by or on behalf of Tenant that is materially false or misleading (including, without limitation, a financial statement containing any material inaccuracy or omission);

(i) intentionally omitted;

(j) Tenant's failure to perform or observe any covenant or condition of this Lease not otherwise specifically described in this Section 19.1, which failure continues for twenty (20) days after Landlord delivers written notice thereof to Tenant, or such longer period as may be reasonably necessary (including, but not limited to, if Tenant is in any way delayed or prevented from performing any such obligation due to fire, act of God, governmental act or failure to act, strike, labor dispute, inability to procure materials, or any other cause beyond Tenant's reasonable control [whether similar or dissimilar to the foregoing events]), so long as Tenant begins to cure such default within twenty (20) days, promptly notifies Landlord in reasonable detail of any such circumstances beyond Tenant's control, and thereafter diligently and without interruption prosecutes such cure to completion as quickly as is practicable under the circumstances; provided, however, that in no event shall Landlord be obligated to deliver any such notice to Tenant or afford Tenant any cure period with respect to more than two (2) such failures by Tenant of the same specific obligation in any period of twelve (12) consecutive months, it being agreed that upon the third (3rd) such failure by Tenant of the same specific obligation within said 12 month period, an Event of Default shall be deemed to have occurred, irrespective of notice and cure periods.

19.2 (a) If an Event of Default shall occur, whether prior to or after the Commencement Date, Landlord shall have the right, at its sole option, to terminate this Lease upon three (3) days' notice to Tenant. In addition, with or without terminating this Lease, Landlord may re-enter the Premises, terminate Tenant's right of possession and take possession of the Premises upon three (3) days' notice to Tenant. The aforesaid notice provisions of this Section 19.2(a) shall operate as a notice to quit, and Tenant hereby waives any other notice to quit or notice of Landlord's intention to re-enter the Premises or terminate this Lease, to which Tenant would otherwise be entitled at law, in equity or otherwise. If necessary, Landlord may proceed to recover possession of the Premises under applicable Legal Requirements, or by such other lawful means, including re-entry by force, if necessary. If Landlord elects to terminate this Lease and/or elects to terminate Tenant's right of possession, everything contained in this Lease on the part of Landlord to be done and performed shall cease, without prejudice, however, to Tenant's liability for all Base Rent, Additional Rent and other sums specified herein.

(b) If an Event of Default occurs which results in Landlord's recovering possession of the Premises, Landlord will use commercially reasonable efforts to relet the Premises in order to so mitigate its damages, provided that Landlord shall retain the right, in the exercise of its sole and absolute judgment, to approve any tenant, to lease the Premises in whole, in part(s), or together with other premises in the Building, and to determine the terms and conditions of any leases, including, without limitation, rent, length of term (which may extend beyond the date on which the Term would have expired, but for such Event of Default), and rent concessions and/or construction allowances. Notwithstanding anything contained herein, Landlord shall not be obligated to display the Premises to prospective tenants if Landlord has other premises available in the Building or at any other location owned by Landlord or its affiliates within the Geographic Area, or to relocate any other tenant in the Building in an effort to enhance its ability to relet the Premises. Provided Landlord uses commercially reasonable efforts to relet the Premises, Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, any failure by Landlord to relet all or any portion of the Premises or to collect any rent due upon such reletting.

(c) Whether or not this Lease and/or Tenant's right of possession is terminated or any suit is instituted, Tenant shall be immediately liable for the payment to Landlord of any Base Rent, Additional Rent, damages or other sums which may be due or sustained prior to such default, and for all costs, fees and expenses (including, but not limited to, court costs, reasonable attorneys' fees and expenses of litigation) incurred by Landlord (i) obtaining possession of the Premises; (ii) removing and/or storing Tenant's or any other occupant's personalty; (iii) repairing, altering, remodeling or otherwise putting the Premises into the condition required under this Lease as of the expiration date; (iv) reletting all or portions of the Premises (including, without limitation, brokerage commissions, costs of tenant finish work, architectural and legal fees, rent concessions, allowances or other inducements granted to the replacement tenant, and costs to prepare and negotiate a new lease agreement(s)); (v) performing any of Tenant's obligations which Tenant failed to perform hereunder; (vi) with respect to the then-unamortized portion of any brokerage or similar commissions and fees and/or fit-up costs incurred by Landlord, and rent concessions and/or construction allowances granted by Landlord in connection with this Lease or the Premises, all of which amounts shall be amortized over the Term hereof; and (vii) pursuit of Landlord's other rights and remedies hereunder due to such Event of Default, plus any other damages, subject to the limitation set forth in Section 15.2 above, suffered or incurred by Landlord on account or as a consequence of such default by Tenant. In addition to the foregoing sums, which shall, at Landlord's sole option, either become immediately due and payable by Tenant, or be added to the amount due pursuant to paragraph (1) or (2) below, as applicable, Tenant shall also be liable for additional damages which, at Landlord's election shall be, at Landlord's sole option:

(1) an amount equal to (x) the Base Rent, Additional Rent and other sums due or which would have become due and payable under this Lease from the date of Tenant's default through the date on which the Term would have expired but for Tenant's default, minus (y) the amount of rental, if any, which Landlord is entitled to receive during such period from others to whom the Premises may be rented (other than any additional rent received by Landlord as a result of any failure of such other person to perform any of its obligations to Landlord), which amount shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following Tenant's default and continuing until the date on which the Term would have expired but for Tenant's default, it being understood that (A) separate suits may be brought from time to time to collect any such damages for any month(s) (and any such separate suit shall not in any manner prejudice the right of Landlord to collect any damages for any subsequent month(s)), or Landlord may defer initiating any such suit until after the expiration of the Term (in which event such deferral shall not be construed as a waiver of Landlord's rights as set forth herein and Landlord's cause of action shall be deemed not to have accrued until the date on which the Term would have expired but for Tenant default), and (B) if Landlord so elects to bring suits from time to time prior to reletting the Premises, Landlord shall be entitled to its full damages through the date of the award of damages without regard to any Base Rent, Additional Rent or other sums that are projected to be received by Landlord upon reletting of the Premises; or

(2) an amount equal to the sum of (x) all Base Rent, Additional Rent and other sums due or which would be due and payable under this Lease from the date of Tenant's default through the date on which the Term would have expired but for Tenant's default, minus (y) the fair rental value of the Premises through the date on which the Term would have expired, but for Tenant's default. The amount determined pursuant to this paragraph (2) shall be discounted using a discount factor of six (6%) percent per annum to then present worth, and the resulting amount shall be paid to Landlord in a lump sum on demand. Landlord may bring suit to collect any such damages at any time after an Event of Default shall have occurred.

If Landlord elects to proceed under paragraph (1) above, it may at any time thereafter elect to proceed under paragraph (2) above. In the event Landlord relets the Premises for a greater rental value, or together with other premises, or for a term extending beyond the scheduled expiration of the Term, Tenant shall not be entitled to apply against Landlord's damages any such greater rental value, or any base rent, additional rent or other sums generated or projected to be generated by such other premises or the period extending beyond the scheduled expiration of the Term (collectively, the "Extra Rent"). The provisions contained in this Section 19.2 shall be in addition to, and shall not prevent the enforcement of, any claim Landlord may have against Tenant for anticipatory breach of this Lease.

19.3 (a) Tenant hereby expressly waives, for itself and all persons claiming by, through or under it, any right of redemption, re-entry or restoration of the operation of this Lease under any present or future Legal Requirement, as well as any rights it may have under N.J.S.A. 2A:18-60.

(b) All rights and remedies of Landlord and Tenant set forth in this Lease are cumulative and in addition to all other rights and remedies available to Landlord and to Tenant at law or in equity, including those available as a result of any threatened or anticipatory breach of this Lease. The exercise by Landlord or Tenant of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. No delay or failure by Landlord or by Tenant to exercise any of its own rights or remedies, or to enforce any of the other party's obligations, shall constitute a waiver of any such rights, remedies or obligations. Neither party shall be deemed to have waived any default by the other unless such waiver is expressly set forth in a written instrument signed by the waiving party, and no custom or practice which may evolve between Landlord and Tenant in the administration of the terms hereof shall give rise to any waiver by either party or otherwise diminish either party's right to insist upon the other party's performance in strict accordance with the provisions of this Lease. If either party waives in writing any default by the other, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstance(s) described in such written waiver.

19.4 If either party shall institute proceedings against the other and a compromise or settlement thereof shall be made, such compromise or settlement shall not constitute a waiver of the covenant, condition or agreement which is the subject of such compromise or settlement, or a waiver of any other covenant, condition or agreement set forth herein, nor of any of either party's rights hereunder.

19.5 If Tenant fails to make any payment to any third party or to do any act herein required to be made or done by Tenant after the expiration of the applicable notice and cure period, then, in addition to Landlord's other rights hereunder, Landlord may, but shall not be required to, make such payment or do such act. The taking of such action by Landlord shall not be considered a cure of such default by Tenant or prevent Landlord from pursuing any remedy to which it is otherwise entitled as provided herein. If Landlord elects to make such payment or do such act, then all expenses incurred by Landlord, plus interest thereon at the Default Interest Rate, from the date incurred by Landlord to the date of payment thereof by Tenant, shall constitute Additional Rent due hereunder and shall be paid within ten (10) days of Landlord's invoice therefor. This Section 19.5 is in addition to, and not in lieu of, any specific "self-help" rights Landlord may have elsewhere in this Lease.

ARTICLE XX
BANKRUPTCY

20.1 An "Event of Bankruptcy" is the occurrence with respect to Tenant, Guarantor or a General Partner, of any of the following: (a) such person or entity becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code") or under the insolvency laws of any state (the "Insolvency Laws"); (b) the appointment of a receiver or custodian for any property of such person or entity, or the institution of a foreclosure or attachment action upon any property of such person or entity; (c) the filing by such person or entity of a voluntary petition under the provisions of the Bankruptcy Code or any Insolvency Laws; (d) the filing of an involuntary petition against such person or entity as the subject debtor under the Bankruptcy Code or any Insolvency Laws, which either (i) is not dismissed within ninety (90) days of the filing thereof, or (ii) results in the issuance of an order for relief against the debtor; or (e) such person or entity making or consenting to an assignment for the benefit of creditors or a composition of creditors.

20.2 Upon the occurrence of an Event of Bankruptcy, Landlord shall have all rights and remedies available pursuant to Article XIX; provided, however, that if Tenant is a debtor under the Bankruptcy Code, Landlord's right to terminate this Lease shall be subject, if and only to the extent required by the Bankruptcy Code, to any rights of Tenant or its trustee in bankruptcy (collectively, "Trustee") to assume or assume and assign this Lease pursuant to the Bankruptcy Code. After the commencement of such case: (a) Trustee shall perform all post-petition obligations of Tenant under this Lease; and (b) if Landlord is entitled to damages (including, without limitation, unpaid rent) pursuant to the terms of this Lease, then all such damages shall be entitled to administrative expense priority to the fullest extent permitted by the Bankruptcy Code. Any person or entity to which this Lease is assigned pursuant to the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of assignment, and any such assignee shall, upon request, execute and deliver to Landlord an instrument confirming such assumption. Trustee shall not have the right to assume or assume and assign this Lease unless Trustee promptly (i) cures all defaults under this Lease, (ii) compensates Landlord for all damages incurred as a result of such defaults, (iii) provides adequate assurance of future performance on the part of Trustee as debtor in possession or Trustee's assignee, and (iv) complies with all other requirements of the Bankruptcy Code. If Trustee fails to assume or assume and assign this Lease in accordance with the requirements of the Bankruptcy Code within sixty (60) days after the initiation of such case, then Trustee shall be deemed to have rejected this Lease. If this Lease is rejected or deemed rejected, then Landlord shall have all rights and remedies available to it pursuant to Article XIX. Adequate assurance of future performance shall require, among other things, that the following minimum criteria be met: (1) Trustee must pay its estimated pro-rata share of the cost of all services performed or provided by Landlord (whether directly or through agents or contractors and whether or not previously included as part of Base Rent) in advance of the performance or provision of such services; (2) Trustee must agree that Tenant's business shall be conducted in a first-class manner, and that no liquidating sale, auction or other non-first-class business operation shall be conducted in the Premises; (3) Trustee must agree that the use of the Premises as stated in this Lease shall remain unchanged and that no prohibited use shall be permitted; (4) Trustee must agree that the assumption or assumption and assignment of this Lease will not violate or affect the rights of other tenants of the Building; (5) Trustee must pay at the time the next monthly installment of Base Rent is due, in addition to such installment, an amount equal to the monthly installments of Base Rent and recurring items of Additional Rent due for the next six (6) months thereafter, such amount to be held as a security deposit; (6) Trustee must agree to pay, at any time Landlord draws on the security being deposited pursuant to this Article XX, the amount necessary to restore such security to its original amount; (7) Trustee must comply with all duties and obligations of Tenant under this Lease; and (8) all assurances of future performance specified in the Bankruptcy Code must be satisfied.

ARTICLE XXI
SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATES

21.1 Landlord represents that, as of the date hereof, Landlord holds fee simple title to the Property. This Lease is and shall be superior to the lien, provisions, operation and effect of all Mortgages (other than the Existing Mortgage as defined below), to all funds and indebtedness intended to be secured thereby, and to all renewals, extensions, modifications, consolidations, replacements or refinancings thereof. Tenant agrees to subordinate this Lease to the lien, provisions, operation and effect of all Mortgages, to all funds and indebtedness intended to be secured thereby, and to all renewals, extensions, modifications, consolidations, replacements or refinancings thereof, provided that the holder of any such Mortgage and Landlord executes and delivers to Tenant a Subordination, Non-Disturbance and Attornment Agreement ("SNDA") in a form reasonably acceptable to Tenant. The holder of any Mortgage to which this Lease is subordinate shall have the right (subject to any required approval of the holders of any other Mortgage that is superior to such Mortgage) at any time to unilaterally declare this Lease to be superior to such Mortgage. The "Existing Mortgage" means that certain mortgage held by Tristate Capital Bank. Landlord agrees that Tenant may seek an SNDA from the holder of the Existing Mortgage, provided that any and all expenses that the holder of the Existing Mortgage shall impose on Landlord in connection with such SNDA including, without limitation, reimbursement of legal fees and costs, shall be paid by Tenant upon receipt by Tenant of a written invoice.

21.2 Tenant waives the provisions of any law now or hereafter in effect which may give or purport to give Tenant any right to terminate this Lease in the event any foreclosure proceeding is prosecuted or completed, or in the event the Property or any portion thereof or Landlord's interest therein is transferred to Mortgagee or any other party by foreclosure, by deed in lieu of foreclosure, power of sale or otherwise, provided, that in no event shall such waiver affect any rights Tenant may have under this Lease in the event of a default by Landlord of its obligations hereunder.

