Nephros, Inc.
Closing Symbol: NEPH
Closing Exchange: OTC BB

**Post-Closing % Change in Stock Price**

<table>
<thead>
<tr>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Date (3/22/17):</td>
<td>0%</td>
</tr>
<tr>
<td>After 30 Days:</td>
<td>+10.30%</td>
</tr>
<tr>
<td>After 90 Days:</td>
<td>(-15.15%)</td>
</tr>
<tr>
<td>After 6 Months:</td>
<td>(-23.33%)</td>
</tr>
<tr>
<td>After 1 Year:</td>
<td>+38.94%</td>
</tr>
<tr>
<td>After 2 Years:</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Note:** Only available for placements with Status = Closed

**Investment Terms**

**Securities:** Common Stock and Warrants

**Issuance Amount:** $1,217,998

**Number of Securities:** 4,059,994

**Price Per Security:** $0.3000

**Fixed Purchase Price:** $0.30 per share

**Variable Purchase Price:** None

**Anti-Dilution Protection:** None

**Hard Floor Price:** None

**Soft Floor Price:** None

**Investor Warrants:** 5-year warrants to purchase 4,059,994 shares of Issuer's Common Stock at $0.30 per share

**[ Exercise Restrictions ]**

Terms of the Warrants provide for a blocker provision that would prohibit any exercise under the Warrants that would cause an applicable Holder to hold in excess of 9.99% of Issuer's then issued and outstanding Common Stock (such blocker provision initially sets the beneficial ownership limitation at 4.99%, but that limitation may be waived by any Holder upon 61 days' prior notice).

**[ Provisional Cashless/Net Exercise ]**

Holder(s) will have certain CASHLESS EXERCISE rights IF the shares of Issuer's Common Stock issuable upon exercise of the Warrants are NOT covered under an effective Registration Statement (see Transaction Documents for details).

**[ Purchase Rights on an as-Exercised Basis ]**

If at any time the Issuer grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "Purchase Rights"), then the Holder(s) will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder(s) could have acquired if the Holder(s) had held the number of shares of Common Stock acquirable upon complete exercise of the Warrants (without taking into account any limitations or restrictions on the exercise of the Warrants) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

**[ Repurchase Upon Fundamental Transaction ]**

Upon the occurrence of a Fundamental Transaction, the Holder(s) MAY REQUIRE the Issuer (or successor entity) to repurchase (redeem) the Warrants for cash in an amount equal to the value of the Warrants subject to repurchase as determined in accordance with the Black-Scholes option pricing model (see Transaction Documents for details).

**Investor Call Option:** None

**Investor Greenshoe:** None
However, each of the Investors has represented and warranted that it has not executed any short sales or other specified hedging transactions with respect to Issuer’s Common Stock for a designated period prior to the Closing Date and/or the public disclosure of the transaction (see Transaction Documents for details).

Investor Purchase Rights:

If, at any time prior to the 12-month anniversary of the EARLIEST OF (i) the date a Registration Statement filed in connection with this private placement is declared effective, (ii) the date Rule 144 under the Securities Act of 1933, as amended, allows the Common Stock issued in connection with this transaction to be resold without volume or manner-of-sale restrictions and (iii) the date, after the 1-year anniversary of the Closing Date, on which all of such securities may be sold pursuant to an exemption from registration under Section 4(1) of the Securities Act without volume or manner-of-sale restrictions, the Issuer proposes to issue shares of its Common Stock or securities which are convertible into its Common Stock (except certain permitted issuances) in a Subsequent Financing, the Issuer is required to FIRST give the Investor(s) an opportunity to purchase up to 100.0% of such securities on the same terms as provided for in the proposed Subsequent Financing.

Investor Redemption:

None

Issuer Redemption:

None

Registration Rights:

Issuer has agreed to prepare and file with the SEC, no later than the 30th calendar day after the date of the Registration Rights Agreement (“Filing Date”), a Registration Statement covering resale of the Common Stock purchased in the private placement and the common shares underlying the related Warrants.

Issuer has further agreed to use its best efforts to cause such Registration Statement to be declared effective no later than the EARLIER OF (i) the 60th calendar day (or 120th calendar day if the Registration Statement is subject to review by the SEC) following the Closing Date and (ii) the 5th trading day after the date that the Issuer is informed by the SEC that the Registration Statement will not be reviewed or is no longer subject to review and comments (such earlier date, the “Effectiveness Date”).

If the Registration Statement is not filed by the Issuer with the SEC on or prior to the Filing Date, or the Registration Statement is not declared effective by the SEC on or prior to the Effectiveness Date, or the Investor(s) cannot make sales of securities under an effective Registration Statement for a number of days beyond a certain specified threshold, then for each “penalty period”, the Issuer will pay liquidated damages until such registration-related issues are resolved (see Transaction Documents for penalty calculations).

