

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED **June 30, 2012**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number **1-16467**

Cortex Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0303583
(I.R.S. Employer
Identification No.)

7700 Irvine Center Drive, Suite 750, Irvine, California 92618

(Address of principal executive offices, including zip code)

(949) 727-3157

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

144,041,558 shares of Common Stock as of August 13, 2012

CORTEX PHARMACEUTICALS, INC.
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Item 1A and 3 of Part II has been omitted based on the Company’s status as a “smaller reporting company.” Items 1 through 5 of Part II have been omitted because they are not applicable with respect to the current reporting period.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****Cortex Pharmaceuticals, Inc.****Condensed Balance Sheets**

	<i>(Unaudited)</i> June 30, 2012	<i>(Note)</i> December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 532,876	\$ 1,610,945
Restricted cash	—	48,309
Capitalized offering costs	20,658	—
Other current assets	47,388	85,630
Total current assets	600,922	1,744,884
Furniture, equipment and leasehold improvements, net	48,375	66,882
Other	29,545	8,889
	<u>\$ 678,842</u>	<u>\$ 1,820,655</u>
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities:		
Accounts payable	\$ 811,932	\$ 472,756
Accrued wages, salaries and related expenses	343,478	235,399
Promissory note, net of unamortized discount (Note 2)	271,892	—
Unearned revenue	—	48,309
Advance for MCI project	325,789	323,779
Deferred rent	58	64,502
Total current liabilities	1,753,149	1,144,745
Stockholders' (deficit) equity:		
Series B convertible preferred stock, \$0.001 par value; \$25,001 liquidation preference; shares authorized: 37,500; shares issued and outstanding: 37,500; shares issuable upon conversion: 3,679	21,703	21,703
Common stock, \$0.001 par value; shares authorized: 205,000,000; shares issued and outstanding: 85,623,663 (June 30, 2012 and December 31, 2011)	85,624	85,624
Additional paid-in capital	121,516,230	121,337,670
Accumulated deficit	(122,697,864)	(120,769,087)
Total stockholders' (deficit) equity	<u>(1,074,307)</u>	<u>675,910</u>
	<u>\$ 678,842</u>	<u>\$ 1,820,655</u>

See accompanying notes.

Note: The balance sheet as of December 31, 2011 has been derived from the audited financial statements at that date, but does not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements.

Cortex Pharmaceuticals, Inc.
Condensed Statements of Operations
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Revenues:				
License revenue	\$ —	\$ 1,000,000	\$ —	\$ 1,000,000
Grant revenue	48,309	85,027	48,309	110,327
Total revenues	<u>48,309</u>	<u>1,085,027</u>	<u>48,309</u>	<u>1,110,327</u>
Operating expenses:				
Research and development	264,295	645,231	467,276	1,289,110
General and administrative	756,045	803,705	1,487,418	1,744,123
Total operating expenses	<u>1,020,340</u>	<u>1,448,936</u>	<u>1,954,694</u>	<u>3,033,233</u>
Loss from operations	(972,031)	(363,909)	(1,906,385)	(1,922,906)
Interest (expense) income, net	(12,556)	7,741	(11,972)	10,892
Foreign currency transaction loss	(10,420)	—	(10,420)	—
Net loss	<u>\$ (995,007)</u>	<u>\$ (356,168)</u>	<u>\$ (1,928,777)</u>	<u>\$ (1,912,014)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Shares used in calculating per share amounts:				
Basic and diluted	<u>85,623,663</u>	<u>78,858,197</u>	<u>85,623,663</u>	<u>78,858,197</u>

See accompanying notes.

Cortex Pharmaceuticals, Inc.
Condensed Statements of Comprehensive Loss
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net loss	<u>\$ (995,007)</u>	<u>\$ (356,168)</u>	<u>\$ (1,928,777)</u>	<u>\$ (1,912,014)</u>
Other comprehensive loss:				
Realized loss on marketable securities	<u>—</u>	<u>—</u>	<u>—</u>	<u>(473)</u>
Other comprehensive loss	<u>—</u>	<u>—</u>	<u>—</u>	<u>(473)</u>
Comprehensive loss	<u>\$ (995,007)</u>	<u>\$ (356,168)</u>	<u>\$ (1,928,777)</u>	<u>\$ (1,912,487)</u>

See accompanying notes.

Cortex Pharmaceuticals, Inc.
Condensed Statements of Cash Flows
(Unaudited)

	Six months ended June 30,	
	2012	2011
Cash flows from operating activities:		
Net loss	\$ (1,928,777)	\$ (1,912,014)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	13,843	49,974
Stock option compensation expense	34,641	43,127
Foreign currency transaction adjustment	10,420	—
Amortization of capitalized financing costs	712	—
Amortization of debt discount	4,797	—
Loss on sale of fixed assets	3,172	—
Changes in operating assets/liabilities:		
Accrued interest on marketable securities	—	2,519
Restricted cash	48,309	103,150
Other current assets	38,242	28,443
Other non-current assets	(20,656)	—
Accounts payable and accrued expenses	447,255	177,904
Unearned revenue	(48,309)	(103,150)
Deferred rent	(64,444)	(1,613)
Other	2,830	(9,139)
Net cash used in operating activities	<u>(1,457,965)</u>	<u>(1,620,799)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of marketable securities	—	1,990,000
Proceeds from sales of fixed assets	6,785	12,780
Purchases of fixed assets	(5,293)	—
Net cash provided by investing activities	<u>1,492</u>	<u>2,002,780</u>
Cash flows from financing activities:		
Proceeds from issuance of promissory note	399,774	—
Costs related to issuance of promissory note	(21,370)	—
Net cash provided by financing activities	<u>378,404</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	(1,078,069)	381,981
Cash and cash equivalents, beginning of period	1,610,945	1,037,549
Cash and cash equivalents, end of period	<u>\$ 532,876</u>	<u>\$ 1,419,530</u>

See accompanying notes.

Cortex Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1 — Basis of Presentation and Significant Accounting Principles

The accompanying unaudited interim condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2012 are not necessarily indicative of the results that may be expected for the full fiscal year. For further information, refer to the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

The Company has incurred net losses and cash outflows from operations of approximately \$1,929,000 and \$1,458,000, respectively, for the six months ended June 30, 2012 and expects to incur additional losses and negative cash flow from operations in fiscal 2012 and for several more years. Management believes the Company has adequate financial resources to conduct operations into the third quarter of 2012. This raises substantial doubt about the Company's ability to continue as a going concern, which is dependent on its ability to obtain additional financing and to generate sufficient cash flows to meet its obligations on a timely basis.

Effective June 1, 2012, as part of its efforts to conserve its cash resources, the Company deferred payment of 50% of the base salary for each of its executive officers. The Company intends to continue those deferrals until such time as the Company secures sufficient capital or certain corporate transactions occur.

The Company is exploring its strategic and financial alternatives, including, but not limited to, new collaborations for its A MPAKINE® program which would provide capital to the Company in exchange for exclusive or non-exclusive license or other rights to certain of the technologies and products that the Company is developing. Although the Company is presently engaged in discussions with a number of candidate companies, there can be no assurance that an agreement will arise from these discussions in a timely manner, or at all.

The Company will need to raise additional capital through the sale of debt or equity. If the Company is unable to obtain additional financing to fund operations beyond the mid-third quarter of 2012, it will need to eliminate some or all of its activities, merge with another company, license or sell some or all of its assets to another company, or cease operations entirely. There can be no assurance that the Company will be able to obtain additional financing on favorable terms or at all, or that the Company will be able to merge with another Company or license or sell any or all of its assets.

Employee Stock Options and Stock-based Compensation

The Company's 2006 Stock Incentive Plan (the "2006 Plan") provides for a variety of equity vehicles to allow flexibility in implementing equity awards, including incentive stock options, nonqualified stock options, restricted stock grants, stock appreciation rights, stock payment awards, restricted stock units and dividend equivalents to qualified employees, officers, directors, consultants and other service providers. The exercise price of stock options offered under the 2006 Plan must be at least 100% of the fair market

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value of the common stock on the date of grant. If the person to whom an incentive stock option is granted is a 10% stockholder of the Company on the date of grant, the exercise price per share shall not be less than 110% of the fair market value on the date of grant. Options granted generally vest over a three-year period, although options granted to officers may include more accelerated vesting. Options generally expire ten years from the date of grant, but options granted to consultants may expire five years from the date of grant.

The Company recognizes expense in its financial statements for all share-based payments to employees, including grants of employee stock options, based on their fair values over the requisite service period.