21.3 Intentionally omitted.

21.4 If: (a) any portion of the Property is at any time subject to a Mortgage, (b) this Lease and the Rent payable hereunder is assigned to the Mortgagee, and (c) Tenant is given notice of such assignment, including the name and address of the assignee, then Tenant shall not exercise any rights it may have to terminate this Lease or to pursue any other remedies for any default on the part of Landlord without first giving notice, in the manner provided elsewhere in this Lease for the giving of notices, to such Mortgagee, specifying the default in reasonable detail, and such Mortgagee shall have a reasonable period of time (but shall not be obligated) to cure such default for and on behalf of Landlord, except that (i) such Mortgagee shall have at least 30 days to cure the default; (ii) if such default cannot be cured with reasonable diligence within 30 days, such Mortgagee shall have such additional time as may be reasonably necessary to cure the default (not to exceed ninety (90) days); and (iii) if the default cannot reasonably be cured without such Mortgagee's having obtained possession of the Property, such Mortgagee shall have such additional time as may be reasonably necessary under the circumstances to so obtain possession, and thereafter to cure the default within ninety (90) days. Any cure of Landlord's default by such Mortgagee shall be treated as performance by Landlord.

21.5 At any time and from time to time, upon not less than ten (10) Business Days' notice, Tenant shall execute, acknowledge and deliver to Landlord and/or any other party designated by Landlord, a written statement certifying: (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (b) the dates to which Rent and any other charges hereunder have been paid; (c) whether or not, to Tenant's best knowledge, Landlord or Tenant is in default in the performance of any obligation hereunder and, if so, specifying in reasonable detail the nature of such default; (d) the address to which notices to Tenant are to be sent; (e) that Tenant has accepted the Premises and that all work thereto has been completed (or if such work has not been completed, specifying in reasonable detail the incomplete work); (f) Tenant's then-current NAICS Number; (g) that Tenant's then-current use of the Premises does not involve the generation, manufacture, refining, transportation, treatment, storage, handling or disposal of any Hazardous Materials (as hereinafter defined); and (h) such other matters as Landlord may reasonably request. Any such statement may be relied upon by any owner, Mortgagee, prospective Mortgagee, or prospective purchaser of the Property or any portion thereof, or any purchaser of all or any portion of the ownership interest of Landlord. If any such statement is not delivered by Tenant within such ten (10) business day period, and such failure continues still after a three (3) business day reminder notice and cure period, then all matters contained in such statement as prepared by Landlord and submitted to Tenant shall be deemed true and accurate.

ARTICLE XXII
HOLDING OVER; END OF TERM

22.1 Tenant hereby acknowledges the importance to Landlord of having substantial advance notice of the date on which Tenant will vacate the Premises because, among other reasons: (a) Landlord will likely require an extensive period to locate a replacement tenant; and (b) Landlord plans its leasing and renovation program for the Building and other properties it or its affiliates own or manage in the Geographic Area in reliance on lease expiration dates. Tenant also acknowledges that if Tenant fails to surrender the Premises or any portion thereof upon the expiration or earlier termination of the Lease Term in the condition required by this Lease, then it will be conclusively presumed that the value to Tenant of remaining in possession, and the loss that will be suffered by Landlord as a result thereof, far exceed the Base Rent and Additional Rent that would have been payable had the Term continued during such holdover period. Therefore, if Tenant (or anyone claiming by, through or under Tenant) does not surrender the Premises or any portion thereof immediately upon the Expiration Date or earlier termination of the Term, in the condition required by this Lease (including, without limitation, the provisions of Sections 9.6 and 22.3 hereof), then such holdover shall be deemed to be a tenancy-at-sufferance and not a tenancy-at-will or tenancy from month-to-month, and Tenant shall pay, as agreed-upon liquidated damages and not as a penalty, Base Rent equal to one hundred fifty percent (150%) of the Base Rent that was payable hereunder immediately prior to such expiration or earlier termination of this Lease and Additional Rent equal to one hundred percent (100%) of the Additional Rent that was payable hereunder immediately prior to such expiration or earlier termination of this Lease for the first thirty (30) days, one hundred seventy-five percent (175%) of the Base Rent that was payable hereunder immediately prior to such expiration or earlier termination of this Lease and Additional Rent equal to one hundred percent (100%) of the Additional Rent that was payable hereunder immediately prior to such expiration or earlier termination of this Lease for the next thirty (30) days, and two hundred percent (200%) of the Base Rent that was payable hereunder immediately prior to such expiration or earlier termination of this Lease and Additional Rent equal to one hundred percent (100%) of the Additional Rent that was payable hereunder immediately prior to such expiration or earlier termination of this Lease thereafter. Such Rent shall be computed by Landlord and paid by Tenant on a monthly basis (with proration for any partial calendar months of such holdover) and shall be payable on the first day of such holdover period and the first day of each calendar month thereafter during such holdover period until the Premises have been vacated and surrendered in accordance with this Lease. Notwithstanding any other provision of this Lease, Landlord's acceptance of such Rent shall not in any manner adversely affect Landlord's other rights and remedies (including Landlord's right to evict Tenant and to recover all damages), and the payment by Tenant required pursuant to this Section 22.1 shall be in addition to, and not in lieu of, any payments required by Tenant pursuant to the provisions of Section 22.2. In no event shall any holdover be deemed a permitted extension or renewal of the Term, and nothing contained herein shall be construed to constitute Landlord's consent to any holdover or to give Tenant any right with respect thereto.

22.2 Notwithstanding anything to the contrary elsewhere in this Lease, if Tenant fails to so vacate and surrender the Premises within sixty (60) days of Tenant's receipt of a written notice from Landlord that Tenant's failure to vacate the Premises may jeopardize a transaction Landlord is then negotiating with another prospective Tenant (which notice must include a copy of an executed Letter of Intent or Term Sheet reflecting the terms of the proposed transaction) then, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from and against any Claims based on, arising out of, or in any way relating to such failure (directly or indirectly, in whole or in part), including, without limiting the generality of the foregoing, loss of future rents as a consequence of such failure. Tenant's indemnification obligations set forth herein shall survive the Expiration Date or earlier termination of this Lease.

22.3 Tenant shall suffer no waste or injury to any part of the Premises and shall, upon the Expiration Date or earlier termination of the Term, surrender the Premises in neat and clean order and in a condition equal to or better than the condition of the Premises on the Commencement Date, except for ordinary wear and tear and the effects of casualty and condemnation. If Tenant fails to remove any movable furniture, furnishings, trade fixtures or other personal property as required pursuant to Section 9.6 above, then Landlord shall have the right, but not the obligation, at its sole option to: (i) remove and store all such items at the sole cost of Tenant and without liability on the part of Landlord or Landlord's Agents; (ii) immediately treat same as the property of Landlord without any payment therefor to Tenant; and/or (iii) dispose of any or all of such property, to the extent permitted by Legal Requirements. Tenant's obligations under this Section 22.3 shall survive the Expiration Date or earlier termination of this Lease. Upon the Expiration Date or earlier termination of the Term, Tenant shall deliver to Landlord all keys and security cards to the Building and the Premises, whether such keys were furnished by Landlord or otherwise procured by Tenant, and shall inform Landlord of the combination of each lock, safe and vault, if any, in the Premises.

ARTICLE XXIII
RIGHTS OF LANDLORD

23.1 In addition to any other rights granted to Landlord by this Lease, and notwithstanding anything contained in this Lease to the contrary, from and after the date hereof Landlord reserves the following rights: (a) to change the street address and name of the Building; (b) to change the arrangement, dimensions and location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets and other Common Areas, provided Tenant's rights are not materially affected thereby; (c) to erect, use and maintain pipes, wires, structural supports, ducts and conduits in and through the Premises, subject to the obligations of Landlord when entering the Premises for such purpose; (d) to sever ownership of land (including the Land) and/or to subdivide or combine the Land with other lands, provided that, in either case, Tenant shall continue to have the same rights as set forth herein with respect to (i) the internal roadways leading from the Land to any public roadways which are contiguous to the Land, and (ii) the Parking Area, if same is located outside of the Land; (e) to grant permitted uses to other tenants and occupants of the Building, whether similar or dissimilar to the Permitted Use hereunder; (f) to exclusively use and/or lease or license the use of the roof areas and exterior walls of the Building, as well as all Common Areas, provided Tenant's rights are not adversely affected; (g) to temporarily close the Common Areas or other portions of the Property in order to prevent a public dedication thereof; (h) to relocate any Parking Areas on the Property, provided Tenant's Parking Permits shall not be relocated to any areas that are more inconvenient for Tenant; (i) to construct improvements (including, without limitation, kiosks and parking structures) on the Land; (j) to prohibit smoking in the entire Building or portions thereof (including the Premises) and on the Property, so long as such prohibitions are in accordance with applicable Legal Requirements; and (k) reasonably limit, control or otherwise regulate access to the Building and/or the Land in a non-discriminatory manner and in otherwise in a first class manner.

ARTICLE XXIV
PARKING

24.1 (a) During the Term, Tenant shall have the right to use (on a non-exclusive first-come, first-served basis) the number of unreserved Parking Permits set forth in Article I for the unreserved parking of passenger automobiles in the parking areas designated from time to time by Landlord for the use of tenants of the Building (the "Parking Area"). Landlord shall have no obligation to police or otherwise monitor the use of the Parking Area.

(b) Tenant shall park and shall cause its employees to park only in the Parking Area. In order to restrict the use by Tenant's employees of areas designated or which may be designated by Landlord as handicapped, reserved or restricted parking areas, or for any other business purpose, Tenant agrees that it will, at any time and from time to time as requested by Landlord, furnish Landlord with the owners' names and the license plate numbers of any vehicle of Tenant and Tenant's Agents.

24.2 Landlord reserves the right to institute, at no additional cost to Tenant, a parking control system, and to establish and modify or amend rules and regulations governing the use thereof (subject to the provisions governing the promulgation and enforcement of rules and regulations, as more particularly set forth elsewhere in this Lease). Landlord shall have the right to revoke a user's parking privileges in the event such user fails to abide by the rules and regulations governing the use of the Parking Area. Tenant shall be prohibited from using the Parking Area for purposes other than for parking registered vehicles. The storage, repair or overnight parking of vehicles in the Parking Area is strictly prohibited.

24.3 Tenant shall not assign or otherwise transfer any Parking Permits (other than to a permitted assignee of this Lease, or a permitted subtenant of the Premises), and any attempted assignment or other transfer shall be void. Tenant and its employees shall observe reasonable safety precautions in the use of the Parking Area and shall at all times abide by all rules and regulations governing the use of the Parking Area promulgated by Landlord or the Parking Area operator (if any). Landlord reserves the right to temporarily close the Parking Area during periods of unusually inclement weather or for repairs, or to prevent a dedication thereof, and Tenant shall not be entitled to any abatement of Rent or other damages as a result thereof Landlord does not assume any responsibility, and shall not be held liable, for any damage or loss to any automobile or personal property in or about the Parking Area.

ARTICLE XXV
ENVIRONMENTAL

25.1 Tenant shall not cause or permit any Hazardous Materials to be generated, used, released, stored or disposed of at or about the Property; however, Tenant may use and store "de minimis" quantities of standard cleaning materials as may be reasonably necessary for Tenant to conduct normal operations in the Premises for the Permitted Use, provided all of the foregoing are handled, stored and disposed of in strict accordance with all laws. Upon Tenant's surrender of the Premises to Landlord, the Premises shall be free of Hazardous Materials and in compliance with all Environmental Laws (as hereinafter defined). "Hazardous Materials" shall be defined as (a) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other applicable law as a "hazardous substance," "hazardous material," "hazardous waste," "infectious waste," "toxic substance," "toxic pollutant" or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or Toxicity Characteristic Leaching Procedure (TCLP) toxicity; (b) any petroleum and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; and (c) any petroleum product or by-product, polychlorinated biphenyls, asbestos and any asbestos containing material, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear, or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product, and any other substance whose presence could be detrimental to the Property or hazardous to human health or the environment. "Environmental Laws" shall be defined as any present and future law and any amendments (whether common law, statute, ordinance, rule, order, regulation or otherwise), permits and other requirements, recommendations or guidelines of governmental authorities applicable to the Property and relating to human health, the environment, environmental conditions or to any Hazardous Material (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 33 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 1101 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., and any so-called "Super Fund" or "Super Lien" law, any law requiring the filing of reports and notices relating to hazardous substances, laws administered by the Environmental Protection Agency, and any similar state and local laws (including, without limitation, the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., [as amended from time to time, and ISRA (as hereinafter defined)], all amendments and revisions thereto and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder concerning the environment, industrial hygiene or public health or safety.

25.2 Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from and against any Claims based on, arising out of, or in any way relating to (a) the presence or removal of, or failure to remove, any Hazardous Material generated, used, released, stored or disposed of (i) at or about the Premises during Tenant's occupancy of the Premises, and (ii) at or about the Premises, the Building by Tenant or Tenant's Parties, whether before or after the Commencement Date; and/or (b) Tenant's violation of any Environmental Law. Notwithstanding and without waiving in any respect Tenant's foregoing obligation to indemnify, which shall continue notwithstanding the expiration or sooner termination of this Lease, Tenant shall give Landlord immediate verbal and follow-up written notice of any actual or threatened Environmental Default (as hereinafter defined), which Tenant shall cure in accordance with all Environmental Laws and to the satisfaction of Landlord, but only after Tenant has obtained Landlord's prior written consent, which shall not be unreasonably withheld. An "Environmental Default" shall be defined as any of the following that result from any act or omission by Tenant or Tenant's Agents: a violation of any Environmental Law; a release, spill or discharge of a Hazardous Material on or from the Premises, the Building; an environmental condition requiring responsive or remedial action; or an emergency environmental condition. Upon any Environmental Default, in addition to all other rights available to Landlord under this Lease, at law or in equity, Landlord shall have the right, but not the obligation, to immediately enter the Premises, to supervise and approve any actions taken by Tenant to address the Environmental Default at Tenant's sole cost and expense, and, if Tenant fails to immediately address same to Landlord's satisfaction, to perform, at Tenant's sole cost and expense, any lawful action necessary to address same. If any Mortgagee or governmental agency shall require testing to ascertain whether an Environmental Default is pending or threatened, then Landlord shall pay the reasonable costs therefor at its sole cost. Promptly upon request, Tenant shall execute from time to time affidavits, representations and similar documents, in a form reasonably acceptable to Tenant, concerning Tenant's actual knowledge and belief regarding the presence of Hazardous Materials at the Premises. Tenant's indemnification obligations set forth herein shall survive the Expiration Date or earlier termination of this Lease. Notwithstanding anything herein to the contrary, any Hazardous Materials located in or on the Premises and existing as of the Commencement Date shall be remediated by Landlord at Landlord's sole cost and expense and not as an Operating Charge unless the existence of such Hazardous Materials was caused by a Tenant Party.

