

NEPHROS INC  
Form 3  
October 17, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person *			2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â Southpaw Asset Management LP			(Month/Day/Year)	NEPHROS INC [NEP]	
(Last)	(First)	(Middle)	4. Relationship of Reporting Person(s) to Issuer		5. If Amendment, Date Original Filed(Month/Day/Year)
FOUR GREENWICH OFFICE PARK,Â			(Check all applicable)		
(Street)			___ Director	<input checked="" type="checkbox"/> 10% Owner	6. Individual or Joint/Group Filing(Check Applicable Line)
GREENWICH,Â CTÂ 06831			___ Officer	___ Other	___ Form filed by One Reporting Person
(City)	(State)	(Zip)	(give title below) (specify below)		<input checked="" type="checkbox"/> Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of	

				Shares		or Indirect (I) (Instr. 5)	
Series A 10% Secured Convertible Note due 2008 <u>(1)</u>	Â <u>(2)</u>	Â <u>(3)</u>	Common Stock and Warrants to Purchase Common Stock	375,000 <u>(4)</u>	\$ 0.706 <u>(5)</u>	I	Footnote <u>(6)</u>
Series B. 10% Secured Convertible Note due 2008 <u>(1)</u>	Â <u>(2)</u>	Â <u>(3)</u>	Common Stock	2,887,339 <u>(7)</u>	\$ 0.706	I	Footnote <u>(6)</u>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Southpaw Asset Management LP FOUR GREENWICH OFFICE PARK GREENWICH, CT 06831	Â	Â X	Â	Â
Southpaw Credit Opportunity Master Fund, L.P. FOUR GREENWICH OFFICE PARK FIRST FLOOR GREENWICH, CT 06831	Â	Â X	Â	Â
Southpaw Holdings LLC FOUR GREENWICH OFFICE PARK FIRST FLOOR GREENWICH, CT 06831	Â	Â X	Â	Â
Wyman Kevin FOUR GREENWICH OFFICE PARK FIRST FLOOR GREENWICH, CT 06831	Â	Â X	Â	Â
Golden Howard FOUR GREENWICH OFFICE PARK FIRST FLOOR GREENWICH, CT 06831	Â	Â X	Â	Â

## Signatures

Kevin Wyman                      10/15/2007  
 \*\*Signature of                      Date  
 Reporting Person

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

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

(1) See Exhibit 99.

(2) See Exhibit 99.

(3) See Exhibit 99.

(4) See Exhibit 99.

(5) See Exhibit 99.

(6) See Exhibit 99.

(7) See Exhibit 99.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.