There were no options granted during the three months ended June 30, 2012 and 2011 or the six months ended June 30, 2012. For options granted during the six months ended June 30, 2011, the fair value of each option award was estimated using the Black-Scholes option pricing model and the following assumptions: weighted average risk-free interest rate of 2.8%; dividend yield of 0%; volatility factor of the expected market price of the Company's common stock of 107%; and a weighted average life of the options of 7.0 years.

Expected volatility is based on the historical volatility of the Company's stock. The Company also uses historical data to estimate the expected term of options granted and employee termination rates. The risk-free rate for periods within the estimated life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The weighted-average grant-date fair value per share of options granted during the six months ended June 30, 2011 was \$0.11.

A summary of option activity for the six months ended June 30, 2012 is as follows:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Balance, December 31, 2011	10,800,856	\$ 1.38		
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Expired	(70,000)	\$ 2.57		
Balance, June 30, 2012	10,730,856	\$ 1.37	4.3 years	—
Vested and expected to vest, June 30, 2012	10,519,921	\$ 1.39	4.2 years	—
Exercisable, June 30, 2012	9,713,193	\$ 1.49	3.9 years	—

As of June 30, 2012, there was approximately \$13,000 of total unrecognized compensation cost related to non-vested share-based compensation arrangements. That non-cash cost is expected to be recognized over a weighted-average period of less than one year.

Stock options and warrants issued as compensation for services to be provided to the Company by non-employees are accounted for based upon the fair value of the services provided or the estimated fair value of the option or warrant, whichever can be more clearly determined. The Company recognizes this expense over the period in which the services are provided. This expense is a non-cash charge and has no impact on the Company's available cash or working capital.

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There were no stock option exercises during the six months ended June 30, 2012 or 2011. The Company issues new shares to satisfy stock option exercises.

A summary of warrant activity for the six months ended June 30, 2012 is as follows:

	Shares	Weighted Average Per Share Exercise Price
Balance, December 31, 2011	25,818,319	\$ 0.70
Granted	4,000,000	\$ 0.06
Exercised	—	—
Expired	(7,078,560)	\$ 0.82
Balance, June 30, 2012	<u>22,739,759</u>	\$ 0.55

The warrants granted during the six months ended June 30, 2012 were issued in connection with the June 2012 note payable transaction with Samyang Optics Co., Ltd., as discussed more fully in Note 2.

Net Loss per Share

For the three months and six months ended June 30, 2012 and 2011, the effect of potentially issuable shares of common stock was not included in the calculation of diluted loss per share given that the effect would be anti-dilutive.

Comprehensive Income (Loss)

In June 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-05, "Presentation of Comprehensive Income" (ASU 2011-05). ASU 2011-05 requires comprehensive income to be reported in either a single statement or in two consecutive statements reporting net income and other comprehensive income. ASU 2011-05 eliminated the option to report other comprehensive income and its components in the statement of changes in stockholder's equity.

As required, the Company retroactively adopted ASU 2011-05 effective January 1, 2012 and has elected to report comprehensive income for the three months and six months ended June 30, 2012 and 2011 (as applicable) in two consecutive statements reporting net income and other comprehensive income. The adoption of ASU 2011-05 did not have a material impact on the Company's financial position or its results of operations.

Note 2 — Transaction with Samyang

On June 25, 2012, the Company completed a private placement of a promissory note in the principal amount of approximately \$400,000 (465,000,000 South Korean won) with a single accredited institutional investor, Samyang Optics Co., Ltd. ("SAMYANG") of Korea. The note accrues simple interest at the rate of 12% per annum and has a maturity date of June 25, 2013, although SAMYANG may demand repayment of the promissory note on or after December 25, 2012.

The promissory note is secured by collateral that represents a lien on certain patents owned by the Company, including composition of matter patents for certain of the Company's high impact AMPAKINE compounds and the low impact AMPAKINE compounds CX2007 and CX2076, and related compounds. The security interest does not extend to the Company's patent for its AMPAKINE CX1739 or on the patent for the use of AMPAKINE compounds for the treatment of respiratory depression.

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In connection with the private placement, the Company issued to Samyang two-year detachable warrants to purchase up to 4,000,000 unregistered shares of the Company's common stock at an exercise price of \$0.056 per share. The warrants have a call right, in favor of the Company, to the extent the weighted average closing price of the Company's common stock exceeds \$0.084 per share for each of ten consecutive trading days, subject to certain circumstances.

The June 2012 private placement follows a private placement of \$500,000 in securities with Samyang Value Partners Co., Ltd., a wholly owned subsidiary of Samyang, in October 2011 and a private placement of a convertible promissory note in the principal amount of \$1,500,000 with Samyang in January 2010.

In connection with the October 2011 investment, the Company and Samyang entered into a memorandum of understanding and subsequent license agreement for rights to the AMPAKINE CX1739 for the treatment of neurodegenerative diseases in South Korea. The license agreement also provides Samyang with rights of negotiation to expand its territory into other South East Asian countries, excluding Japan, Taiwan and China, and to include rights to the high impact AMPAKINE CX1846 for the potential treatment of neurodegenerative diseases.

In connection with the June 2012 transaction, the license agreement with Samyang was expanded to include rights to AMPAKINE CX1739 in South Korea for the treatment of sleep apnea and respiratory depression.

Given the lack of comparable financial statements available in the marketplace, the company deemed the face amount of the promissory note to be a reasonable approximation of its fair value. The Company used the Black-Scholes option pricing model to estimate the fair value of the 4,000,000 detachable warrants. The Company then used the relative fair value method to allocate the proceeds from the private placement to the promissory note and the detachable warrants issued in the transaction. This resulted in approximately 64% of the proceeds being allocated to the debt instrument.

Given the limited rights and territory granted with the June 2012 transaction, the Company did not assign a value to the license expansion. Accordingly, the Company has not allocated any proceeds from the June 2012 private placement to the expanded license rights.

The difference between the allocated value and face value of the promissory note is being amortized as interest expense over the life of the note, along with capitalized offering costs incurred in connection with the transaction. Given that Samyang may demand repayment of the note on or after six months from its issuance date, the Company is using six months as the anticipated life of the note for such amortization.

The Company evaluated the warrants issued in the transaction and deemed the instruments to be indexed to the Company's common stock and subject to equity classification within the Company's balance sheet.

Note 3 — Subsequent Event

On August 10, 2012, the Company acquired privately-held Pier Pharmaceuticals, Inc. ("Pier"), a clinical stage pharmaceutical company developing a treatment for sleep apnea. The acquisition was completed through a merger of Pier with a newly formed wholly-owned subsidiary of the Company. The acquisition included the issuance of 58,417,895 newly issued shares of the Company's common stock to Pier, which represents approximately 41% of the Company's outstanding common stock immediately following the transaction.

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The Company has agreed to issue to Pier contingent consideration in the form of additional shares of its common stock in the event that certain of the Company's stock options and warrants outstanding as of the date of the transaction are subsequently exercised prior to their expiration. Nearly all of the stock options and warrants outstanding as of the date of the transaction are "out of the money" as of such date. Additionally, the warrants issued to Samyang in connection with the June 2012 private placement (See Note 2) are excluded from the above and the potential exercise of such warrants will not trigger any subsequent issuance of shares to Pier. Based upon the stock options and warrants outstanding immediately prior to the transaction, other than the warrants issued to Samyang in June 2012, the contingent consideration to Pier approximates 18.3 million additional shares of common stock. In the event that any contingent consideration is issued, the ownership percentage of Pier following its receipt of such additional shares shall not exceed its ownership percentage as of the initial acquisition transaction.

In connection with the Pier transaction, the positions for two of the Company's executive officer positions were eliminated and the severance agreements for such executive officers were amended. As amended, the severance agreements provide for the grant of fully vested, ten-year options to purchase up to a total of 5,166,668 shares of the Company's common stock at an exercise price of \$0.06 per share, representing the closing price of the Company's common stock on the closing date of the Pier transaction. As amended, the severance agreements also include semi-monthly payments totaling approximately \$16,000 over the seven months following the acquisition, for a total of approximately \$223,000. Thereafter, the amended severance agreements provide for semi-monthly payments totaling approximately \$6,000 over the eighth through twenty-fourth month following the acquisition, for a total of approximately \$207,000. The above payments include amounts accrued for previously earned paid-time off for both executive officers. Any unpaid amounts related to the above payments may be settled in a lump-sum distribution at the time and in the event that certain corporate transactions occur.