25.3 Without limiting the generality of Sections 25.1 or 25.2 above and without implying or conferring Landlord's approval or authorization, in the event Tenant's operations at the Premises cause the Premises to be or become an Industrial Establishment as defined in the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq., as amended from time to time (such act as so amended, together with all rules, regulations, ordinances, opinions, orders and directives issued or promulgated thereunder, whether by the New Jersey Department of Environmental Protection ("DEP"), or otherwise, is hereinafter referred to collectively as "ISRA"), then this Section 25.3 shall apply:

(a) Without limiting anything contained in this Lease, upon Landlord's request therefor, and in all events no later than sixty (60) days prior to "closing, terminating or transferring operations" (as defined in ISRA) at or from the Premises, Tenant shall, at its sole cost and expense, provide Landlord with either a true copy of a Letter of Non-Applicability (or similar document) from the DEP, stating that ISRA does not apply to Tenant's use and occupancy of the Premises and to the closing, terminating or transferring of operations from the Premises (which submission to Landlord shall include a true copy of the affidavit executed by Tenant in support of its application for such Letter of Non-Applicability) or any one of the following as defined in ISRA and duly approved by the DEP: (i) a De Minimis Quantity exemption, (ii) a Negative Declaration; or (iii) a Remedial Action Workplan ("RAW"). Any failure to comply with the provisions of this Section 25.3(a) shall constitute an immediate Event of Default.

(b) In the event Tenant is obligated to comply with Section 25.3(a)(iii), Tenant shall, at its sole cost and expense: (i) post a Remediation Funding Source (as defined in ISRA) satisfactory to DEP to secure implementation and completion of the RAW; (ii) promptly implement and diligently prosecute to completion said RAW in accordance with the schedules contained therein or as may otherwise be ordered or directed by DEP; and (iii) obtain a "no further action" letter ("NFA") from DEP with respect to the activities set forth in the RAW and any further or additional activities as may be required by DEP for the issuance of the NFA. Tenant expressly understands, acknowledges and agrees that Tenant's compliance with the provisions of this Section 25.3(b) shall survive the expiration or sooner termination of this Lease.

(c) If Tenant fails to fully comply with the requirements of ISRA or any other Environmental Law as of the Expiration Date or earlier termination of this Lease, then Landlord shall have the right, at its sole option, to treat Tenant as a holdover tenant pursuant to Article XXII hereof, until such time as Tenant so fully complies.

(d) Without limiting anything contained herein, Tenant agrees, at its sole cost and expense, to promptly discharge and remove any lien or encumbrance against the Premises or the Building, imposed due to Tenant's failure to comply with any Environmental Law.

25.4 Tenant represents that its NAICS number does not subject the Premises to ISRA applicability. Any change by Tenant to an operation with an NAICS number which is subject to ISRA shall require Landlord's prior written consent, request for which must be submitted to Landlord at least sixty (60) days in advance. Landlord may deny such consent in its sole judgment. The foregoing shall not be deemed to permit Tenant to change its Permitted Use, even to one which would not subject the Premises to ISRA applicability, unless and to the extent permitted by this Lease.

25.5 Landlord represents that as of the date hereof, (a) Landlord has received no orders or notices of any investigations or inquiries by any governmental, quasi-governmental, administrative or judicial body, agency, board, or commission and, to the actual knowledge of Landlord, no such orders or notices are pending with respect to the Property, and (b) there are no Hazardous Materials in the Premises, and (c) to the best of Landlord's actual knowledge, there are no Hazardous Materials in or on the Property.

ARTICLE XXVI
BROKERS

26.1 Landlord and Tenant each warrant to the other that it has not employed or dealt with any broker, agent or finder, other than the Broker, in connection with this Lease. Landlord acknowledges that it shall pay any commission or fee due to the Broker pursuant to a separate agreement. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from and against any Claims for brokerage or other commissions asserted by any broker, agent or finder employed by Tenant or Tenant's Agents or with whom Tenant or Tenant's Agents have dealt, other than the Broker (whether directly or indirectly, in whole or in part), such indemnification obligation to survive the Expiration Date or earlier termination of this Lease.

ARTICLE XXVII
NOTICES

27.1 Except as otherwise expressly provided in this Lease, all notices, requests, consents, approvals, demands or other communications required or permitted to be given under this Lease shall be in writing and shall be delivered in person by a reputable same day courier service which obtains a signed receipt therefor; or sent, prepaid, by a recognized overnight delivery service which obtains a signed receipt therefor; or sent by certified or registered mail, return receipt requested, postage prepaid, to the following addresses: (a) if to Landlord, at each of the Landlord Notice Addresses specified in Article I; and (b) if to Tenant, at the Tenant Notice Address specified in Article I. Notwithstanding the foregoing: (i) all payments due hereunder from Tenant to Landlord need not be sent in such manner, it being agreed that all payments may be sent by regular mail or hand delivery to the Landlord Payment Address or pursuant to an automatic monthly electronic transfer arrangement approved by Landlord; and (ii) bills, invoices, and similar communications (collectively, "Bills") need not be sent in such manner, it being agreed that Bills may be sent by regular mail, hand delivery or facsimile to Tenant's Billing Address specified in Article I. In the event any Bills are returned to the sender, Landlord shall have the immediate right (until a valid Tenant Billing Address is furnished to Landlord in accordance with the provisions of this Section 27.1), to deliver all Bills to the Premises. All notices shall be deemed effective upon receipt or rejection thereof. Either party may change its address for the giving of notices by notice given in accordance with this Section 27.1.

27.2 If Landlord or any Mortgagee notifies Tenant that a copy of any notice to Landlord shall be sent to such Mortgagee at a specified address, then Tenant shall send (in the manner specified in this Article XXVII and at the same time such notice is sent to Landlord) a copy of each such notice to said Mortgagee, and no such notice shall be considered duly sent unless such copy is so sent to said Mortgagee.

ARTICLE XXVIII
RELOCATION

28.1 Intentionally deleted.

ARTICLE XXIX
SUCCESSORS AND ASSIGNS; LANDLORD'S AND TENANT'S LIABILITY

29.1 This Lease and the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of Landlord and Tenant and their respective distributees, legal representatives, successors and their permitted assigns (in the case of any assignee of Tenant, subject to Article VII hereof), and no third party (other than Mortgagee or any managing agent of the Building) shall be deemed a third party beneficiary of this Lease.

29.2 The term "Landlord" as used in this Lease, so far as the covenants and agreements on the part of Landlord are concerned, shall be limited to mean and include only the owner (or lessee, as applicable) or Mortgagee(s) in possession at the time in question of the landlord's interest in this Lease. Landlord may sell its fee ownership or leasehold interest in the Building and/or the Land, and/or transfer or assign its rights under this Lease. In the event of any sale of such interest or transfer of such rights, subject to the execution of an assignment and assumption of Landlord's obligations, Landlord herein named (and in case of any subsequent transfer, the then assignor) shall be automatically freed and relieved from and after the date of such transfer of all liability as respects the performance of any of Landlord's covenants and agreements thereafter accruing, and such transferee shall thereafter be automatically bound by all of such covenants and agreements, subject, however, to the terms of this Lease; it being intended that Landlord's covenants and agreements shall be binding on Landlord, its successors and assigns only during and in respect of their successive periods of such ownership.

29.3 Neither Landlord nor Landlord's or Tenant's respective employees, officers, directors, partners, shareholders, members, agents, or representatives shall have any personal liability or obligation by reason of any default by Landlord or Tenant, as the case may be, under any of the respective party's covenants and agreements in this Lease. In case of such default by Landlord, Tenant will look only to, and is strictly and expressly limited to, Landlord's interest in the Property (including all rents, profits, and proceeds therefrom) to recover any loss or damage resulting therefrom, and Tenant shall have no right and shall not assert any claim against or have recourse to Landlord's or its employees', officers', directors', partners', shareholders' or agents' other property or assets to recover such loss or damage, such exculpation of liability to be absolute and without any exceptions whatsoever. The liability of Landlord to Tenant for any breach or default hereunder shall, except as otherwise expressly provided elsewhere in this Lease, be limited to Tenant's actual damages. The foregoing limitation of liability shall be noted in any judgment secured against Landlord and in any judgment index.

ARTICLE XXX
GENERAL PROVISIONS

30.1 Tenant acknowledges that neither Landlord nor any broker, agent or employee of Landlord has made any representation or promise with respect to the Premises, the Building or the Geographic Area, except as herein expressly set forth, and no right, privilege, easement or license is being acquired by Tenant except as herein expressly set forth. In furtherance of the foregoing, Tenant represents and warrants that Tenant has made its own investigation and examination of all relevant data and is relying solely on its own judgment in connection therewith and in executing this Lease. This Lease contains and embodies the entire agreement of the parties hereto and supersedes all prior agreements, negotiations, letters of intent, proposals, representations, warranties, understandings, suggestions and discussions, whether written or oral, between the parties hereto. Any representation, inducement, warranty, understanding or agreement that is not expressly set forth in this Lease shall be of no force or effect. This Lease may be modified or amended only by an instrument signed by both parties, except in certain instances specifically provided in this Lease in which only the party against whom enforcement may be sought shall be required to sign such instrument. This Lease includes and incorporates all Exhibits attached hereto.

30.2 Nothing contained in this Lease shall be construed as creating any relationship between Landlord and Tenant other than that of landlord and tenant. Tenant shall not: (a) use the name of the Building for any purpose other than as the address of the business to be conducted by Tenant in the Premises: (b) use the name of the Building as Tenant's business address after the earlier of the date Tenant vacates the Premises, or the date Tenant's right to possession of the Premises is terminated; or (c) do or permit to be done anything in connection with Tenant's business or advertising which in the reasonable judgment of Landlord may reflect unfavorably on Landlord, the Building, or confuse or mislead the public as to any apparent connection or relationship between Landlord, the Building, and Tenant.

30.3 Tenant hereby waives any and all rights to interpose any non-mandatory counterclaim in any proceeding brought by Landlord against Tenant for the enforcement of any of the terms, agreements, covenants, conditions or provisions of this Lease. Tenant's sole remedy for recovering upon such non-mandatory claim shall be to institute an independent action against Landlord, which action shall not be consolidated with any action of Landlord.

30.4 Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, then such provision shall be deemed replaced by the valid and enforceable provision most substantively similar to such invalid or unenforceable provision, and the remainder of this Lease and the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby.

30.5 Feminine, masculine or neuter pronouns shall be substituted for those of another form, and the plural or singular shall be substituted for the other number, in any place in which the context may require such substitution. Headings are used for convenience only and shall not be considered when construing this Lease.

30.6 Intentionally deleted.

30.7 Landlord hereby waives any right of distraint on Tenant's property.

30.8 This Lease has been executed and delivered in the State of New Jersey and shall be construed in accordance with the laws of the State of New Jersey. Landlord and Tenant hereby irrevocably agree that any legal action or proceeding arising out of or relating to this Lease shall only be brought in the Courts of the State of New Jersey, or the Federal District Court for the District of New Jersey. By execution and delivery of this Lease, Landlord and Tenant hereby irrevocably accept and submit generally and unconditionally for itself and with respect to its properties, to the jurisdiction of any such court in any such action or proceeding, and hereby waive in the case of any such action or proceeding brought in the courts of the State of New Jersey, or Federal District Court for the District of New Jersey, any defenses based on jurisdiction, venue or forum non conveniens. In furtherance of the foregoing, Tenant hereby agrees that its address for notices given by Landlord and service of process for in personam jurisdiction under this Lease shall be the Premises.

30.9 There shall be no presumption that this Lease be construed more strictly against the party who itself or through an agent prepared it, it being agreed that all parties hereto have participated in the preparation of this Lease, and that each party had the opportunity to consult with legal counsel before the execution of this Lease.

30.10 The submission of an unsigned copy of this document to Tenant shall not constitute an offer or option to lease the Premises. This Lease shall become effective and binding only upon execution and delivery by both Landlord and Tenant.

30.11 Time is of the essence with respect to each of Landlord and of Tenant's obligations hereunder.

30.12 This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together constitute one and the same document.

30.13 Neither this Lease nor any memorandum thereof shall be recorded.

30.14 Any elimination or shutting off of light, air, or view by any structure which may be erected on lands adjacent to the Building shall in no way affect this Lease or impose any liability on Landlord.

30.15 If more than one natural person or entity shall sign this Lease jointly and severally as Tenant, then the liability of each such person or entity shall be joint and several. No waiver, release or modification of the obligations of any such person or entity shall affect the obligations of any other such person or entity.

30.16 If Landlord or Tenant is in any way delayed or prevented from performing any obligation due to fire, act of God, governmental act or failure to act, strike, labor dispute, inability to procure materials, or any cause beyond such party's reasonable control, whether similar or dissimilar to the foregoing events (the foregoing events being collectively referred to as events of "Force Majeure"), then the time for performance of such obligation shall be excused for the period of such delay or prevention and extended for a period equal to the period of such delay, interruption or prevention; such extension not to exceed one hundred twenty (120) days. The provisions of this Section 30.16 shall not excuse Tenant from the prompt payment of Rent and all other sums due from Tenant under this Lease, and Tenant's delay or failure to perform resulting from lack of funds shall not be deemed delays beyond Tenant's reasonable control.

30.17 Landlord's review, approval and consent powers (including the right to review plans and specifications) are for its benefit only. Such review, approval or consent (or conditions imposed in connection therewith) shall be deemed not to constitute a representation concerning legality, safety or any other matter.

30.18 The deletion of any printed, typed or other portion of this Lease shall not evidence the parties' intention to contradict such deleted portion, and such deleted portion shall be deemed not to have been inserted in this Lease.

30.19 (a) Tenant and the person(s) executing and delivering this Lease on Tenant's behalf each represent and warrant that such person is duly authorized to so act; that Tenant is duly organized, is qualified to do business in the State of New Jersey, is in good standing under the laws of the state of its organization and the laws of the State of New Jersey, and has the power and authority to enter into this Lease; and that all action required to authorize Tenant and such person to enter into this Lease has been duly taken.