Registration Statement Info:

Filing Date: 4/14/17
Filing Type: S-1
File Number: 333-217318
Effectiveness Date: 4/26/17

Use of Proceeds:

Working capital and other general corporate purposes

Placement Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount / Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance Amount (as % of Market Cap)</td>
<td>7.5%</td>
</tr>
<tr>
<td>Purchase Price (as % of Stock Price)</td>
<td>As of Definitive Agreements (3/17/17): 62.5%</td>
</tr>
<tr>
<td></td>
<td>As of Closing (3/22/17): 90.9%</td>
</tr>
<tr>
<td>Warrant Coverage (based on common stock equivalents)</td>
<td>100.0%</td>
</tr>
<tr>
<td>Warrant Exercise Price (as % of Stock Price)</td>
<td>As of Definitive Agreements (3/17/17): 62.5%</td>
</tr>
<tr>
<td></td>
<td>As of Closing (3/22/17): 90.9%</td>
</tr>
</tbody>
</table>

Issuer Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount / Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Market Capitalization (day prior to Closing/Announced Date)</td>
<td>$16,241,280</td>
</tr>
<tr>
<td>Closing Stock Price (day prior to Closing/Announced Date)</td>
<td>$0.3300</td>
</tr>
<tr>
<td>Average Daily Trading Volume (30-day average prior to C/A Date)</td>
<td>33,464</td>
</tr>
</tbody>
</table>

Investors

<table>
<thead>
<tr>
<th>Investment Managers</th>
<th>Investment Funds</th>
<th>Investment Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Officers, Directors and Affiliates</td>
<td>Corporate Officers, Directors and Affiliates</td>
<td>$74,999</td>
</tr>
<tr>
<td>Firstfire Capital Management LLC</td>
<td>Firstfire Global Opportunities Fund, LLC</td>
<td>$50,000</td>
</tr>
<tr>
<td>Hudson Bay Capital Management LP</td>
<td>Hudson Bay Master Fund Ltd.</td>
<td>$100,000</td>
</tr>
<tr>
<td>Individual Investors</td>
<td>Individual Investors</td>
<td>$125,000</td>
</tr>
<tr>
<td>IntraCoastal Capital, LLC</td>
<td>IntraCoastal Capital, LLC</td>
<td>$100,000</td>
</tr>
</tbody>
</table>
Iroquois Capital Management, LLC
Iroquois Master Fund Ltd.
$100,000
Iroquois Capital Management, LLC
Iroquois Capital Investment Group LLC
$50,000
Kash Flow 18 LLC
Kash Flow 18 LLC
$100,000
L1 Capital
L1 Capital Global Opportunities Master Fund
$50,000
Lincoln Park Capital, LLC
Lincoln Park Capital Fund, LLC
$240,000
Miscellaneous Trusts, Pension Funds and Foundations
Miscellaneous Trusts, Pension Funds and Foundations
$18,000
PCG Advisory Group
PCG Holdings, Inc.
$50,000
Warberg Asset Management LLC
Warberg WF V LP
$60,000
Windward Venture Partners
Windward Venture Partners
$100,000

Placement Agents
Placement Agents: Maxim Group, LLC
Placement Agents: Cash Fees: $91,350 (7.5% of Issuance Amount)
Placement Agents: non-Cash Fees: 5-year warrants to purchase 81,199 shares of Issuer’s Common Stock at $0.33 per share

Legal Counsel
Investor Legal Counsel: Kelley Drye & Warren LLP
Issuer Legal Counsel: Fredrikson & Byron, P.A.
Placement Agent Legal Counsel: Ellenoff Grossman & Schole LLP

Miscellaneous Notes

In a press release dated 3/17/17, Issuer announced that it has entered into Definitive Agreements for a private placement in which it will issue and sell 4,059,994 shares of its Common Stock, along with Warrants providing 100.0% Warrant Coverage, at $0.30 per share/Warrant combination for $1.2 million in gross proceeds.

Definitive Agreements were entered into on 3/17/17.

[ Closing ]

According to the press release, Issuer expects the private placement to close on or about 3/22/17, subject to customary closing conditions.

In its 8-K filing dated 3/23/17, Issuer disclosed that this $1.2 million private placement of Common Stock and Warrants closed on 3/22/17 as scheduled.

[ Investors ]

According to the press release, agreements for the purchase of the Common Stock and Warrants were entered into with “institutional and accredited investors.”

According to the 8-K of 3/23/17, affiliates of Issuer’s Officers and Directors (including Issuer’s CFO and the children of Issuer’s President/CEO) purchased approximately $75,000 of the securities issued in this private placement.

Transaction Documents
Primary Source: 8-K Filing
Primary Source Date: 3/23/17
Transaction Docs Processing: Completed
SEC Filing (Summary): 8-K of 3/23/17
SEC Filing (Exhibit Index): 8-K of 3/23/17
Purchase/Subsricption Agreement: Securities Purchase Agreement: 8-K of 3/23/17 (Ex. 10.1)
Registration Rights: Registration Rights Agreement: 8-K of 3/23/17 (Ex. 10.2)
CD/AOI/Note/Debenture: -
Warrant: Form of Warrant: 8-K of 3/23/17 (Ex. 4.1)
Misc. Documents: -
Registration Statement: S-1 of 4/14/17 (File No. 333-217318)