The acquisition of Pier reinforces the Company's focus on developing therapies for the treatment of brain-controlled breathing disorders, including opiate-induced respiratory depression, obstructive sleep apnea and central sleep apnea. Through this acquisition, the Company gained rights to Pier's exclusive license, including a method-of-use patent for the treatment of obstructive sleep apnea with dronabinol from the University of Illinois. The National Institutes of Health recently awarded the University of Illinois a grant approximating \$5,000,000 to support the development of dronabinol in a Phase II clinical study in subjects with obstructive sleep apnea and daytime sleepiness. It is anticipated that this grant will fully fund the proposed Phase II study in 120 patients.

While the Company has expanded its technology platform through the acquisition of Pier, the Company needs to raise additional capital. If the Company is unable to obtain additional financing to fund operations, it will need to eliminate some or all of its activities, merge with another company, license or sell some or all of its assets to another company, or cease operations entirely.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Financial Statements and Notes relating thereto appearing elsewhere in this report and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Introductory Note

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and we intend that such forward looking statements be subject to the safe harbors created thereby. These forward-looking statements, which may be identified by words including "anticipates," "believes," "intends," "estimates," "expects," "plans," and similar expressions include, but are not limited to, statements regarding (i) future research plans, expenditures and results, (ii) potential collaborative arrangements, (iii) the potential utility of our proposed products and (iv) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations, which involve a number of risks and uncertainties and assumptions regarding our business and technology. These assumptions involve judgments with respect to, among other things, future scientific, economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking statements will be realized and actual results may differ materially. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events. Readers should carefully review the risk factors described in this and other documents that we file from time to time with the Securities and Exchange Commission, or the SEC, including, without limitation, Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and subsequent Current Reports on Form 8-K.

About Cortex Pharmaceuticals

We are engaged in the discovery and development of innovative pharmaceuticals for the treatment of brain-controlled breathing disorders, including opiate - induced respiratory depression, obstructive sleep apnea and central sleep apnea. Our focus is on the prevention of respiratory depression in post-surgical patients. Such patients are often treated with powerful anesthetics, analgesics and sedatives — and the potential respiratory depression resulting from one or a combination of such drug treatments can lead to respiratory arrest and possibly cardiac arrest, each of which is associated with extended and costly hospital stays and significant morbidity

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and mortality. We are also seeking to reduce the respiratory depression risks related to chronic opioid therapy, without impacting the pain relief provided by the opioids. In the field of sleep apnea, our goal is to provide patients with an oral medicine alternative. Currently, the most commonly prescribed therapy is CPAP and related devices, requiring a mask-type device connected to a positive-pressure air pump that is worn while sleeping, but these devices are associated with discomfort and very high patient non-compliance.

In August 2012, we announced our acquisition of privately-held Pier Pharmaceuticals, Inc. (“Pier”), a clinical stage pharmaceutical company developing a treatment for sleep apnea (see Note 3 of Notes to Condensed Financial Statements). The acquisition of Pier reinforces our focus on developing therapies for brain-controlled breathing disorders, including sleep apnea. Through the acquisition, we gained rights to Pier’s exclusive license of its dronabinol technology from the University of Illinois as well as issued method-of-use patents and pending formulation patents. The National Institutes of Health recently awarded the University of Illinois a grant approximating \$5,000,000 to support the development of dronabinol in a Phase II clinical study in 120 subjects with obstructive sleep apnea and daytime sleepiness.

For the past several years, our discovery and development focused on therapies for the treatment of psychiatric disorders and neurological diseases. We recently performed a strategic review of our AMPAKINE® platform and determined that our clinical development in respiratory depression and sleep apnea provide the nearest term and most cost-effective opportunities for potential commercialization of our compounds. We have conducted extensive preclinical and clinical development in the treatment of neurological and psychiatric diseases and disorders, and have amassed a substantial patent portfolio in these areas. Given our current focus on the treatment of breathing disorders, we may seek to out-license or sell our rights to the use of A MPAKINE compounds for the treatment of neurological and psychiatric indications.

We are developing novel small molecule compounds that positively modulate AMPA-type glutamate receptors, a complex of proteins involved in the communication between nerve cells in the mammalian brain. These compounds, termed A MPAKINE compounds, enhance the activity of the AMPA receptor. These molecules are designed and developed as proprietary pharmaceuticals because we believe they hold promise for the treatment of diseases and disorders that are known, or thought, to involve depressed functioning of pathways in the brain that use glutamate as a neurotransmitter. Our most advanced clinical compound is CX1739, which is in Phase II clinical development. Further testing of CX1739 is subject to the availability of additional resources.

The AMPAKINE platform addresses large potential markets. Recent research estimates that the treatment market for respiratory depression may be approximately \$1.2 billion in the U.S. alone. Research by consulting firm, Frost & Sullivan, estimates that U.S. revenues in the sleep apnea diagnostic and therapeutic devices market totaled approximately \$1.35 billion in 2008, with an annual growth rate in excess of 16%. Our business plan involves partnering with larger pharmaceutical companies for research, development, clinical testing, manufacturing and global marketing of specific A MPAKINE compounds for those indications that require sizable, expensive Phase III clinical trials — and very large sales forces to achieve significant market penetration. Disorders such as respiratory depression caused by opiate analgesics and sleep apnea may benefit from treatment with A MPAKINE drugs and require a large market presence.

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At the same time, subject to availability of sufficient financial resources, we plan to develop compounds internally for a selected set of indications, some of which will allow us to apply for orphan drug status. Such designation by the Food and Drug Administration, or the FDA, is usually applied to products where the number of patients in the United States in the given disease category is typically less than 200,000. These orphan drug indications typically require more modest investment in the development stages, follow a quicker regulatory path to approval, and involve a more concentrated and smaller sales force targeted at selected medical centers and a limited number of medical specialists in the United States and Europe. Such orphan drug indications that we plan to pursue internally may include multiple system atrophy and vaso-occlusive crises associated with sickle cell disease.

In our licensing discussions, we seek to reserve rights that may be viewed as a natural expansion beyond some of the orphan drug uses to selected larger areas of therapy to thereby allow us to potentially further develop our compounds for such larger non-orphan drug indications. If we are successful in the pursuit of this operating strategy, we may be in a position to contain our costs over the next few years, to maintain our focus on the research and early development of novel pharmaceuticals (where we believe that we have the ability to compete) and eventually to participate more fully in the commercial development of AMPAKINE products in the United States.

Critical Accounting Policies and Management Estimates

The SEC defines critical accounting policies as those that are, in management's view, most important to the portrayal of our financial condition and results of operations and most demanding of our judgment. Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities.

We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. This process forms 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.

Debt and Equity Instruments

We review the features of our issued financing instruments to determine whether such instruments are appropriately measured and classified as either debt or equity in our financial statements. Generally, instruments that include a provision that may require settlement in cash are recorded as a liability.

We allocate the proceeds received from a financing transaction that includes debt to the debt instrument and any detachable instruments, such as warrants, on a relative fair value basis.

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Employee Stock Options and Stock-Based Compensation

We measure our share-based compensation cost at the grant date based on the estimated fair value of the award and recognize it as expense over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment in estimating the amount of share-based awards that are expected to forfeit. Additional key input assumptions used to estimate the fair value of share-based awards include the expected option term, the expected volatility of our stock over the option's expected term, the risk-free interest rate over the option's expected term and our expected annual dividend yield. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially impacted.

The above listing is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for our judgment in their application. There are also areas in which our judgment in selecting any available alternative would not produce a materially different result.

Going Concern

Our independent registered public accounting firm has expressed substantial doubt as to our ability to continue as a going concern, in its report for the fiscal year ended December 31, 2011, given that we did not have adequate working capital to finance our day-to-day operations for at least the following twelve month period. Our continued existence depends upon the success of our efforts to raise additional capital necessary to meet our obligations as they become due and to obtain sufficient capital to execute our business plan. We intend to obtain capital primarily through issuances of debt or equity or entering into collaborative arrangements with corporate partners. There can be no assurance that we will be successful in completing additional financing or collaboration transactions. If we cannot obtain adequate funding, we may be required to significantly curtail or even shut down our operations.

Results of Operations

General

From inception (February 10, 1987) through the fiscal quarter ended on June 30, 2012, we have sustained losses aggregating approximately \$118,319,000. Continuing losses are anticipated over the next several years. During that time, our ongoing operating expenses will only be offset, if at all, by proceeds from research grants and possible payments under planned strategic alliances that we are seeking with other pharmaceutical companies for the clinical development, manufacturing and marketing of our products. The nature and timing of payments to us under other planned strategic alliances, if and when entered into, are likely to significantly affect our operations and financing activities and to produce substantial period-to-period fluctuations in reported financial results. Over the longer term, we will be dependent upon the successful introduction of a new product into the North American market from our internal development, as well as the successful commercial development of our products by our prospective partners to attain profitable operations from royalties or other product-based revenues.