(b) If Tenant is a partnership or a professional corporation (or is comprised of two (2) or more persons or entities, individually or as co-partners of a partnership or shareholders of a professional corporation) or if Tenant's interest in this Lease shall be assigned to a partnership or a professional corporation (or to two (2) or more persons or entities, individually or as co-partners of a partnership or shareholders of a professional corporation) pursuant to Article VII or Article XX hereof (any such partnership, professional corporation and such persons and entities are referred to in this Section 30.19(b) as "Partnership Tenant"), the following provisions shall apply to such Partnership Tenant: (i) the liability of each of the parties comprising Partnership Tenant shall be joint and several; (ii) if Partnership Tenant shall admit new partners or shareholders, as the case may be, all of such new partners or shareholders, as the case may be, shall, by their admission to Partnership Tenant, be deemed to have assumed joint and several liability for the performance of all of the terms, covenants and conditions of this Lease on Tenant's part thereafter to be observed and performed; and (iii) Partnership Tenant shall give prompt notice to Landlord of the admission of any such new partners or shareholders, as the case may be, and upon demand of Landlord, shall cause each such new partner or shareholder, as the case may be, to execute and deliver to Landlord an agreement in form satisfactory to Landlord, wherein each such new partner or shareholder, as the case may be, shall assume joint and several liability for the observance and performance of all the terms, covenants and conditions of this Lease on Tenant's part thereafter to be observed and performed (but neither Landlord's failure to request any such agreement nor the failure of any such new partner or shareholder, as the case may be, to execute or deliver any such agreement to Landlord shall vitiate the provisions of clause "(iii)" of this Section 31.19(b)).

30.20 Landlord covenants that, so long as Tenant is not in default under the terms of this Lease beyond any applicable notice and cure period, then, subject to the provisions of this Lease (including, without limitation, Article XXI), Tenant shall during the Term peaceably and quietly occupy and enjoy the full possession of the Premises without hindrance by Landlord or any party claiming through or under Landlord.

30.21 If requested by Landlord in connection with a capital transaction including, without limitation, financing or a sale of the Building, upon receipt of Landlord's written request (such request to be made not more than once in any twelve month period), Tenant will furnish to Landlord the most recent financial statements of Tenant and guarantor (if any), both of which shall be audited, if available (including any notes thereto) or, if no such audited statements have been prepared, such other financial statements (and notes thereto) prepared by an independent certified public accountant or, if unavailable, Tenant's and any guarantor's internally prepared financial statements certified as true and complete by an officer of Tenant and/or any guarantor. If either Tenant or guarantor (if any) are publicly-traded corporations, Tenant or guarantor (if any) may satisfy its respective obligations hereunder by providing to Landlord Tenant's or any guarantor's most recent respective annual and quarterly reports. Landlord shall execute a confidentiality agreement reasonably acceptable to Landlord and Tenant prior to receipt by Landlord of such financial information. Such agreement shall include provisions for Landlord to be able to disclose copies of such financial information (a) to Landlord's Mortgagee or contract purchasers or Mortgagees of the Building or the Property (provided Landlord advises such parties of the terms of the confidentiality agreement and Landlord is responsible for any breach by such parties), (b) in litigation between Landlord and Tenant, or (c) if required by court order.

30.22 Neither the payment by Landlord or Tenant of a lesser amount than the monthly installment of Base Rent, Additional Rent or any sums due hereunder, nor any endorsement or statement on any check or letter accompanying a check for payment of rent or other sums payable hereunder, shall be deemed an accord and satisfaction. The receiving party may accept same without prejudice to such party's right to recover the balance of such rent or other sums or to pursue any other remedy. Notwithstanding any request or designation by Tenant, Landlord may apply any payment received from Tenant to any amount owed by Tenant, and in such order as designated by Landlord in its sole discretion.

30.23 No re-entry by Landlord, and no acceptance by Landlord of keys to and/or possession of the Premises, shall be considered an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid and binding unless in writing and executed by Landlord.

30.24 Anything contained in this Lease to the contrary notwithstanding, Tenant agrees that Tenant's covenants and obligations under this Lease shall be independent of Landlord's covenants and obligations under this Lease, and that each such covenant and obligation is independent of any other covenant or obligation. Except as otherwise expressly provided in this Lease, Landlord's breach, default or non-performance of any of Landlord's covenants or obligations under this Lease shall not excuse Tenant of Tenant's covenants and obligations under this Lease, and shall not be the basis for any defense of any kind or nature whatsoever to any suit by Landlord for Tenant's breach, default or non-performance of any of Tenant's covenants or obligations under this Lease (including, without limitation, Tenant's failure to pay Base Rent, Additional Rent or other payments due under this Lease). It is the express agreement of Landlord and Tenant that all payments of Base Rent, Additional Rent or other payments due under this Lease are absolutely and unconditionally due at the time set forth herein, without any right of offset, abatement, defense, claim, counterclaim or deduction of any kind or nature whatsoever except as expressly set forth herein.

30.25 Subject to Tenant's right to refer the matter to expedited arbitration as set forth below, Tenant hereby waives any claim against Landlord which it may have based upon any assertion that Landlord has unreasonably withheld or unreasonably delayed any consent or approval hereunder (to the extent Landlord's consent is expressly required hereunder not to be unreasonably withheld or unreasonably delayed, as the case may be). Tenant agrees that, anything contained in this Lease to the contrary notwithstanding, in the event Landlord refuses or fails to grant, or delays in the granting of, Landlord's consent, Tenant's sole remedy shall be an action or proceeding to enforce any such provision or for specific performance, injunction or declaratory judgment or binding expedited arbitration, subject to the procedure set forth below. In the event Tenant is successful in any such action, proceeding or arbitration, the requested consent shall be deemed to have been granted; however, Landlord shall have no liability to Tenant for Landlord's refusal or failure to give, or Landlord's delay in giving, such consent. The sole remedy for Landlord's unreasonably withholding or unreasonably delaying of consent shall be as provided in this paragraph. The parties have agreed that any dispute over whether Landlord's consent was unreasonably withheld may be resolved by binding expedited arbitration in accordance with the terms of this Section 30.25. The parties agree that the Commercial Arbitration Rules of the American Arbitration Association shall apply and, if the dispute permits under said rules, the arbitration shall be expedited, but in any event shall be in accordance with the following:

(a) Within five (5) days of demand by Tenant for arbitration, the parties will attempt to mutually agree upon a Qualified Arbitrator (as hereinafter defined). A "Qualified Arbitrator" shall mean a retired New Jersey Superior Court judge or Supreme Court Justice, or a retired judge of the Federal District Court of New Jersey. If the parties are unable to agree on the Qualified Arbitrator within said five (5) day period, either party may request the American Arbitration Association in Newark, New Jersey to appoint such Qualified Arbitrator meeting the above qualifications, and the Arbitration Association shall make such determination as soon as reasonably possible.

(b) Upon the appointment of the Qualified Arbitrator, Landlord and Tenant shall submit to the Qualified Arbitrator the determination made by Landlord, it being understood that Landlord shall have the right to revise its determinations so long as it provides a copy of such revisions at least five (5) days prior to the hearing to Tenant and to the Qualified Arbitrator) and, if the revised determination is to provide consent, the arbitration shall be deemed over without costs or fees being awarded to either party. The Qualified Arbitrator must make its decision based on the provisions of the Lease as applied under New Jersey law and shall not have the power to add to, modify, detract from, or alter the provision of the Lease.

(c) The Qualified Arbitrator shall render the decision within ten (10) days of its appointment and the hearing, if any, scheduled with respect to the dispute. Landlord and Tenant shall each pay the cost of their own attorneys and witnesses, if any. The non-prevailing party shall be responsible for the fees and costs of the Qualified Arbitrator in accordance with Section 30.27. The decision of the Qualified Arbitrator shall be final and non-appealable, and may be enforced in any court of competent jurisdiction.

(d) Landlord and Tenant shall each have the right to appear and be represented by counsel before the Qualified Arbitrator and to submit such data and memoranda in support of their respective positions with respect to the arbitration issue as may be reasonably necessary or appropriate in the circumstances; it being agreed that if a dispute shall arise as to whether any such data or memoranda is reasonable arises, the Qualified Arbitrator is hereby authorized to resolve same. In rendering any decision, the Qualified Arbitrator shall have no power to modify any of the provisions of this Lease, and the jurisdiction of Qualified Arbitrator is limited accordingly.

30.26 Whenever Tenant requests Landlord to take any action not required of it hereunder or give any consent required or permitted under this Lease, to the extent not otherwise already expressly addressed in this Lease, Tenant will reimburse Landlord, as Additional Rent, for Landlord's reasonable costs incurred by Landlord (including the value of time expended by Landlord's employees) in reviewing the proposed action or consent, including reasonable attorneys', engineers' or architects' fees, within ten (10) days after Landlord's delivery to Tenant of a statement of such costs, provided Landlord has first provided to Tenant an estimate of the costs Landlord anticipates will be incurred and Tenant approves such costs in writing. Landlord shall not be obligated to incur any costs or take any action requested by Tenant until such time as Landlord and Tenant have agreed on the cost to be reimbursed. Provided the estimated cost was approved by Tenant, Tenant shall be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

30.27 Should either party hereto institute any action or proceeding in court to enforce any provision hereof, or for damages or for declaratory or other relief hereunder, the prevailing party shall be entitled to receive from the losing party, in addition to court costs, such amount as the court may adjudge to be reasonable as attorneys' fees for services rendered to said prevailing party, and said amount may be made a part of the judgment against the losing party.

30.28 Tenant acknowledges that the terms and conditions of this Lease are to remain confidential for Landlord's benefit, and may not be disclosed by Tenant to anyone (other than Tenant's attorneys, accountants and agents), by any manner or means, directly or indirectly, without Landlord's prior written consent (which consent may be withheld in Landlord's sole discretion), except in any litigation or proceeding between the parties hereto, in accordance with Legal Requirements or if such confidential information is otherwise publicly available through no default of Tenant hereunder, and except further that Tenant and such attorneys, accountants and agents may disclose such information to any governmental agency pursuant to any subpoena or judicial process. The consent by Landlord to any disclosures shall not be deemed to be a waiver on the part of Landlord of any prohibition against any future disclosure.

30.29 There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leased Premises or any interest in such fee estate.

30.30 LANDLORD, TENANT, AND ALL GENERAL PARTNERS OF TENANT EACH WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT HEREUNDER, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE.

30.31 Landlord and Tenant each represents, warrants and covenants that, to the best of its actual knowledge, neither Tenant or Landlord, as the case may be, nor any of its partners, officers, directors, members or shareholders (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001)("Order") and all applicable provisions of Title III of the USA Patriot Act (Public Law No. 107-56 (October 26, 2001)); (ii) is listed on the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii) is listed on the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (iv) is listed on any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations 31 C.F.R. Part 515; (v) is listed on any other publicly available list of terrorists, terrorist organizations or narcotics traffickers maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including, without limitation, the Trading with the Enemy Act, 50 U.S.C. App. 1-44; the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; the unrepealed provision of the Iraqi Sanctions Act, Publ.L. No. 101-513; the United Nations Participation Act, 22 U.S.C. § 2349 aa-9; The Cuban Democracy Act, 22 U.S.C. §§ 60-01-10; The Cuban Liberty and Democratic Solidarity Act, 18.U.S.C. §§ 2332d and 233; and The Foreign Narcotic Kingpin Designation Act, Publ. L. No. 106-201, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (vi) is engaged in activities prohibited in the Orders; or (vii) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. §§ 5311 et. seq.). Tenant shall not permit the Premises or any portion thereof to be used, occupied or operated by or for the benefit of any person or entity that is on the OFAC List. Tenant and Landlord shall provide documentary and other evidence of Tenant's or Landlord's identity and ownership as may be reasonably requested by the other at any time to enable Landlord or Tenant to verify the other's identity or to comply with any legal request. Tenant shall indemnify and hold Landlord harmless and against from all Claims that are incurred by Landlord and/or its affiliates that derive from a claim made by a third party against Landlord and/or its affiliates arising or alleged to arise from an intentional misrepresentation made by Tenant hereunder or a willful breach of any covenant to be performed by Tenant hereunder. Landlord shall indemnify and hold Tenant harmless and against from all Claims that are incurred by Tenant and/or its affiliates that derive from a claim made by a third party against Tenant and/or its affiliates arising or alleged to arise from an intentional misrepresentation made by Landlord hereunder or a willful breach of any covenant to be performed by Landlord hereunder.

ARTICLE XXXI
INTENTIONALLY OMITTED

ARTICLE XXXII
RIGHT OF FIRST OFFER

32.1 Provided Tenant is not then in default beyond any applicable grace period, Landlord agrees to provide Tenant with a continuing right of first offer for any space to become available for lease on the third (3rd) floor of the Building (the "First Offer Space"). In the event any First Offer Space shall become available for lease and Landlord is prepared to lease such First Offer Space to any third party, Landlord shall first provide written notice to Tenant of the availability of such First Offer Space. In the event Landlord notifies Tenant of the availability of all or any part of the First Offer Space, such notice (the "ROFO Notice") shall specify the size and location of the First Offer Space ("Notice Space") and the terms and conditions upon which Landlord is willing to offer such Notice Space, which terms shall be those Landlord is willing to accept from a third-party tenant (and, to the extent not inconsistent with the ROFO Notice, otherwise upon the same terms and conditions set forth in this Lease). Tenant shall have the right to lease all of the Notice Space by furnishing Landlord with written notice of its election to lease such Notice Space within ten (10) Business Days after Tenant's receipt of the ROFO Notice. In the event Tenant delivers notice to Landlord of its election to lease the Notice Space, Landlord and Tenant shall enter into an amendment of this Lease providing for those terms and conditions as set forth in Landlord's offer, provided however, if the term the Notice Space shall commence during the last two (2) years of the initial Term or any Renewal Term, Tenant shall be obligated to extend the term of this Lease with respect to the then existing Premises for a period to be co-terminous with the Notice Space at the Prevailing Rental Rate (as defined in Exhibit F) and otherwise upon the same terms and conditions of this Lease. If the parties cannot agree on the Prevailing Rental Rate, the Prevailing Rental Rate shall be determined as provided in Exhibit F. Notwithstanding the foregoing, in the event Tenant declines its right to exercise its right pursuant to the ROFO Notice, Landlord shall not enter into any lease for the Notice Space upon net effective terms less favorable to Landlord (taking into account commissions payable, tenant improvements and other capital improvements, and rent paid), unless Landlord first re-offers to Tenant in writing (the "Re-Offer Notice") the more favorable terms (in which case, Tenant shall have a period of five (5) Business Days to respond thereto); such obligation to re-offer more favorable terms shall continue until a lease for the Notice Space has been executed by Landlord and a third party (and Tenant has declined such terms that are more favorable to Tenant). Except for Tenant's right to accept the terms described in the Re-Offer Notice, nothing contained herein shall be deemed to grant Tenant a right of first refusal for the leasing of First Offer Space or any other portion of the Building, it being the intention of the Landlord and Tenant that the right of notification granted under this Article is for the purpose of affording the Tenant the opportunity to offer to lease additional space on the third floor at the time that such space becomes available and Landlord is prepared to lease it. Tenant's obligation to pay Base Rent and Additional Rent shall commence upon the terms set forth in Landlord's notice regarding the Notice Space.

32.2 Tenant's rights hereunder are personal to Tenant, any Successor Entity of Tenant, and to an Affiliate of Tenant (or a Successor Entity or Affiliate of such Successor Entity or Affiliate, as the case may be, the intent being for each subsequent Successor Entity and Affiliate to have the same rights herein).

ARTICLE XXXIII
TERMINATION OPTION

33.1 In the event (a) Tenant needs to lease an additional 3,000 rentable square feet of space or more, and (b) Landlord is unable to satisfy the specific space requirement of Tenant (with space that is substantially similar to the Premises, including, but not limited to, location, window lines, quality, and amenities), and deliver the same in at least the same condition as the Premises were delivered to Tenant as of the Commencement Date of this Lease within the time period needed for occupancy by Tenant [and otherwise substantially the same terms and conditions as this Lease or as may be reasonably appropriate given the expansion of the Premises (including, but not limited to, a reasonable rent abatement period for Tenant to perform its initial fit-up and transition into the new space)] (collectively, "Tenant's Expansion Requirements") in any Class A building owned by Landlord or Landlord's affiliate in Bedminster, New Jersey or Bridgewater, New Jersey that is substantially similar to the Building (which time period shall not exceed one hundred eighty (180) days of Landlord's receipt of Tenant's written notice describing Tenant's Expansion Requirements), Tenant shall have the option (the "Early Termination Option") to terminate this Lease on not less than ninety (90) days' advance written notice to Landlord ("Tenant's Termination Notice"). The effective date of termination identified in Tenant's Termination Notice is hereinafter referred to as the "Early Termination Date". In the event that Tenant exercises such Early Termination Option, Tenant shall pay to Landlord, on or before the Early Termination Date, an amount equal to (a) the unamortized portion of the cost of the Tenant Improvement Work and brokerage commissions, collectively amortized on a straight line basis over the Term, at an annual interest rate of eight percent (8%) (the "Termination Fee"). Tenant hereby understands and acknowledges that the early termination of this Lease, pursuant to the Early Termination Option, shall not be effectuated without Tenant's payment of the Termination Fee. In addition to the payments described above, Tenant's right to exercise the Early Termination Option shall be subject to Tenant's not being in default beyond any applicable notice and cure period as of the date Tenant delivers the Early Termination Notice or the Early Termination Date. Upon the exercise of the Early Termination Option, this Lease shall terminate on the Early Termination Date as if such date were the Expiration Date, and Tenant shall surrender and return to Landlord, the Premises in the condition required by this Lease.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease under seal as of the day and year first above written.

LANDLORD:

A-K BEDMINSTER ASSOCIATES, L.P.

By: Advance Realty Advisors, Inc., Managing General Partner

By: /s/ Peter Cocoziello
Name: Peter Cocoziello
Title: Authorized Representative

TENANT:

MATINAS BIOPHARMA HOLDINGS, INC.

By: /s/ Jerome D. Jabbour
Name: Jerome D. Jabbour
Title: Chief Business Officer

EXHIBIT A
FLOOR PLAN SHOWING PREMISES

[See following page.]

Exhibit A

Matinas - 3rd Floor
1545 Route 206 • Bedminster, NJ

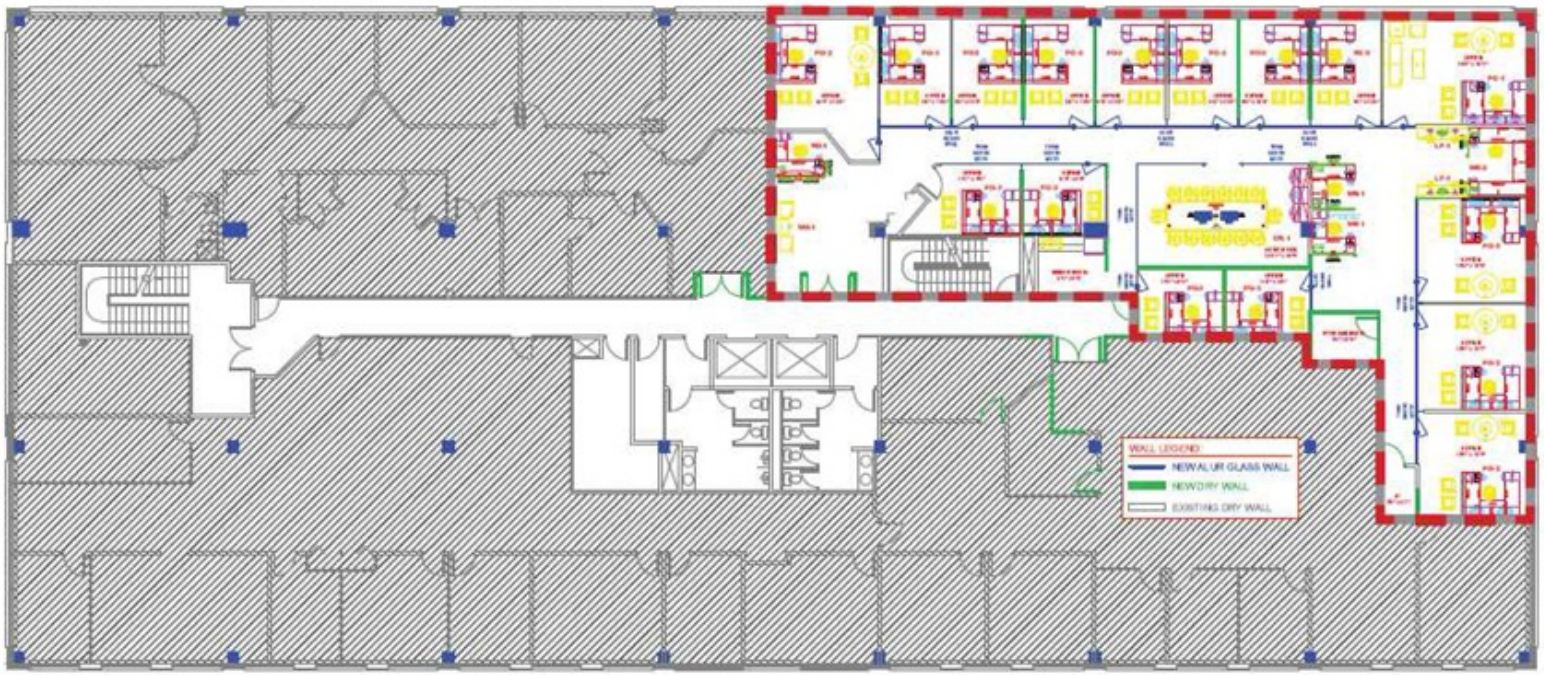


EXHIBIT B
WORK LETTER

This Exhibit B is attached to and made a part of that certain lease dated as of November ___, 2013 (the "Lease"), between A-K BEDMINSTER ASSOCIATES, L.P. ("Landlord") and MATINAS BIOPHARMA HOLDINGS, INC. ("Tenant"). Unless otherwise defined in this Exhibit B, capitalized terms used in this Exhibit shall have the same meanings as provided in the Lease.

The purpose of this Exhibit B is to set forth the relative rights and obligations of Landlord and Tenant with respect to preliminary and final plans, engineering, working and final plans, and the construction and installation of the Tenant Improvement Work in the Premises. This Exhibit B contemplates that the performance of this work will proceed in accordance with the following terms and conditions. Landlord shall cause the Tenant Improvement Work to be completed in a good and workmanlike manner and in compliance with all Legal Requirements and Insurance Requirements. Unless specified otherwise and approved by Tenant, all materials installed in the Premises will be new and of first-class quality. Landlord agrees to exercise due diligence in accordance with the Lease in completing the Tenant Improvement Work.

I. DEFINITIONS

Additional Cost: any increase in the Cost of the Tenant Improvement Work as a result of any Change Orders requested by Tenant.

Building Standard: such materials that match existing conditions, provided however, the office fronts and conference rooms identified on the preliminary layout attached hereto as Schedule B-1 shall be constructed using ALUR glass wall architectural products (“ALUR Products”) (or, if the ALUR Products are not reasonably available despite the commercially reasonable efforts of Landlord, using a replacement product that is mutually acceptable to Landlord and Tenant).

Cabling/Data Allowance: $10,000.

Construction Drawings: the plans which, when approved by Landlord and Tenant, shall be utilized by Landlord to construct the Tenant Improvement Work.

Cost of the Tenant Improvement Work: all costs incurred to complete the Tenant Improvement Work, including, without limitation: (i) costs incurred to construct all work in accordance with the Construction Drawings, such as, by way of example only, the cost of all labor (whether performed by third parties or by Landlord's own force), materials, subcontracts, insurance and other reimbursable expenses, and general conditions; (ii) any fees incurred in connection with obtaining all governmental licenses and permits necessary for the construction of the Tenant Improvement Work, and any certificate(s) of occupancy or similar occupancy licenses in connection therewith; (iii) costs of preparing the Preliminary Plans, the Final Plans, and the Construction Drawings; and (iv) a construction management fee equal to five (5%) percent of the cost of all the foregoing items, to compensate Landlord for its construction profits. Notwithstanding the foregoing, it is acknowledged and agreed that the Cost of the Tenant Improvement Work does not include the following costs, which are being paid by Tenant directly to the providers of such services and materials: (a) furnishing and installation of telephone and data wiring and equipment; (b) CCTV (Tenant's security system); and (c) artwork, except that Landlord shall make available to Tenant the Cabling/Data Allowance for the hard and soft costs for the installation of Tenant's data and cabling within thirty (30) days of Landlord's receipt of Tenant's written request, which written request shall include copies of paid invoices.

Final Plans: the plans which, when approved by Landlord and Tenant, shall be utilized by Landlord to prepare the Construction Drawings.

Special Work: those portions of the Tenant Improvement Work which, by their nature, require a longer period for construction and completion than do Building Standard finishes, whether by reason of delays in Landlord's receipt of specially-ordered or fabricated materials selected by Tenant or the intricacies and/or time-consuming nature of actually performing the work or otherwise.

Substantial Completion: completion of the Tenant Improvement Work in accordance with the Construction Drawings, except so-called "punch-list" items, which shall be completed in accordance with the provisions of Article II, Section 7 below and the issuance of a temporary or final certificate of occupancy, provided however, if a temporary certificate of occupancy issued, Landlord shall use commercially reasonable diligent efforts to complete all work necessary to obtain a final certificate of occupancy. As used in the Lease or this Exhibit B, the foregoing definition shall apply with equal force to the phrases "Substantial Completion," "Substantially Complete" or "Substantially Completed," as the context may require.

Tenant Delay: any act or omission of any nature by Tenant or Tenant's Parties which causes a delay in the Substantial Completion of the Tenant Improvement Work beyond the Anticipated Commencement Date, which delay in the Substantial Completion would not have occurred but for such act or omission, including without limitation, any delay resulting from: (i) Tenant's failure to submit any plans or other deliverables when due; (ii) Tenant's failure to provide any approval or authorization (or, in lieu of an approval or authorization, any disapproval or objection, as the case may be) within the time frames set forth in the Lease or this Exhibit B; (iii) changes to the Final Plans requested by Tenant ("Change Orders"), notwithstanding Landlord's approval of any such changes; (iv) the performance of any work by any person, firm or corporation employed or referred by Tenant; (v) any specification by Tenant of materials or installations in addition to or other than Building Standard, or the performance of any Special Work; (vi) any delay by Tenant in payment of the Additional Cost, unless such delay in payment arises from Landlord's failure to include the evidence required to be provided to Tenant as set forth in Article II, Section 4 below; (v) Tenant's failure to timely install its furniture, as set forth on the construction schedule which has been, or will be, delivered to Tenant by Landlord, thereby resulting in Landlord's inability to obtain a certificate of occupancy for the Premises; and (vi) any non-compliance with Tenant's obligations required by the Lease or this Exhibit B.

Tenant Improvement Work: the improvements to be set forth in the Final Plans and the Construction Drawings, other than any Tenant Installations that may be indicated thereon.

Tenant Installations: all work related to the installation of furniture, moveable furnishings, telephone and data systems, CCTV (Tenant's security system), and office equipment.

II. TENANT IMPROVEMENT WORK

1 Cost of the Tenant Improvement Work. Landlord shall be responsible for the Cost of the Tenant Improvement Work, with the Additional Cost, if any, to be borne by Tenant in accordance with Article II, Section 4 below. Landlord shall not be required to incur any overtime charges in connection with the performance of the Tenant Improvement Work, unless specifically requested by Tenant.

2. Plans. (a) (i) Attached hereto as Schedule I is a preliminary layout of the Premises acceptable to Landlord and Tenant. Within a reasonable period of time after the date hereof, Landlord shall cause its architect and/or engineer to prepare preliminary plans (the "Preliminary Plans") and submit same to Tenant. Within ten (10) Business Days after Tenant's receipt of the preliminary plans, Tenant shall provide Landlord with any objections to same, failing which the preliminary plans will be deemed approved by Tenant. In the event Tenant has any objections, Tenant shall advise Landlord of same in sufficient detail to allow Landlord to respond to such objections and, provided such objections were timely delivered, then Landlord shall, within a reasonable period of time after receipt thereof, revise the preliminary plans and re-submit same to Tenant. Tenant shall respond within five (5) Business Days after its receipt of any re-submission of the Preliminary Plans. The process set forth above shall continue until Landlord and Tenant have approved the Preliminary Plans in their entirety, at which time the Preliminary Plans shall become the Final Plans. Notwithstanding anything contained herein, the foregoing, if Landlord and Tenant are unable to agree upon the Preliminary Plans after Landlord's first revision thereof, then Landlord shall have the right to terminate the Lease, in which case the parties shall have no further liabilities to one another (other than those accruing prior to such termination), and provided Tenant is not in default under the Lease, Landlord shall return to Tenant any Security Deposit and pre-paid rent previously delivered to Landlord.

(ii) Within a reasonable period of time following Tenant's approval of the Final Plans, Landlord shall cause its architect and/or engineer to prepare working construction drawings in accordance with the Final Plans, and submit same to Tenant for review. Within ten (10) days after Tenant's receipt of the working construction drawings, Tenant shall provide Landlord with any objections to same, failing which the working construction drawings will be deemed approved by Tenant. In the event Tenant has any objections, Tenant shall advise Landlord of same in sufficient detail to allow Landlord to respond to such objections and, provided such objections were timely delivered, Landlord shall, within a reasonable period of time after receipt thereof, revise the working construction drawings and re-submit same to Tenant. Tenant shall respond within ten (10) days after its receipt of any re-submission of the working construction drawings. The process set forth above shall continue until Tenant has approved the working construction drawings in their entirety, at which time the working construction drawings shall become the “Construction Drawings”. Notwithstanding anything contained herein, no drawings submitted to Tenant shall be considered to be the proposed Construction Drawings or the approved Construction Drawings unless, prior to submission, they are signed and sealed by the architect and/or engineer who prepared same. The Construction Drawings (and all proposals thereof submitted to Tenant for review) shall be in sufficient form to enable Landlord or the general contractor chosen by Landlord (the "General Contractor") to obtain any building permits and other governmental approvals necessary for the performance of the Tenant Improvement Work.