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Comparison of the Three Months and Six Months ended June 30, 2012 and 2011

For the three months ended June 30, 2012, our net loss of approximately \$995,000 compares with a net loss of approximately \$356,000 for the corresponding prior year period. For the six months ended June 30, 2012, our net loss of approximately \$1,929,000 compares with our net loss of approximately \$1,912,000 for the corresponding prior year period.

License revenues for the three months and six months ended June 30, 2011 consist of \$1,000,000 received from our option agreement with Servier, whereby Servier had the option to expand its rights to the high impact AMPAKINE compound, CX1632 (S47445). Servier later exercised its option to the compound, and paid the Company an additional \$2,000,000, during September 2011 and October 2011, respectively.

Following the exercise of the option, Servier acquired sole ownership of the global patent rights to CX1632, along with a sub-license of our rights to all indications licensed from the University of California for use with CX1632. We are not entitled to royalties or further payments from Servier's development and commercialization of CX1632. However, we retain all rights to the remaining AMPAKINE technology previously subject to our earlier agreements with Servier on a worldwide basis.

Grant revenues for all periods presented consist of amounts awarded by the Michael J. Fox Foundation for Parkinson's Research. The related funding allowed us to test selected AMPAKINE compounds for their ability to restore brain function in animal models of Parkinson's disease. In this funded grant we examined the ability of three "high impact" AMPAKINE compounds to increase growth factors such as BDNF and GDNF in certain brain regions in mice when administered systemically. Two of three compounds, CX1837 and CX1884, increased BDNF levels by two to three fold in the cerebral cortex; CX1837 also increased the level of GDNF by about two-fold in the cortex. Subsequently, the mice were treated with the neurotoxin, MPTP, a well recognized model of Parkinson's disease. Mice were then treated daily with CX1837 and CX1884 for four weeks, beginning one week after the MPTP lesion was completed. Unfortunately, neither of the AMPAKINE drugs was able to significantly reverse the effects of the neurotoxin lesion, based on brain levels of the key neurotransmitter dopamine, or on actual counts of dopamine-producing neurons. The current results suggest that modest up-regulation of BDNF and GDNF by AMPAKINE drugs may not be a productive approach for the treatment of Parkinson's disease, at least when examined in the context of a rapid, neurotoxin-induced lesion model of the disorder.

Our research and development expenses for the three months ended June 30, 2012 decreased to approximately \$264,000 from approximately \$645,000 for the corresponding prior year quarter, or by 59%, with the most significant decrease related to decreases in our levels of research and development personnel, outside experts and consultants. For the three months ended June 30, 2012, those costs amounted to approximately \$118,000 and \$277,000, respectively.

For the same periods, laboratory facility and supply costs were approximately \$26,000 and \$95,000, respectively, reflecting lower facility costs following the relocation of our corporate headquarters in late May 2012 and a reduced allocation of rent expense following our decreases in research and development personnel.

For the three months ended June 30, 2012 and 2011, costs related to the access and protection of our AMPAKINE technology totaled approximately \$104,000 and \$233,000, respectively, reflecting the timing of patent filings and fees and sublicensing fees triggered by our June 2011 option agreement with Servier.

Amounts incurred for our internal research and development costs, including indirect amounts allocated to research and development, and costs for retaining outside experts for consulting and research activities are deemed to benefit the entire AMPAKINE platform rather than specific AMPAKINE compounds.

Our clinical development expenses of approximately \$13,000 and \$45,000 for the quarters ended June 30, 2012 and 2011, respectively, include amounts related to our lead AMPAKINE CX1739, including amounts for our completed Phase IIa proof of concept study with the compound in patients with sleep apnea.

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For the quarter ended June 30, 2012, our non-cash stock compensation charges for research and development amounted to approximately \$3,000 compared to a credit of approximately \$5,000 for the corresponding prior year period, with the credits for the prior year period reflecting recovered amounts related to previously forfeited options.

For the six months ended June 30, 2012, our research and development expenses decreased to approximately \$467,000 from approximately \$1,289,000 for the corresponding prior year period, or by 64%. Expense for the 2011 period includes our \$200,000 payment to reacquire the A MPAKINE rights and compounds from Biovail in March 2011, along with sublicensing fees of \$53,000 related to our June 2011 option agreement with Servier.

Other costs related to the access and protection of our A MPAKINE technology approximated \$171,000 and \$296,000 for the six months ended June 30, 2012 and 2011, respectively, with the decrease reflecting the timing of fees for our patent filings. For the same periods, our expenses for research and development personnel, outside experts and consultants approximated \$199,000 and \$487,000, respectively, with most of the decrease due to a decrease in personnel-related expenses.

Costs for laboratory facility and supply expenses were approximately \$50,000 and \$199,000 for the six months ended June 30, 2012 and 2011, respectively, reflecting the reduced allocation of our rent expense to research and development following our decreased levels of research and development personnel.

For the six months ended June 30, 2012, our non-cash stock compensation charges for research and development amounted to approximately \$7,000 compared to a credit of approximately \$35,000, with the difference reflecting recovered amounts during the corresponding prior year period related to previously forfeited options.

Clinical development expenses of approximately \$40,000 for the six months ended June 30, 2012 compared to expenses of approximately \$89,000 for the corresponding prior year period, with expenses for both periods related to our Phase IIa proof of concept study with A MPAKINE CX1739 in sleep apnea. Subject to the availability of sufficient finances, as the clinical development of CX1739 expands, our research and development costs are anticipated to increase significantly.

External preclinical and clinical expenses to date through June 30, 2012 for CX717 and CX1739 amounted to approximately \$16,000,000 and \$4,000,000, respectively.

Our general and administrative expenses for the three months ended June 30, 2012 decreased from approximately \$804,000 to approximately \$756,000, or by 6%, compared to the corresponding prior year period, primarily reflecting reduced rent expenses following the relocation of our corporate headquarters in late May 2012, along with decreased personnel-related expenses due to decreases in our staffing levels.

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Non-cash stock compensation charges also decreased relative to the corresponding prior year period. For the three months ended June 30, 2012, our non-cash stock compensation charges within general and administrative expenses decreased from approximately \$34,000 to approximately \$15,000, or by 56%, relative to the corresponding prior year period.

For the six months ended June 30, 2012, our general and administrative expenses decreased from approximately \$1,744,000 to approximately \$1,487,000, or by approximately 15% compared to the corresponding prior year period, with the decrease reflecting the same factors that contributed to the decrease in expenses for the quarter ended June 30, 2012. Non-cash stock compensation charges decreased from approximately \$78,000 to approximately \$28,000 for the six months ended June 30, 2012 compared to the corresponding prior year period, or by 64%, due primarily to the completed vesting schedules of earlier granted stock options.

For the three months ended June 30, 2012, net interest expense of approximately \$13,000 compares with net interest income of approximately \$8,000 for the corresponding prior year quarter. For the six months ended June 30, 2012, net interest expense of approximately \$12,000 compares with net interest income of approximately \$11,000 for the corresponding prior year period. Net interest expense for the current year periods includes amounts accruing on our promissory note issued to Samyang (see Note 2 of Notes to Condensed Financial Statements), along with amortization of both capitalized offering costs and the discount recorded on such promissory note. The difference between the value of the promissory note as of the date of its issuance and as of June 30, 2012 has been recorded as a foreign currency transaction adjustment during the three months and six months ended June 30, 2012.

Liquidity and Capital Resources

Sources and Uses of Cash

We may receive proceeds from the exercise of previously issued warrants to purchase shares of our common stock. The table below summarizes the warrants outstanding as of June 30, 2012 that were issued in connection with prior offerings and placements of our securities. Most of the warrants are not “in-the-money” as of June 30, 2012 and we can give no assurance that we will receive proceeds from the exercise of any of the outstanding warrants.

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<u>Date of Issuance</u>	<u>Exercise Price per Share</u>	<u>Number of Warrants Outstanding as of June 30, 2012</u>	<u>Expiration Date</u>	<u>Approximate Potential Proceeds, if Fully Exercised</u>
August 2007 ⁽¹⁾	\$2.64	2,830,000	August 28, 2012	\$7,471,000
August 2007 ⁽²⁾	\$3.96	176,875	August 28, 2012	\$700,000
April 2009 ⁽¹⁾	\$0.27	6,941,176	October 17, 2012	\$1,889,000
April 2009 ⁽²⁾	\$0.26	433,824	October 17, 2012	\$113,000
July 2009 ⁽¹⁾	\$0.27	6,060,470	January 31, 2013	\$1,636,000
July 2009 ⁽²⁾	\$0.37	606,047	January 31, 2013	\$222,000
October 2011 ⁽¹⁾	\$0.10	1,691,367	October 20, 2013	\$175,000
June 2012 ⁽¹⁾	\$0.06	4,000,000	June 25, 2014	\$224,000

⁽¹⁾ Represents warrants issued to the investor(s) in the related transaction.