(b) Landlord's review and/or approval of any plans, specifications and/or drawings shall not constitute an assumption of any responsibility by Landlord for their accuracy, safety or sufficiency, and shall in no event create an express or implied confirmation that any such plans, specifications and/or drawings have been prepared in accordance with, or that the work shown thereon or specified therein is in accordance with, either Legal Requirements or Insurance Requirements.

(c) Tenant agrees that it will not unreasonably withhold its approval of the Preliminary Plans, Final Plans or the Construction Drawings.

3. Construction Manager. Landlord shall retain Advance Realty Management, Inc. ("Advance") as construction manager. Advance shall oversee the performance of the Tenant Improvement Work in accordance with the Construction Drawings, make disbursements required to be made to the General Contractor, act as a liaison between the General Contractor and Tenant, and coordinate the relationship between the Tenant Improvement Work, the Tenant Installations, the Building, and the Building Structure and Systems. In consideration of its rendering the foregoing services, Advance shall be paid the construction management fee referenced in the definition of the Cost of the Tenant Improvement Work, as set forth in Article I above, which construction management fee shall be paid by Landlord. To the extent not otherwise described in the Final Plans, materials, finishes and colors shall be Building Standard.

4. Payment of Additional Cost. Tenant shall pay the Additional Cost, if any, as initially determined by Landlord, prior to and as a condition of Landlord's commencement of the Tenant Improvement Work. In no event shall Tenant be entitled to occupy the Premises until the Additional Cost has been paid in full.

5. Intentionally Deleted.

6. Change Orders. If Tenant requests any changes to the Tenant Improvement Work from that set forth in the Construction Drawings, Tenant shall pay all costs, including permits and fees, architectural, engineering and related design expenses resulting from such changes, and a service fee of five percent (5%) of the cost of such changed item. No such changes shall be made without the prior written consent of Landlord, which approval shall not be unreasonably withheld; provided, however, Landlord shall have sole and absolute discretion to approve or disapprove any changes that will: (i) be visible from the exterior of the Premises, or which will affect any exterior element of the Building or will adversely affect the Building Structure and Systems, or any area or element or any facility serving any area of the Building, or delay completion of the Tenant Improvement Work beyond the Anticipated Delivery Date; (ii) require unusual expense to readapt the Premises to normal use on Lease termination, unless Tenant first gives assurance reasonably acceptable to Landlord that Tenant shall cause such readaption to be performed to the Premises prior to Lease termination without expense to Landlord; or (iii) increase the cost of construction or of insurance or taxes on the Building, unless Tenant first gives assurance reasonably acceptable to Landlord that it will pay such increased cost. Landlord shall not be responsible for any delay in completion of the Tenant Improvement Work because of changes to the Construction Drawings. Landlord shall advise Tenant of the estimated cost resulting from such requested changes (including the 5% service fee referenced above), and Tenant shall, within three (3) Business Days of Landlord's notice, notify Landlord in writing whether Tenant desires to proceed with such changes. In the absence of such written authorization or Tenant's notice of election not to proceed with such changes, Landlord shall not be obligated to perform any such changes. In the event Tenant advises Landlord in writing to proceed with such changes, then simultaneously therewith, Tenant shall pay the Additional Cost of such changes as set forth in Landlord's notice. In no event will Landlord be obligated to commence any such changes (including but not limited to revisions to the Construction Drawings necessitated by any such change order), until Tenant has paid the Additional Cost.

7. Punch List. Immediately prior to the delivery of possession of the Premises to Tenant, Landlord and Tenant shall jointly prepare a list identifying all decorative or minor items requiring adjustment of the Tenant Improvement Work which have not yet been completed, the absence of which will not adversely affect Tenant in the performance of the Tenant Installations, its other fixturing activities, and/or the conduct of Tenant's business in the Premises (the "Punch List"). Landlord will use commercially reasonable efforts to cause the General Contractor to complete the items on the Punch List as promptly as possible after preparation thereof by Landlord and Tenant.

8. Warranty. Landlord shall warrant the Tenant Improvement Work for a period of one (1) year from the Commencement Date.

III. TENANT INSTALLATIONS

1. Performance of Work. (a) Tenant shall be permitted to perform Tenant Installations prior to the Anticipated Delivery Date. All Tenant Installations shall be accomplished in a good and workmanlike manner so as not to damage the Premises or the Building, and in such a manner so as not to disturb Landlord or any other tenants or occupants of the Building in the performance of any work or the conduct of their usual business activities.

(b) Tenant's request to perform any Tenant Installations prior to the Anticipated Delivery Date shall be accompanied by the names of Tenant's contractors and subcontractors who will perform such work in the Premises, and thereafter Tenant shall furnish Landlord with such other information as Landlord may reasonably require. All such contractors and subcontractors shall not cause any disruption to the performance of other work then being performed in the Building. All such Tenant Installations shall be scheduled and performed so as not to conflict, interfere with or delay any work undertaken by Landlord in the Building, including but not limited to the performance of the Tenant Improvement Work, and shall be scheduled at a time when, in Landlord's reasonable judgment, same may be accomplished at the appropriate stage of the Tenant Improvement Work. In the event that Tenant or Tenant's Parties do not work in harmony with, or interfere with, or cause any work stoppage or jurisdictional labor dispute with labor employed by Landlord or any other tenants of the Building or the Park, Landlord shall have the right, upon written demand, to require Tenant to immediately remove or cause the removal of Tenant or Tenant's Parties from the Premises.

(c) Subject to subsection (b) above, Landlord shall provide Tenant and/or its telecommunications companies and alternative access vendor service companies, with the right of access to, from and within the Building (including a pathway to the Premises) for the installation and operation of Tenant's telecommunications systems, including, without limitation, voice, video, data and any other telecommunications services provided over wire, fiber optic, microwave, wireless, and any other transmission systems, for part or all of Tenant's telecommunications to, from and within the Building and Premises, subject to a reasonable access agreement between Landlord and any such providers.

2. Disturbance to Other Tenants. The performance of any Tenant Installations shall not penetrate another tenant's space without Landlord's consent, which consent may be withheld in Landlord's sole and absolute discretion. In the event Landlord consents to such penetration, same shall not commence until Tenant has notified Landlord and Landlord has approved the schedule of work. Tenant shall, at its sole cost, perform such work on an overtime basis if requested to do so by Landlord or the tenant whose premises is being penetrated as a result of the Tenant Installations.

3. Noise. The use of jack hammers, core drilling, or other heavy noise shall not be used until Landlord has been notified and has given prior written approval thereto.

4. Liability for Tenant Installations. All Tenant's Installations shall be installed at Tenant's sole risk.

IV. MISCELLANEOUS

1. Landlord's approval of any plans and/or drawings shall not constitute approval of any delays caused by Tenant, and shall not be deemed a waiver of any rights or remedies that may arise as a result of such delays.

2. In the event that Tenant at any time accrues any Tenant Delay, Landlord may bill Tenant for one (1) day's Rent for each such day of Tenant Delay, and Tenant shall pay the same within ten (10) days of receipt of a bill therefor, provided however, that for the first thirty (30) days of Tenant Delay, any Rent due shall instead reduce the Concession Period on a day for day basis.

3. In the event of any conflicts between the Construction Drawings and this Exhibit B, this Exhibit B shall control.

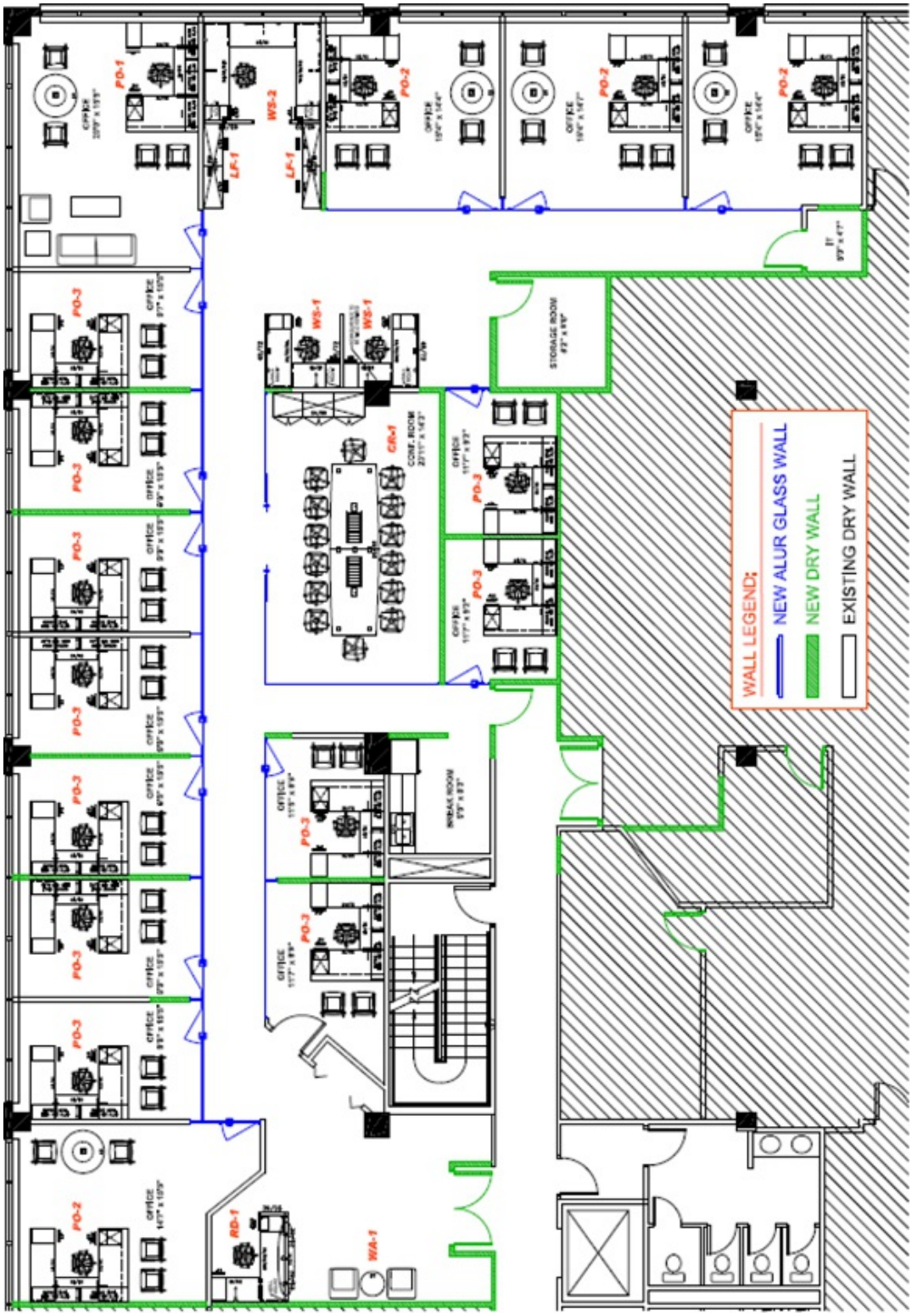
4. Tenant shall be entitled to use the freight elevator in the Building for the initial Tenant Installations, in addition to the move-out of the Premises, at no cost to Tenant in both instances.

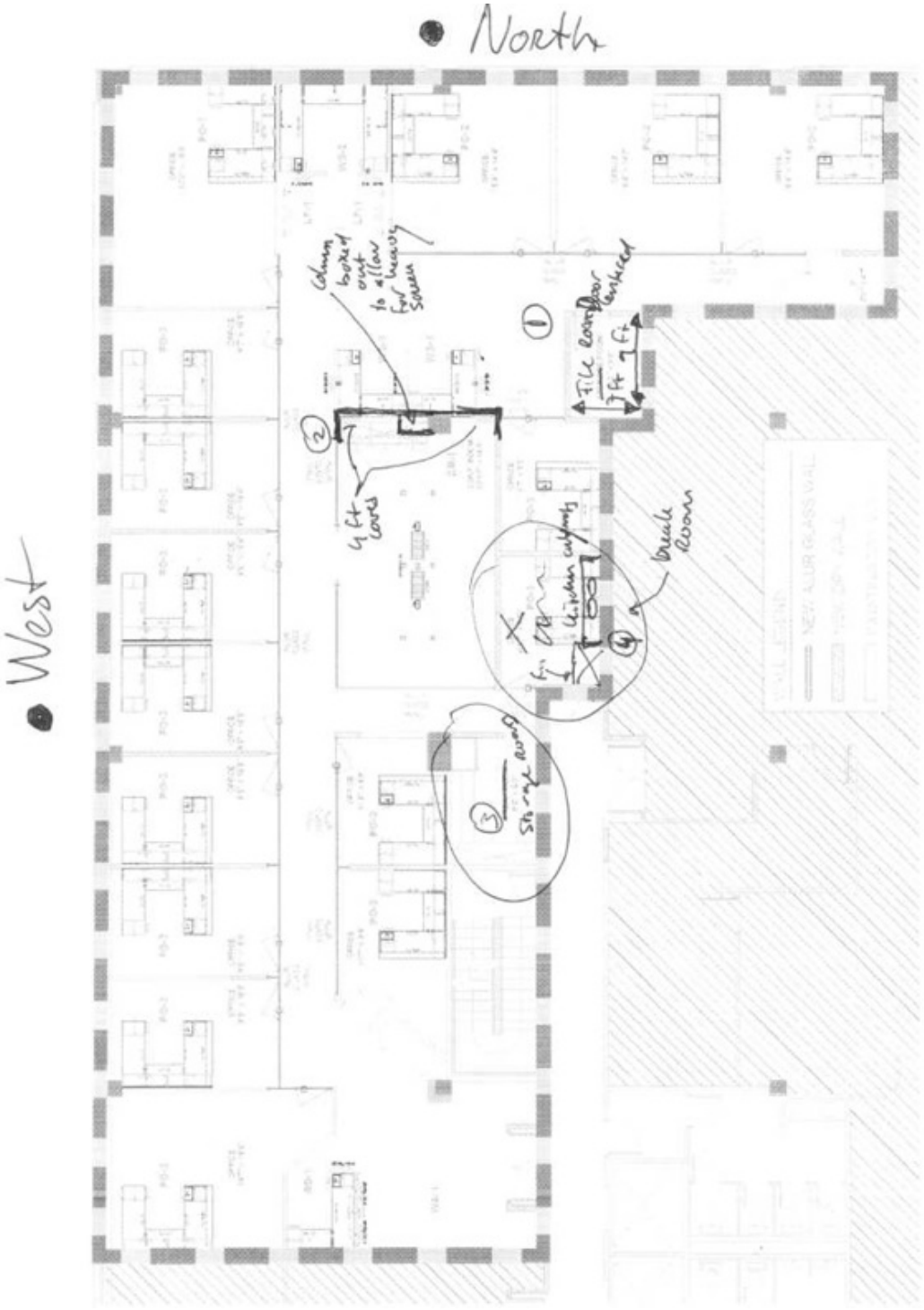
SCHEDULE B-I

Preliminary Layout

Preliminary Layout plan prepared by fast office and dated July 17, 2013, and revised August 7, 2013 and September 19, 2013 (see page B-I—2 of this Schedule B-I), as modified and clarified by: (a) page B-I—3 of this Schedule B-I and (b) the comments set forth below on this page:

1. "Storage Room". We will use this as our secure "File Room" for FDA documents, and wall will be reinforced with a kick resistant material (wire mesh or similar behind sheet rock) and take the walls up to the next level floor/roof to prevent access. Dimensions of the room are approximately 9ft2" (South-North) by 7 ft (East-West), inside dimensions. Door is situated on the narrow hallow, facing North, and is centered on the inside of the "File Room" with at least 2 ft on each side of the door (inside). Door is a metal door in a metal frame with a kick-resistant lock.
2. "Conference Room". The North wall should not be moved by stay AS IS, flush with the north-side of the column inside the conference room. The column inside the conference room is to be boxed out East-West (approximately 5-6 ft), with sufficient reinforcement to allow for hanging a 100-120 pound large screen. The coves at each side of the boxed-out-column are 48 inches to allow for credenzas on each side of the column. Continue a 2 ft wall stub (inside) on the north-west corner of the conference room as part of the cove west of the column.
3. "Break Room". Should remain a "Storage Room" AS IS currently, no changes to this room. Shelves/door should stay in place AS IS.
4. New Break Room to be situated in "Office" straight across from "storage room" in drawing (#3). Fridge and kitchen cabinets located on east wall. Tenant to pick cabinets from Home Depot collection.