⁽²⁾ Represents warrants issued to the placement agent(s) in the related transaction.

Warrants detailed above with issuance dates between August 2007 and July 2009 may be settled by a cashless exercise. In such an event, the holder of the warrants would receive a number of unregistered shares representing the gain on exercise of such warrants, divided by the volume weighted average price of the Company's common stock on the trading day immediately preceding such exercise.

As of June 30, 2012, we had cash and cash equivalents totaling approximately \$533,000 and a working capital deficit of approximately \$1,152,000. In comparison, as of December 31, 2011, we had cash and cash equivalents of approximately \$1,611,000 and working capital of approximately \$600,000. The decreases in cash and working capital reflect amounts required to fund our operations.

For the six months ended June 30, 2012, net cash used in operating activities was approximately \$1,458,000, and included our net loss for the period of approximately \$1,929,000, adjusted for non-cash expenses for depreciation, amortization, stock compensation charges, a foreign currency transaction adjustment and loss on the sale of fixed assets approximating \$68,000, and changes in operating assets and liabilities. For the six months ended June 30, 2011, net cash used in operating activities was approximately \$1,621,000, and included our net loss for the period of approximately \$1,912,000, adjusted for non-cash expenses for depreciation and stock compensation approximating \$93,000, and changes in operating assets and liabilities.

For the six months ended June 30, 2012, net cash provided by investing activities was not significant. For the six months ended June 30, 2011, net cash provided by investing activities approximated \$2,003,000 and primarily represented the proceeds from the maturity of marketable securities.

For the six months ended June 30, 2012, net cash provided by financing activities approximated \$378,000 and represented the net proceeds from the issuance of the promissory note to Samyang. There was no cash provided by or used in financing activities for the six months ended June 30, 2011.

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Commitments

We lease approximately 5,000 square feet of office space under an operating lease that expires May 31, 2015. The commitments under the new lease agreement for the six months ending December 31, 2012, the years ending December 31, 2013 and 2014 and the five months ending May 31, 2015 are approximately \$55,000, \$103,000, \$117,000 and \$49,000, respectively. Provided that we are in compliance with the terms and conditions of the new lease, we have the option to terminate the lease at the expiration of the twelfth month or the twenty-fourth month by providing four months prior written notice.

In addition to amounts reflected on the balance sheet as of June 30, 2012, our remaining commitments for preclinical and clinical studies are approximately \$171,000.

In June 2000, we received approximately \$247,000 from the Institute for the Study of Aging, or the Institute, a non-profit foundation supported by the Estee Lauder Trust. The advance partially offset our limited costs for our testing in patients with mild cognitive impairment that we conducted with our partner, Servier. Provided that we comply with the conditions of the funding agreement, including the restricted use of the amounts received, repayment of the advance has been extended until we enter an AMPAKINE compound into Phase III clinical trials for Alzheimer's disease. Upon such potential clinical trials, repayment would include interest computed at a rate equal to one-half of the prime lending rate. In lieu of cash, in the event of repayment the Institute may elect to receive the balance of outstanding principal and accrued interest as shares of our common stock. The conversion price for such form of repayment shall initially equal \$4.50 per share, subject to adjustment under certain circumstances.

Staffing

As of June 30, 2012, we had six full-time employees, which we believe will be sufficient to meet our personnel requirements. We do not anticipate significant increases in the number of our full-time employees within the coming year and will continue to outsource a substantial amount of our development activities to qualified vendors.

Outlook

We believe that we have adequate financial resources to conduct our operations into the third quarter of 2012. Our forecast of the period of time through which our financial resources will be adequate to support our operations is forward-looking information, and actual results could vary.

Our ongoing cash requirements will depend on numerous factors, particularly the progress of our clinical trials involving CX1739 and our ability to negotiate and complete collaborative agreements or out-licensing arrangements. In order to help fund our on-going operating cash requirements, we intend to seek new collaborations for our "low impact" and "high impact" AMPAKINE programs that include initial cash payments and on-going development support. We may also seek to raise additional funds and explore other strategic and financial alternatives, such as a merger or sale of assets transaction.

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There are significant uncertainties as to our ability to access potential sources of capital. We may not be able to enter into any collaboration on terms acceptable to us, or at all, due to conditions in the pharmaceutical industry or in the economy in general. Competition for such arrangements is intense, with a large number of biopharmaceutical companies attempting to secure alliances with more established pharmaceutical companies. Although we have been engaged in discussions with candidate companies, there is no assurance that an agreement or agreements will arise from these discussions in a timely manner, or at all, or that revenues that may be generated thereby will offset operating expenses sufficiently to reduce our short-term funding requirements.

Even if we are successful in obtaining a collaboration for our A MPAKINE program, we may have to relinquish rights to technologies, product candidates or markets that we might otherwise seek to develop ourselves. These same risks apply to any attempt to out-license our compounds.

Similarly, due to market conditions and other possible limitations on equity offerings, we may not be able to sell additional securities or raise other funds on terms acceptable to us, if at all. Any additional equity financing, if available, would likely result in substantial dilution to existing stockholders.

Additional Risks and Uncertainties

Our proposed products are in the preclinical or early clinical stage of development and will require significant further research, development, clinical testing and regulatory clearances. They are subject to the risks of failure inherent in the development of products based on innovative technologies. These risks include, but are not limited to, the possibilities that any or all of the proposed products will be found to be ineffective or unsafe, or otherwise fail to receive necessary regulatory clearances; that the proposed products, although effective, will be uneconomical to market; that third parties may now or in the future hold proprietary rights that preclude us from marketing them; or that third parties will market superior or equivalent products. Accordingly, we are unable to predict whether our research and development activities will result in any commercially viable products or applications. Further, due to the extended testing and regulatory review process required before marketing clearance can be obtained, we do not expect to be able to commercialize any therapeutic drug for at least four years, either directly or through our current or prospective partners or licensees. There can be no assurance that our proposed products will prove to be safe or effective or receive regulatory approvals that are required for commercial sale.

Off-Balance Sheet Arrangements

We have not engaged in any “off-balance sheet arrangements” within the meaning of Item 303(a)(4)(ii) of Regulation S-K.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, or the CEO, and Chief Financial Officer, or the CFO, as appropriate, to allow timely decisions regarding required disclosure.

We performed an evaluation, under the supervision and with the participation of our management, including the CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report, pursuant to Rules 13a-15(b) and 15d-15(b) under the Exchange Act. Based upon that evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as of the end of the period covered by this report, were effective in timely alerting them to material information required to be included in our periodic filings under the Exchange Act.

There has been no change in our internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act) during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are 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 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. These inherent limitations

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include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

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Item 6. Exhibits

Exhibits

10.128	Lease Agreement, dated May 17, 2012, for the Company's facilities in Irvine, California.
10.129	Securities Purchase Agreement, dated June 25, 2012, by and between the Company and Samyang Optics Co., Ltd., including a form of Promissory Note attached as Exhibit A thereto, a form of Common Stock Purchase Warrant attached as Exhibit B thereto, and a form of Security Agreement attached as Exhibit C thereto.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.+
101.SCH	XBRL Taxonomy Extension Schema Document.+
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.+
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.+
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.+

+ The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORTEX PHARMACEUTICALS, INC.

August 16, 2012

By: /s/ Maria S. Messinger

Maria S. Messinger
Vice President and Chief Financial Officer;
Corporate Secretary
(Authorized Signer and Chief Accounting Officer)



**STANDARD MULTI-TENANT OFFICE LEASE—GROSS
AIR COMMERCIAL REAL ESTATE ASSOCIATION**

1. Basic Provisions (“Basic Provisions”).

1.1 **Parties:** This Lease (“**Lease**”), dated for reference purposes only May 14, 2012, is made by and between PPC Irvine Center Investment, LLC., a Delaware limited liability company

_____ (“**Lessor**”) and Cortex Pharmaceuticals, Inc., a Delaware corporation

_____ (“**Lessee**”), (collectively the “**Parties**”, or individually a “**Party**”).

1.2(a) **Premises:** That certain portion of the Project (as defined below), known as Suite Numbers(s) 750, seventh floor(s), consisting of approximately 4, 602 rentable square feet and approximately 3, 940 useable square feet (“ **Premises**”). The Premises are located at: 7700 Irvine Center Drive, in the City of Irvine, County of Orange, State of California, with zip code 92618. In addition to Lessee’s rights to use and occupy the Premises as hereinafter specified. Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises (“ **Building**”) or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the “ **Project**”. The Project consists of approximately 208, 953 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking:** 16 unreserved and zero reserved vehicle parking spaces at a monthly cost of \$0.00 per unreserved space and \$N/A per reserved space. (See Paragraph 2.6)

1.3 **Term:** three (3) years and zero months (“**Original Term**”) commencing June 1, 2012 (“**Commencement Date**”) and ending May 31, 2015 (“**Expiration Date**”) (See also Paragraph 3)

1.4 **Early Possession:** If Lessor shall make the Premises available to Lessee ~~may have non exclusive possession of the Premises~~ commencing May 24, 2012 (“**Early Possession Date**”), (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** \$9,204.00 per month (“**Base Rent**”), payable on the first day of each month commencing June 1, 2012. (See also Paragraph 4)

If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted See Paragraph 4 and Addendum

1.6 **Lessee’s Share of Operating Expense Increase:** two point two percent (2.2%) (“**Lessee’s Share**”). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee’s Share to reflect such modification.

1.7 Base rent and Other Monies Paid Upon Execution :

- (a) **Base Rent:** \$9,204.00 for the period June 1, 2012 - June 30, 2012.
- (b) **Security Deposit:** \$29,544.84 (“**Security Deposit**”). (See also Paragraph 5)
- (c) **Parking:** \$N/A for the period _____.
- (d) **Other:** \$N/A for _____.
- (e) **Total Due Upon Execution of this Lease:** \$38,748.84.

1.8 **Agreed Use:** general office. (See also Paragraph 6)

1.9 **Base Year; Insuring Party:** The Base Year is 2012, Lessor is the “**Insuring Party**”, (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers:** (See also Paragraph 15 and 25)

(a) **Representation:** The following real estate brokers (the “**Brokers**”) and brokerage relationships exist in this transaction (check applicable boxes):

- CBRE, Inc. represents Lessor exclusively (“**Lessor’s Broker**”);
- Jones Lang LaSalle Americas, Inc. represents Lessee exclusively (“**Lessee’s Broker**”); or
- _____ represents both Lessor and Lessee (“**Dual Agency**”).

(b) **Payment to Brokers:** See Addendum. Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers for the brokerage services rendered by the Brokers the fee agreed to in the attached separate written agreement or if no such agreement is attached, the sum of _____ or _____% of the total Base Rent payable for the Original Term, the sum of _____ or _____ of the total Base Rent payable during any period of time that the Lessee occupies the Premises subsequent to the Original Term, and/or the sum of _____ or

_____ % of the purchase price in the event that the Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises.

1.11 **Guarantor:** The obligations of the Lessee under this Lease Shall be guaranteed by N/A (“**Guarantor**”). (See also Paragraph 37)

1.12 **Business Hours for the Building:** 8:00 a.m. to 6:00 p.m. Mondays through Fridays (except Building Holidays) and 9:00 a.m. to 1:00 p.m. on Saturdays (except Building Holidays). “**Building Holidays**” shall mean the dates of observation of New Year’s Day, President’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and TBA.

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INITIALS

1.13 **Lessor Supplied Services.** Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

- Janitorial services
- Electricity
- Other (specify): _____

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

- an Addendum consisting of Paragraphs 1 through 6 ;
- a plot plan depicting the Premises;
- a current set of the Rules and Regulations;
- a Work Letter;
- a janitorial schedule;
- other (specify): _____

2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs (“**Start Date**”), and warrants that the existing electrical, plumbing, fire sprinkler, lighting heating, ventilating and air conditioning systems (“**HVAC**”), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law.

2.3 **Compliance.** Lessor warrants to the best of its knowledge that the improvements comprising the Premises and the Common Areas comply with the building codes that were in effect at the time that each such Improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances (“**Applicable Requirements**”) in effect on the Start Date. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee’s use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee’s intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises (“**Capital Expenditure**”). Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general. Lessee shall be fully responsible for the reasonable cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months’ Base Rent. Lessee may instead terminate this Lease unless Lessor notifies Lessee, In writing, within 10 days after receipt of Lessee’s termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months’ Base Rent If Lessee elects termination. Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter Such termination date shall, however, in no event be earlier than the last day than Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor’s termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor’s share of such costs have been fully paid. If Lessee is unable to finance Lessor’s share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis. Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure. or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (Including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time. Lessee shall be entitled to ~~rent and~~ use the number of parking spaces specified in Paragraph 1. 2(b) at ~~the rental rate applicable from time to time to for monthly parking as set by Lessor and or its licensee~~ no additional cost or expense.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then lessor shall have the right, ~~without~~ upon reasonable notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be ~~immediately~~ promptly payable upon demand by Lessor.

~~(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.~~

2.7 **Common Areas—Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Promises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor. Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas—Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers.

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contractors, customers and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, ~~without~~ upon reasonable notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be ~~immediately~~ promptly payable upon demand by Lessor.

2.9 Common Areas—Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use ~~its best~~ commercially reasonable efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas—Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof: and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

~~**3.2 Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.~~

~~**3.3 Delay in Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee in writing.~~

3.4 Lessee Compliance. Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 Operating Expense Increase. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "**Operating Expense Increase**", in accordance with the following provisions:

(a) "**Base Year**" is as specified in Paragraph 1.9.

(b) "**Comparison Year**" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated

by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as **"Operating Expenses"**;

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems. Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safely equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such

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item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share. Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share. Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason. Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease. Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit. Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease ~~if the Base Rent increases during the term of this Lease. Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all time bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary; in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition.~~ Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties, Other than guide, signal and seeing eye dogs. Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or

use of any above or below ground storage tank, (ii) the generation, possession, storage, use transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials. so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional reasonable assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, ~~or any third party.~~

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the reasonable cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous

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Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessors agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice. Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 Lessor's and Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirement, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall ~~immediately~~ promptly upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultant shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the reasonable cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations. Notwithstanding Lessor's obligation to keep the Premises in good condition and repair and excluding the cost of the tenant improvements of referenced in Section 2 of and Addendum. Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable (to abuse or misuse. In addition. Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises other than the tenant improvements referenced in Section 2 of the Addendum, Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 22 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures. HVAC equipment, and plumbing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will

not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed ~~\$2000~~ \$7,500. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with asbuilt plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to ~~150~~ 110% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest herein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to ~~150~~ 110% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's reasonable attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration .

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease. Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease' Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

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(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures. Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, ~~or any third party~~ (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Insurance Premiums.** The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises. Building and/or Project, increased valuation of the Premises. Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance—Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of Such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. ~~If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.~~

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended Period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed ~~\$1,000~~ \$5,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property. Trade Fixtures and Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements.

(c) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 5 business days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be earned by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies. Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct. Lessee shall indemnify, protect, defend and hold harmless the Premises. Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage

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obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the reasonable cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 Partial Damage—Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available. Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage—Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense). Lessor may either, (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction if the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss. Lessor or lessee may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to ~~Lessee~~ the other party within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by. (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds. Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease. the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice. If Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified. In said notice. If the repair or restoration is commenced within such 30 days. this Lease shall continue in full force and effect "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9. an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor

10. **Real Property Taxes.**

10.1 **Definitions.** As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project. Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where

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the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. “ **Real Property Taxes**” shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3. Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Operating Expenses shall not include Real Property Taxes specified in the tax assessor’s records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2. the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations. Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee’s request ~~or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.~~

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor’s work sheets or such other information as may be reasonably available. Lessor’s reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations. Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations. Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee’s said property shall be assessed with Lessor’s real property. Lessee shall pay Lessor the taxes attributable to Lessee’s property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee’s property.

11. Utilities and Services.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any, Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 Services Exclusive to Lessee. Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises. Lessee shall pay at Lessor’s option, either Lessee’s Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 Hours of Service. Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee’s expense supplemental equipment and/or separate metering applicable to Lessee’s excess usage or loading.

11.5 Interruptions. ~~There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor’s reasonable control or in cooperation with governmental request or directions.~~

12. Assignment and Subletting.

12.1 Lessor’s Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, “**assign or assignment**”) or sublet all or any part of Lessee’s interest in this Lease or in the Premises without Lessor’s prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded ~~on a national stock exchange~~, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of ~~25~~ 51% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee’s assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent “ **Net Worth of Lessee**” shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) Except for a Permitted Transfer (defined in Section 6 of the Addendum), An assignment or subletting without consent shall, at Lessor’s option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach. Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice,

increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of ~~\$500~~ \$250 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested (See also Paragraph 36).