WALL LEGEND:
NEW ALUR GLASS WALL
NEW DRY WALL
EXISTING DRY WALL


North
West
Column boxed out to allow for heavy screen
File cabinet
3 Ft
3 Ft
4 Ft cord
Break room
Shredder

SCHEDULE B-II

Preliminary Plans

(TO BE PROVIDED AFTER LEASE EXECUTION)

EXHIBIT C
BUILDING RULES AND REGULATIONS

The following rules and regulations shall apply to all Building tenants and to the Premises or the Building, and the appurtenances thereto:

1. Sidewalks, doorways, vestibules, halls, stairways, and other Common Areas to which Tenant has access shall not be obstructed by Tenant or Tenant's Agents, or used for purposes other than ingress to and egress from the Premises and for going from one part of the Building to another.

2. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or deposited therein. All costs incurred to repair any damage to plumbing, fixtures or appliances from misuse by Tenant or Tenant's Parties shall be paid by Tenant.

3. No signs, advertisements or notices shall be inscribed, painted, affixed or displayed in, on, upon or behind any windows or doors (except as may be mandated by Legal Requirement), or to any other portion of the Land. No company name, logo, sign, advertisement or notice shall be inscribed, painted or affixed outside the Premises or on any doors without the prior written consent of Landlord in accordance with Section 10.1 of the Lease. If such consent is given by Landlord, any such sign, advertisement or notice shall be inscribed, painted or affixed by Landlord at Tenant's cost.

4. Landlord shall provide all door locks to the Premises at Tenant's cost, and Tenant shall not install any additional door locks in the Premises without Landlord's prior written consent, which shall not be unreasonably withheld. Landlord shall provide to Tenant, without charge, a sufficient number of keys for each employee to the Premises and the Building, and upon Tenant's request, Landlord shall provide to Tenant, also without charge, two (2) additional sets of keys. Landlord shall provide any additional keys requested by Tenant, at Tenant's reasonable cost. Upon the Expiration Date or sooner termination of the Lease, Tenant shall return all keys to Landlord, and shall reimburse Landlord for the cost to replace any keys which are lost or otherwise not returned to Landlord.

5. Tenant shall not move furniture or office equipment in or out of the Building, or dispatch or receive any bulky material, merchandise or materials which require movement through the lobby or use of elevators or stairways (collectively, "moving" or "moved") without Landlord's consent, which shall be requested in writing at least five (5) Business Days' prior to such moving. All such moving shall be conducted under Landlord's supervision (but at no cost), at such times and in such a manner as Landlord may reasonably require. Tenant assumes all risks of, and shall be liable for, all damage to articles moved and injury to persons or public as a result of any such moving, and any damage to the Building caused by such moving shall be repaired by Landlord, at Tenant's cost (subject to the mutual waiver of claims and subrogation). Landlord reserves the right to reasonably inspect all freight to be brought into the Building, and to exclude from the Building any freight which violates these Rules and Regulations or the Lease.

6. Landlord may (i) prescribe size and weight limitations, (ii) designate specific locations within the Premises for safes and other heavy equipment or items, and (iii) require the use of supporting devices, so as to distribute weight in a manner reasonably acceptable to Landlord.

7. Any damage to the Building resulting from the installation or removal of any property belonging to Tenant or Tenant's Agents shall be repaired by Tenant or, at Landlord's option, such repairs shall be performed by Landlord, in which case Tenant shall reimburse Landlord for all costs and expenses incurred in connection therewith (but subject to the mutual waiver of claims and subrogation).

8. When not in use, all doors leading from the Premises to the corridors shall be kept closed. Nothing shall be swept or thrown into the corridors, elevator shafts, stairways or any other portion of the Common Areas.

9. No bicycles, vehicles or animals (except animals assisting handicapped persons) shall be brought into or kept in, on or about the Premises. No portion of the Premises shall be used or occupied at any time as sleeping or lodging quarters.

10. Tenant shall cooperate with Landlord's employees in keeping the Premises neat and clean. Tenant shall not enter into any contract with any supplier of towels, water toilet articles, waxing, rug shampooing, venetian blind washing, furniture polishing, lamp servicing, cleaning of electrical fixtures, or other similar services without the prior written consent of Landlord.

11. Tenant shall not employ any person or persons for the purpose of cleaning the Premises without the prior written consent of Landlord. Tenant shall notify Landlord within eight (8) hours of any spill or stain on any carpeting within the Premises, so that Landlord may advise the janitorial service to promptly remove such stain. If Landlord is not notified, but observes the stain, then Landlord may enter the Premises and have the stain removed. The cost of removing any such stains shall be the responsibility of Tenant, regardless of whether or not Tenant advised Landlord of the existence thereof.

12. To ensure orderly operation of the Building, no ice, towels, etc. shall be delivered to the Premises except by parties approved in advance by Landlord, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, water and newspapers may be delivered to the Premises without Landlord's consent.

13. Tenant shall not make or permit any vibration or improper, unusual, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business therein.

14. No machinery, other than normal office equipment, shall be operated in the Premises without Landlord's prior written consent.

15. Unless due to the gross negligence or willful misconduct of Landlord or Landlord's Parties, Landlord shall not be responsible to Tenant or any other party for any loss of or damage to property, whether within the Premises or the Common Areas, however occurring.

16. No vending or dispensing machines of any kind may be maintained in the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

17. Tenant shall not conduct any activity on or about the Premises, the Building which would tend to draw pickets, demonstrators, or the like.

18. All vehicles belonging to Tenant and Tenant's Agents which are parked in the Parking Area shall be: (i) licensed; (ii) in good operating condition; (iii) parked within designated parking spaces, one vehicle to each space; and (iv) parked in such space only during such time as the operator of such vehicle is in the Premises for the purpose of conducting business with or for Tenant. No vehicle may be parked as a "billboard" vehicle in the Parking Area. If any vehicle belonging to Tenant or Tenant's Agents is parked improperly, then Landlord shall have the right to: (y) tow such vehicle from the Parking Area at Tenant's expense; or (z) place a "boot" on the vehicle to immobilize it, and charge Landlord's then-standard rate to remove the "boot," which rate, as of the date hereof, is $50.00. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from and against all Claims arising, whether directly or indirectly, in whole or in part from the towing or booting of any vehicles belonging to Tenant or Tenant's Agents.

19. Neither Tenant nor Tenant's Parties may enter any phone rooms, electrical rooms, mechanical rooms, or other service areas of the Building unless accompanied by Landlord or the Building manager.

20. Tenant shall not use the Premises for any use which is disreputable, creates fire hazards, or results in an increased rate of insurance on the Building or any of its contents.

21. In order to ensure security of the Building, Landlord reserves the right to: (i) reasonably limit or regulate access to the Building during nights and weekends; (ii) exclude from the Building, at any time other than Building Hours, all persons who do not present an employee identification card or a pass to the Building signed by an authorized signatory of Tenant. Tenant shall be responsible for all persons to whom it issues such an identification card or pass.

22. The Building is a smoke-free environment, and smoking is not permitted anywhere in the Building, including the Common Areas and the Premises. Any persons wishing to smoke shall extinguish their cigarettes in the receptacles to be provided outside of the rear entrance to the Building, and are prohibited from discarding cigarette butts on the ground or outside of any Building entrance.

23. Tenants requiring service shall call Landlord at (973) 623-5300, between the hours of 8:30 a.m. to 5:00 p.m., Monday – Friday. In the event of an emergency, whether plumbing, water leaks, power outage, fire, theft, etc., Tenant shall contact Landlord's maintenance department immediately at the above telephone number.

24. No services shall be provided to the Premises unless Tenant makes an application therefor at the office of the Building manager. Employees of Landlord shall not perform any work for Tenant or do anything outside of their regular duties unless under special instructions from Landlord.

25. Tenant shall not conduct, or permit any other person to: (i) conduct any auction within the Premises; (ii) manufacture or store goods, wares or merchandise upon the Premises, except for the storage of usual supplies and inventory to be used by Tenant in the conduct of its business within the Premises; (iii) use the Premises for gambling; (iv) play any musical instruments within the Premises; (v) play any radio, television, record or wire music in a manner that disturbs or annoys other tenants of the Building; (vi) produce unusual odors within the Premises; (vii) occupy any portion of the Premises as an office of a public stenographer, or as a barber or manicure shop; or (viii) possess, store, manufacture or sell any intoxicating beverages or tobacco within the Premises.

26. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens shall be attached or hung in, or used in connection with, any window or door of the Premises without the prior written consent of Landlord as to quality, type, design and color, and method of attachment.

27. Canvassing, solicitation and peddling in the Building are prohibited, and Tenant shall cooperate to prevent the same.

28. Any delivery or receipt of merchandise must be made using hand trucks equipped with rubber tires and side guards.

29. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's reasonable opinion, tends to impair the reputation of the Building or its desirability as an office building, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

30. Landlord hereby reserves to itself any and all rights not granted to Tenant hereunder.

Unless otherwise defined in these Rules and Regulations, capitalized terms shall have the meaning ascribed to them in the Lease. In the event of any conflict between these Rules and Regulations and the terms and provisions of the Lease, the latter shall control the resolution of such conflict.

EXHIBIT D
COMMENCEMENT DATE AGREEMENT

THIS COMMENCEMENT DATE AGREEMENT, made as of the ____ day of _____, 2013, by and between A-K BEDMINSTER ASSOCIATES, L.P., a New Jersey limited partnership ("Landlord"), and MATINAS BIOPHARMA HOLDINGS, INC., a Delaware corporation ("Tenant").

WITNESSETH:

WHEREAS, Landlord is the owner of a certain building located at 1545 Route 206, Bedminster, New Jersey (the "Building "); and

WHEREAS, by that certain lease dated _____, 2013 (the "Lease"), Landlord leased a portion of the Building (the "Premises") to Tenant; and

WHEREAS, Tenant is in possession of the Premises and the Term of the Lease has commenced; and

WHEREAS, under Section 3.2 of the Lease, Landlord and Tenant agreed to enter into an agreement setting forth certain information with respect to the Premises and the Lease.

NOW, THEREFORE, Landlord and Tenant agree as follows:

1. The Commencement Date occurred on _____, 20__.

2. The Rent Commencement Date occurred on _____, 20__.

3. The Op Ex Rent CD shall occur on _____, 20__.

4. The Term of the Lease shall expire on _____, 20__, unless Tenant exercises its option to extend the Term of the Lease or unless the Lease terminates earlier as provided in the Lease.

5. The date of commencement of the first Renewal Term shall be _____1, 20__, if Tenant effectively exercises its option in respect thereof, and if Tenant does so, the Term of the Lease shall expire on _____, 20__, unless the Lease terminates earlier as provided in the Lease.

Capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the Lease.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Commencement Date Agreement to be executed the date and year first above written.

LANDLORD:

A-K BEDMINSTER ASSOCIATES, L.P.

By: Advance Realty Advisors, Inc., Managing General Partner

By: _____
Name:
Title:

TENANT:

MATINAS BIOPHARMA HOLDINGS, INC.

By: _____
Name:
Title:

EXHIBIT E
JANITORIAL SPECIFICATIONS

Daily

General, Private Offices and Lobby Areas

1. Empty wastebaskets and other refuse such as cardboard boxes, which will be flattened and transported by the janitorial company to the outside trash enclosure. NOTE: All refuse not in standard wastebaskets must be designated as trash by the Tenant.

2. Clean and sanitize all drinking fountains.

3. Spot clean desktops.

4. Clean all counter tops.

5. Spot clean tenants' interior glass partitions and doors.

6. Sweep and vacuum all stairways.

7. Remove fingerprints from doors, frames, light switches, kick and push plates and handles.

8. All lobby glass doors are to be cleaned nightly.

9. Sweep exterior of building entrances looking for cigarette butts and papers and service entrance urns if applicable.

10. Clean all baseboard ledges, moldings, directory, depositories and window frames.

11. Clean all lobby directory glass.

12. Clean and polish all anodized metal finishes in all lobbies.

13. Clean all entry thresholds.

14. Dust all mullions, sills and other surfaces up to 84" high.

15. Vacuum all carpeted areas.

Washrooms

1. Clean, sanitize and polish all vitreous fixtures including toilet bowls, urinals and hand basins.

2. Clean and sanitize all flush rings, drains and over flow outlets.

3. Clean and polish all chrome fittings.

4. Clean and sanitize both sides of toilet seats.

5. Clean and polish all glass mirrors.

6. Empty all containers and insert replacement liners.

7. Wash and sanitize the exterior of all disposal containers.

8. In women's room empty and sanitize interior of sanitary containers.

9. Spot clean metal partitions.

10. Remove spots, stains, and splashes from wall areas adjacent to hand basins.

11. Refill all dispensers to normal limits, this would include the following items; paper towels, toilet tissue, soap dispensers, sanitary napkins, and any other supplies requested by landlord. Note: All supplies will be furnished by janitorial company.

12. Remove fingerprints from doors, doorframes, light switches, door handles, kick and push plates.

13. Check for proper operation of all soap and sanitary napkin dispensers.

Elevators

1. Within each elevator cab, vacuum and spot clean carpet stains.

2. Dust, clean and polish all stainless steel handrails, brushed brass doors and door frames and wipe clean elevator walls.