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall ~~not~~ also transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease ~~unless such transfer is specifically consented to by Lessor in writing.~~ (See Paragraph 39.2).

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may

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collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations. Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to atorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13 Default; Breach; Remedies

13.1 **Default; Breach** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) ~~reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the~~ rescission of an unauthorized assignment or subletting, ~~(iv) an~~ Estoppel Certificate or financial statements, ~~(v) a~~ requested subordination, ~~(vi) evidence concerning any guaranty and/or Guarantor, (vii) (iv) any document requested under Paragraph 41. (viii) (v) any material data safety sheets (MSDS), or (ix) (vi) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.~~

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to lessee within 30 days, or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee ~~or of any Guarantor~~ given to Lessor was materially false.

~~(h) If the performance of Lessee's obligations under this lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of the time of execution of this Lease.~~

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice). Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to ~~115~~105% of the reasonable costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or

demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would had been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of (he Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer. Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitation. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initialed the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so staled in writing by Lessor at the time of such acceptance.

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13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 business days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to ~~10~~5% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent) or within 30 days following the date on which it was due for nonscheduled payment, shall bear interest from the date when due, as to scheduled payments, or the 31st day after it was due as to nonscheduled payments. The interest ("**Interest**") charged shall be computed at the rate of ~~10~~5% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable Therefor, in the event that this Lease is not terminated by reason of the Condemnation. Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

15.1 Additional Commission. If a separate brokerage fee agreement is attached then in addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing. Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein. then. Lessor shall pay Brokers a fee in accordance with the schedule attached to such brokerage fee agreement.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder Brokers shall be third party beneficiaries of the provisions of Paragraphs 1, 10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due. then such amounts shall accrue Interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein. then. Lessor shall pay Brokers a fee in accordance with the schedule attached to such brokerage fee agreement.

15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) In connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIRCommercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting

Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) If Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof. Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such tender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease In the event of a transfer of Lessor's title or interest in the Premises or this Lease. Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants In this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and

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warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by ~~Lessor~~ either party of the Default or Breach of any term, covenant or condition hereof by ~~Lessee~~ the other party, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by ~~Lessee~~ such party of the same or of any other term, covenant or condition hereof. ~~Lessor's~~ The other party's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of ~~Lessor's~~ the other party's consent to, or approval of any subsequent or similar act by ~~Lessee~~ such party, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor or payment of rent by Lessee shall not be a waiver of any Default or Breach by ~~Lessee~~ such party. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties, b. A duty of honest and fair dealing and good faith, c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee, b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee

received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to ~~160~~125% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions: Construction of Agreement.** All provisions of this Lease to be observed or performed by ~~Lessee~~ the parties are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance .**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Devis~~e~~ to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, ~~or (d)~~ However such new owner shall be liable for the return of any Security deposit paid to any prior lessor ~~which was not paid or credited to such new owner.~~

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30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs . Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise ~~at reasonable times after reasonable~~ during business hours on 24 hours prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises. Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. ~~Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessee upon receipt of an invoice and supporting documentation therefor.~~ Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. ~~The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given.~~ In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor

37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association;

37.2 Default. ~~It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.~~

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease. Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted an Option, as defined below, then the following provisions shall apply.

39.1 Definition. "**Option**" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Not Personal To Original Lessee.** Any Option granted to Lessee in this Lease ~~is personal to the original Lessee, and cannot be assigned or shall be freely assignable within the assignment of Lessee's interest under this lease, and may be exercised by any one other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.~~

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a)

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option. if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. **Reservations.**

(a) Lessor reserves the right (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice. provide and install, at Lessee's expense. Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein: and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or right by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

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(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. Amendments. This Lease may be modified only in writing, signed by the Parties in Interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder. Lessee agrees to make such reasonable nonmonetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is is not attached to this Lease.

49. Americans with Disabilities Act. Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their Executed at:

Executed at: Irvine, CA

Executed at: Irvine, CA

On: May 17, 2012

On: May 14, 2012

By LESSOR:

PPC Irvine Center Investment, LLC
a Delaware limited liability company

By LESSEE:

Cortex Pharmaceuticals, Inc.
a Delaware corporation

By: /s/ Sean S. Cao
Name Printed: Sean S. Cao
Title: Manager

By: /s/ Roger E. Stoll
Name Printed: Roger E. Stoll
Title: Executive Chairman

By: _____
Name Printed: _____
Title: _____
Address: 7700 Irvine Center Drive, Suite 620
Irvine, CA 92618
Telephone: (949) 551-6688
Facsimile: () _____
Email: _____
Email: _____
Federal ID No. _____

By: /s/ Maria Messinger
Name Printed: Maria Messinger
Title: Vice President and CFO
Address: 15231 Barranca Parkway
Irvine, CA 92618
Telephone: (949) 727-3157
Facsimile: (949) 727-3657
Email: rstoll@cortexpharm.com
Email: mmessinger@cortexpharm.com
Federal ID No. 33-0303583

LESSOR'S BROKER:

LESSEE'S BROKER:

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CBRE, Inc.

Attn: Rich Pincott

Address: 3501 Jamboree Road, Suite 100
Newport Beach, CA 92660

Telephone: (949) 725-8500

Facsimile: (949) 725-8545

Email: rich.pincott@cbre.com

Broker/Agent DRE License #: 00801945 / 00409987

Jones Lang LaSalle Americas, Inc.

Attn: David Cantwell

Address: 4 Park Plaza, Suite 550
Irvine, CA 92614

Telephone: (949) 885-2960

Facsimile: ()

Email:

Broker/Agent DRE License #: 0884769

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing The most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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David Cantwell
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FORM OFG-9-3/10E

**ADDENDUM TO STANDARD MULTI-TENANT OFFICE LEASE—GROSS
DATED APRIL 5, 2012
BY AND BETWEEN
PPC IRVINE CENTER INVESTMENT, LLC, A DELAWARE LIMITED LIABILITY
COMPANY AS (“LESSOR”)
AND CORTEX PHARMACEUTICALS, INC., A DELAWARE CORPORATION AS (“LESSEE”)**

Notwithstanding anything contained within the Lease, should there be any conflicting language between the Lease and this the Addendum, the language in the Addendum shall prevail.

1. BASE RENT:	Months	Base Rent Per RSF
	01-12	\$2.00
	13	Abated
	14-24	\$2.07
	25-36	\$2.14

2. TENANT IMPROVEMENTS: Lessor, at Lessor’s cost, shall provide the following tenant improvements:

1. Paint the Premises:
2. Repair and clean the carpet. In the event the carpet cannot be repaired or cleaned in a manner that meets building standards. Landlord will replace the carpet with building standard carpet; and
3. Remove the lettering on the glass conference room wall.

3. OPTION TO TERMINATE: Provided Lessee is in compliance with the terms and conditions of the Lease, Tenant shall have a one-time Option to Terminate at the expiration of the twelfth (12th) month or the twenty-fourth (24th) month. Lessee shall provide no less than four (4) months prior written notice. At the time of such exercise. Lessee shall simultaneously tender to Lessor a check in the amount of the unamortized brokerage commissions (six percent (6%) of the base-rent) at no interest rate.

4. DIRECTORY SIGNAGE: Lessor, at Lessor’s cost, shall provide building standard directory and suite signage for Lessee.

5. BROKER COMMISSIONS: Jones Lang LaSalle Americas, Inc. (Lessee’s Broker), shall be paid a full commission for its representation of Lessee equal to the following:

Months 01–36: Four percent (4%) of the base rental consideration. Said commission shall be payable fifty percent (50%) upon full Lease execution and fifty percent (50%) upon occupancy.

6. RIDERS TO CERTAIN PARAGRAPHS: The following riders are hereby added to the following Paragraphs of the Lease:

RIDER TO PARAGRAPH 2.3

Lessor represents and warrants to Lessee that as of the date hereof and as of the Commencement Date, (a) Lessor is the sole fee owner of the Building, the Premises and the Project; (b) there are no encumbrances, liens, agreements, covenants in effect that would materially or unreasonably limit Lessee’s rights hereunder; (c) Lessor is unaware of any impending condemnation plans, proposed assessments or other adverse conditions relating to the Premises or the Project, and (d) there are no Hazardous Substances in or about the Building or the Premises. Lessor warrants to Lessee that the roof of the Building shall be weather tight and the Premises and the improvements therein shall comply with Applicable Requirements on the Start Date of the Lease. In the event that Lessee shall notify Lessor of a

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non-compliance with the foregoing warranty on or before one (1) year following the Commencement Date, then Lessor shall promptly rectify same at Lessor's sole cost and expense.