3. Thoroughly vacuum door tracks.

4. Wipe clean all items on the control panel.

Stairs and Stairwells

1. Wipe clean handrails in stairwells.

2. Damp mop, sweep or vacuum all steps and landings.

3. Wipe clean and dust stairway stringers and undersides if applicable.

Vending and Kitchen Areas

1. Empty, sanitize and provide new liners for all trash receptacles.

2. Wash and sanitize the exterior of all trash receptacles.

3. Wash and sanitize all table and counter tops.

4. Wash and sanitize interior and exterior of microwave oven.

5. Spot clean all cafeteria chairs.

6. Spot clean all wall surfaces.

7. Arrange all tables and chairs in neat order.

Daily

Floors: Resilient and Hard

1. Burnish all common area (atrium) granite floors.

2. Dust, mop or sweep all floors.

3. When damp mopping; use only cool fresh water.

4. Remove all spills, smears etc. that did not come off in sweeping and mopping.

Floors: Carpet

1. Vacuum all rugs and carpets including all open areas (not under desks). Remove all gum, staples, paper clip and tar from rug and carpet surfaces.

2. Spot clean all stains with a manufacturer's specified product.

3. Clean all atrium weather mats with a vacuum and damp wipe vinyl edges to remove all dust when mats are in use.

General Requirements and Information

1. Complete "Security Log" and "Janitorial Company Log" in accordance with Landlords Building Closing Procedure.

2. Tenant hallway doors are to remain locked during cleaning. Exterior building doors are not to be held open when removing trash from the building. Your card access must stay with you at all times.

3. Notify the designated Landlord contact of any emergency or security situation, no matter how insignificant it may be.

4. Turn off all lights per landlord's instruction.

5. The exterior trash enclosure is to be left closed and in a clean and orderly state.

6. All on-site janitorial personnel will wear uniforms deemed appropriate by Landlord, which are supplied by the janitorial company.

7. All supply rooms and janitor closets must be cleaned and organized at the end of each night.

Weekly

General, Private Offices and Lobby Areas

1. Dust all furniture including desks, chairs and tables.

2. Dust all exposed filing cabinets, bookcases and shelves.

3. Low dust all horizontal surfaces to hand height (70") including shelves, moldings and ledges.

4. High dust all horizontal surfaces including shelves, moldings and ledges.

5. Clean all common area HVAC diffusers.

6. Clean public telephone, both mount and phone set.

Washrooms

1. Dust metal partitions.

2. Low/high dust horizontal surfaces including sills, moldings, ledges, shelves frames, exposed ducts and heating outlets.

3. Dust all furniture including tables, chairs and benches.

4. Clean and disinfect floor drains and polish chrome.

5. Scrub all floor areas with germicidal solution.

Vending and Kitchen Areas

1. Low/high dust horizontal surfaces including sills, moldings, ledges, shelves, frames, exposed ducts, heating outlets and vending machines.

Floors: Resilient and Hard

1. Auto scrub main lobby per industry standards and manufacturers recommended procedures.

Floors: Carpet

1. Vacuum entire carpeted areas including all non-open areas not addressed in daily routine, such as under desks.

2. Spot clean as required carpet at entrances to heavy foot traffic areas.

Monthly

General, Private Offices and Lobby Areas

1. Clean and polish bright metal surfaces to hand height.

2. Remove dust and cobwebs from ceiling tiles.

3. Vacuum HVAC diffusers in ceilings.

4. Hand dust all wood paneled surfaces.

5. Wash all vinyl and metal kick plates on doors.

6. Wet mop all stairwells, including the landings, and wipe down all handrails.

Washrooms

1. Wash and sanitize all metal partitions.

2. Flush toilet bowls and urinals with "Bowlclene" or similar product.

3. Damp wipe restroom and shower tile walls to sanitize.

4. Vacuum HVAC diffusers in ceilings and walls (exhaust ducts).

5. High dust lights, walls and ceiling grills.

Floors: Resilient and Hard

1. Maintain all flooring per industry standards and manufactures recommended procedures.

Quarterly

A schedule specifying the approximate dates for the following quarterly tasks is to be provided by the janitorial company. The purpose of this schedule is to provide a specific time frame for these tasks to be performed and completed so that adherence to the contract specifications is assured. The owner's representative on site will approve this schedule.

General, Private Offices and Lobby Areas

1. Clean and sanitize all telephones.
2. Clean the entire glass surface of all door and partition lights.
3. Dust all window blinds.
4. Dry clean areas adjacent to HVAC diffusers.
5. Clean and polish entire surface of all cleared desktops.
6. Perform all wood surface maintenance.
7. Clean interior of all "high hat" lighting fixtures.
8. High dust all horizontal and vertical surfaces not reached in daily, weekly or monthly cleanings.
9. Dust all picture frames, charts and similar hanging items not dusted in daily, weekly or monthly cleanings.

Washrooms

1. Dry clean areas adjacent to HVAC diffusers.

Vending and Kitchen Areas

1. Vacuum clean the entire seat area of cafeteria chairs.
2. Remove anything attached to the underside of the cafeteria tables.
3. Damp mop under all vending machines.

Semi-Annually

A schedule specifying the approximate dates for the following semi-annual tasks is to be provided by the janitorial company. The purpose of this schedule is to provide a specific time frame for these tasks to be performed and completed so that adherence to the contract specifications is assured. The owner's representative on site will approve this schedule.

General, Private Offices and Lobby Areas

1. Wash all wastebaskets.

Washrooms

1. Wash light fixtures in all washrooms and shower areas.

Carpet Maintenance Program

Daily

1. Spot clean all affected areas, this includes tenant areas.

Monthly

Shampoo areas of common area carpet only as required based on traffic and spills. Note: Shampoo process to be the "double process".

If tenant requires monthly carpet cleaning within their leased office space, the janitorial company will provide an additional price for this service.

Quarterly

1. Pile lift carpet as required in common areas only.

Annually

It is the intent of this program to maximize the carpet appearance through regular and on going care. Entire office area carpet cleaning should be done as required and at the approval of the Landlord.

EXHIBIT F
RENEWAL RIDER

(a) Tenant shall have the right to renew this Lease for one (1) term of five (5) years (the "Renewal Term"), by delivering written notice of the exercise thereof to Landlord not later than twelve (12) months before the expiration of the Term, TIME BEING OF THE ESSENCE, provided that: (i) Tenant is the initial named Tenant hereunder or a Successor Entity or Affiliate of initial named Tenant (or a Successor Entity or Affiliate of such Successor Entity or Affiliate, as the case may be, the intent being for each subsequent Successor Entity and Affiliate to have the same rights herein); (ii) no default beyond an applicable notice and cure period exists either at the time of such exercise or at the commencement of the Renewal Term; and (iii) Tenant is occupying all or substantially all of the Premises at the time of such exercise and upon the commencement of the Renewal Term. The Base Rent payable during the Renewal Term shall be the prevailing rental rate as determined below (the "Prevailing Rental Rate") which is in effect upon the commencement of the Renewal Term; provided, however, that in no event shall the Base Rent during the Renewal Term be less than the aggregate of the Base Rent, Tenant's Proportionate Share of the Operating Charges Escalation, Tenant's Proportionate Share of the Real Estate Taxes Escalation and Tenant's Proportionate Share of Utilities Escalation payable during the last year of the Term, and the Base Year during the Renewal Term shall be the calendar year in which the Renewal Term commences. Tenant shall lease the Premises during the Renewal Term in its then-current condition, and Landlord shall not provide to Tenant any allowances (*e.g.*, moving allowance, construction allowance, and the like) or other tenant inducements; the foregoing restriction shall also be a factor in the determination of the Prevailing Rental Rate.

(b) Any determination of the Prevailing Rental Rate, which shall be determined in accordance with the criteria set forth in this Paragraph (b), shall take into account all relevant market conditions then existing in connection with the leasing of comparable space (including quality, size, age, fit-out, utility and location) to renewing tenants in buildings in the Geographic Area which are similar to the Building; however, for purposes of determining the Prevailing Rental Rate with respect to Article XXXII, new tenants, as opposed to renewing tenants, shall be the comparison point. Such factors shall include, but not be limited to, the creditworthiness of Tenant; any construction allowances or any rental concessions customarily given to tenants of similar creditworthiness as Tenant; brokerage commissions; and the updated base year for purposes of determining Tenant's Proportionate Share of the Operating Charges Escalation, Utilities Escalation and the Real Estate Charges Escalation. Except for the sole purpose of determining the Prevailing Rental Rate, the appraisers shall not have the power to add to, modify or change any of the provisions of this Lease. The procedure for establishing the Prevailing Rental Rate shall be as follows:

(i) Not later than one hundred eighty (180) days prior to the commencement of the Renewal Term, Landlord shall notify Tenant of Landlord's determination of the Prevailing Rental Rate ("Landlord's Determination").

(ii) Within thirty (30) days after delivery of the notice setting forth Landlord's Determination, Tenant shall notify Landlord ("Tenant's Notice") whether Tenant accepts or disputes Landlord's Determination. If Tenant's Notice accepts Landlord's Determination then Landlord's Determination shall, for all purposes, constitute the Prevailing Rental Rate. If Tenant refuses or fails in a timely manner to give Tenant's Notice, then Tenant will be deemed to have accepted Landlord's Determination. If Tenant's Notice disputes Landlord's Determination, Tenant's Notice shall include Tenant's determination of the Prevailing Rental Rate ("Tenant's Determination") as determined by an independent real estate appraiser selected by Tenant.

(iii) If Tenant's Notice disputes Landlord's Determination as aforesaid, then within thirty (30) days after delivery of Tenant's Notice, Landlord shall notify Tenant ("Landlord's Notice") whether Landlord accepts or disputes Tenant's Determination. If Landlord's Notice disputes Tenant's Determination, Landlord's Notice shall include a second determination of the Prevailing Rental Rate ("Landlord's Second Determination"), as determined by an independent real estate appraiser selected by Landlord. If Landlord's Second Determination exceeds Tenant's Determination by three (3%) percent or less, the Base Rent shall be the average of Landlord's Second Determination and Tenant's Determination. If Landlord's Second Determination exceeds Tenant's Determination by more than three (3%) percent, Landlord or Tenant shall apply to the office of the American Arbitration Association (or any successor organization) closest to the Building to designate a third independent real estate appraiser (the "Third Appraiser") in accordance with the then-prevailing rules, regulations and/or procedures of the American Arbitration Association, and if the American Arbitration Association (or any successor organization) is unable or unwilling to designate the Third Appraiser, then either party may commence a legal proceeding to have the Third Appraiser appointed. Any appraiser appointed pursuant to this subparagraph (iii) shall be an independent real estate appraiser with at least ten (10) years' experience in leasing and valuation of properties in the Geographic Area which are similar in character to the Building, who has worked for neither Landlord nor Tenant within the preceding five (5) years.

(iv) The Third Appraiser shall conduct such hearings and investigations as (s)he may deem appropriate and shall, within thirty (30) days after the date of his or her designation as the Third Appraiser, choose either Landlord's Second Determination or Tenant's Determination, and such choice shall be conclusive and binding upon Landlord and Tenant.

(v) Each party shall pay its own counsel fees and expenses in connection with any arbitration hereunder, including the expenses and fees of any appraiser selected by it in accordance with the terms hereof, and Landlord and Tenant shall share equally the costs and expenses of the Third Appraiser.

(c) If the final determination of the Prevailing Rental Rate is not made on or before the first day of the Renewal Term, then pending such final determination Tenant shall pay, as the Base Rent for the Renewal Term, an amount equal to Landlord's Determination (or, if Landlord shall have given Landlord's Second Determination, Landlord's Second Determination). If the payments made by Tenant prior to establishing the Prevailing Rental Rate were greater than the actual Base Rent payable for the Renewal Term, then provided Tenant is not in default under any provision of this Lease beyond any applicable notice and cure period, Landlord shall promptly refund such overpayment to Tenant.

(d) Landlord and Tenant shall promptly execute an amendment to this Lease evidencing any extension of the Term pursuant to this Renewal Rider, but no such amendment shall be necessary in order to make the provisions of this Renewal Rider effective.

(e) Tenant's right to renew this Lease shall automatically terminate if: (i) this Lease or Tenant's right to possession of the Premises is terminated; or (ii) Tenant assigns its interest in this Lease to a party other than a Successor Entity or an Affiliate or sublets more than fifty percent (50%) of the Premises to any party other than an Affiliate for the balance of the Term.

(f) Notwithstanding Tenant's exercise of its option to renew in accordance with the provisions of this Renewal Rider, Landlord shall have the right to nullify Tenant's exercise of its right to renew if any guarantor of the Lease refuses or fails to reaffirm its obligations under its guaranty within twenty (20) days after Landlord's request therefor.

(g) Tenant shall have no further right to extend the Term following the expiration of the Renewal Term, unless expressly granted by Landlord in writing, which right may be granted or withheld in Landlord's sole discretion.

(h) Except as set forth in this Renewal Rider, the Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in effect during the Renewal Term.

EXHIBIT G
HVAC SPECIFICATIONS

The following are design standards for the building air-conditioning system for cooling and heating in the subject building:

1. During the normal heating season to maintain an average indoor dry bulb temperature of not less than 70 degrees Fahrenheit or more than 76 degrees Fahrenheit when the outdoor dry bulb temperature is lower than 65 degrees Fahrenheit but not lower than 0 degrees Fahrenheit.

2. To maintain comfort cooling for an average indoor dry bulb temperature of not more than 78 degrees Fahrenheit when the outside dry bulb temperature is 95 degrees Fahrenheit.

3. Landlord will not be responsible for the failure of the air-conditioning system if such failure results from (i) the occupancy of the Premises with more than an average of one (1) person for each one hundred (100) usable square feet of floor area, (ii) the installation or operation by Tenant of machines and appliances, the installed electrical load of which when combined with the load of all lighting fixtures exceeds six (6) watts per rentable square foot of the Premises and in any manner exceeding the aforementioned occupancy and electrical load criteria, or (iii) rearrangement of partitioning after the initial preparation of the Premises. If interference with normal operation of the air-conditioning system in the Premises results, necessitating changes in the air conditioning system servicing the Premises, such changes shall be made by Landlord upon written notice to Tenant at Tenant's sole cost and expense. Tenant agrees to lower and close window coverings when necessary because of the sun's position whenever the air conditioning system is in operation, and Tenant agrees at all times to cooperate fully with Landlord and to abide by all the Rules and Regulations attached hereto as well as reasonable rules and regulations which Landlord may hereafter prescribe (in accordance with the terms of the Lease) involving the air-conditioning system.

Subsidiaries of Registrant

Matinas BioPharma, Inc., a Delaware corporation