RIDER TO PARAGRAPH 2.10

Notwithstanding anything to the contrary in the Lease, Lessor shall not make any changes, additions or alterations to the Building or the Project that adversely (a) impair access to or use of the Premises; or (b) affect the conduct of Lessee's customary business therein. Lessor may at any time relocate or remove any of the various buildings, parking areas, and other Common Areas, and may add buildings and areas to the Project from time to time; provided, that Lessee's Share of Operating Expense Increase does not increase as a result thereof.

RIDER FOR PARAGRAPHS 3.2 and 3.3

The language in Paragraphs 3.2 and 3.3 is hereby deleted and replaced with the following:

Early Possession and Delay in Possession.

Lessor hereby grants Lessee access to the Premises from the Early Possession Date through the Commencement Date, for the purpose of Lessee's installation of furniture, fixtures, equipment and data and telecommunications cabling. Lessee shall have no obligation to pay Rent during such period of Early Possession, but all other terms of this Lease shall be in effect during such period. Such period of Early Possession shall have no effect on the Commencement Date or Expiration Date. Lessor hereby agrees to use its best commercially reasonable efforts to (a) complete with the tenant improvements referenced in Section 2 of the Addendum, and (b) deliver possession of the Premises to Lessee, all by the Early Possession Date. If, despite said efforts, Lessor is unable to complete such tenant improvements and deliver possession by the Early Possession Date, given Lessee's delivery to Lessor of a partially executed Lease along with a check in the amount of \$38,748.84 on or before May 15, 2012 and selection of a mutually agreeable building standard carpet and paint by May 15, 2012, the (i) Lessee shall automatically receive a credit to be applied against any Rent to be paid by Lessee hereunder in the amount of \$2,000 per day for each day after the Early Possession Date until the actual date that Lessor delivers possession of the Premises to Lessee with the tenant improvements complete, and (ii) Lessee shall not be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 30 days after the Early Possession Date, Lessee may, at its option, by notice in writing within 10 days after the end of such 30 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If possession of the Premises is not delivered within 60 days after the Early Possession Date, this Lease shall automatically terminate

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unless other agreements are reached between Lessor and Lessee, in writing. For clarity, in the event Lessor has not delivered the Premises to Lessee by the Early Possession Date as contemplated above, Lessee shall in no event be obligated to pay Rent or perform its other obligations prior to the Commencement Date, and further subject to the provisions set forth above.

RIDER TO PARAGRAPH 6.2(a)

Notwithstanding anything to the contrary in the Lease, Lessor hereby consents to the use by Lessee of the kinds and quantities of Hazardous Substances typically used in connection with the Agreed Use, provided Lessee shall comply with all applicable laws and regulations pertaining to the generation, storage, use and disposal of such Hazardous Substances, and Lessee shall have no obligation to inform Lessor of such Hazardous Substances used in connection with the Agreed Use.

RIDER TO PARAGRAPH 6.2(d)

Notwithstanding anything to the contrary in the Lease, Lessee shall have no liability or responsibility with respect to any Hazardous Substances which: (i) were not caused or permitted by Lessee, its agents, employees, contractors, licensees or invitees; (ii) were the result of violations of any "Hazardous Substances Laws" (as hereinafter defined) relating to the Premises, the Building, or the Project (the Premises, the Building, and the Project shall be collectively referred to herein as the "Property") which violations existed as of the Commencement Date, or (iii) were present in, on, under or about any part of the Property as of the Commencement Date, or that were brought into, onto, about, or under any part of the Property by anyone other than Lessee or its agents, employees, contractors, licensees or invitees. "Hazardous Substances Laws" shall mean and include all federal, state, and local laws relating to the environment or to Hazardous Substances, including, but not limited to, the Comprehensive Environmental Response. Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), each as amended from time to time.

RIDER TO PARAGRAPH 6.2(e)

(i) Lessor represents and warrants to Lessee that Lessor has complied, and the Property is in compliance as of the date of the Lease, with all Hazardous Substances Laws, and no notice of violation of any Hazardous Substances Law with respect thereto, or any permit, license or other authorization relating thereto has been received, nor is any such notice pending or, to Lessor's knowledge, threatened. No underground or above-ground storage tanks or surface impoundments are located on or under any part of the Property. Except in compliance with Hazardous Substances Laws, neither Lessor, nor any prior owner, operator, tenant or occupant of any part of the Property, has generated, used, treated, spilled, stored, transferred, disposed, released or caused a threatened release in, at, under, into, from, to or on any part of the Property of any Hazardous Substances. Except as disclosed to Lessee, Lessor has not received any notice or claim to the effect that either Lessor or any part of the Property is or may be liable to any governmental authority or private party as a result of the release or threatened release of any Hazardous Substances.

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RIDER TO PARAGRAPH 11.5

The language in Paragraph 11.5 is hereby deleted and replaced with the following:

Interruptions. If as a result of the direct actions of Lessor, its agents, contractors or employees, for more than twenty-four (24) consecutive hours following written notice from Lessee to Lessor, there is no HVAC or electricity services to the Premises, or such an interruption of other essential utilities and building services, such as fire protection or water, so that the Premises cannot be used by Lessee, in Lessee's judgment reasonably exercised, then Lessee's Base Rent shall thereafter be abated until the Premises are again usable by Lessee; provided, however, that if Lessor is diligently pursuing the repair of such utilities or services and Lessor provides substitute services reasonably suitable for Lessee's purposes, as for example, bringing in portable air-conditioning equipment, then there shall not be an abatement of Base Rent. Any disputes concerning the foregoing shall be resolved by JAMS arbitration.

RIDER TO PARAGRAPH 12.1(h)

Notwithstanding anything to the contrary contained in this Paragraph 12. Lessee may, without the consent of Lessor, assign its interest in this Lease to, sublet all or a portion of the Premises to, or engage in a change in control of Lessee with, (i) a purchaser of all or substantially all of Lessee's assets or ownership interests, or pursuant to a merger, acquisition or consolidation, or (ii) a corporation, partnership entity or limited liability company which shall control, be under the control of, or be under common control with, Lessee or its principals (each such transaction referred to as a "**Permitted Transfer**"). Any Permitted Transfer may be engaged in upon the condition that (A) the principal purpose of such Permitted Transfer is not solely the acquisition of Lessee interest in this Lease, and (B) no such Permitted Transfer shall be valid unless Lessee shall, within ten (10) business days after execution thereof, deliver to Landlord written notice of such Permitted Transfer.

RIDER TO PARAGRAPH 13.6(a)

The second sentence of this paragraph is hereby deleted and replaced with the following:

For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed, except in the event of an emergency, in which case a reasonable time period shorter than 30 days shall be as set forth in the written notice from Lessee; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

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RIDER TO PARAGRAPH 28

Except for matters which will have an adverse effect on the (a) structural integrity of the Building, (b) the Building plumbing, heating, life safety, ventilating, air conditioning, mechanical or electrical systems, or (c) the exterior and interior appearance of the Building, whereupon in each such case Lessor's duty is to act in good faith and in compliance with the Lease, any time the consent, approval, designation or satisfaction of Lessor or Lessee is required, the same shall not be unreasonably withheld, conditioned or delayed. Whenever the Lease grants Lessor or Lessee the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations, Lessor and Lessee shall act reasonably and in good faith.

LESSOR:

PPC Irvine Center Investment, LLC
A Delaware limited liability company

By: /s/ Sean S. Cao
Sean S. Cao
Title: Manager
Date: May 17, 2012

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LESSEE:

Cortex Pharmaceuticals, Inc.,
a Delaware corporation

By: /s/ Roger E. Stoll
Roger E. Stoll
Title: Executive Chairman
Date: May 14, 2012

By: /s/ Maria Messinger
Maria Messinger
Title: Vice President, CFO
Date: May 14, 2012

[Handwritten signature]

EXHIBIT "A"
7700 Irvine Center Drive, Irvine CA
Suite 750
±4,602 RSF



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Handwritten signature



RULES AND REGULATIONS FOR STANDARD OFFICE LEASE

Dated: May 14, 2012

By and Between PPC Irvine Center Investment, LLC., a Delaware limited liability company and Cortex Pharmaceuticals, Inc., a Delaware corporation

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of 6:00 P.M. and 7:00 AM of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, Injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licenses may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

NOTICE: Those forms are often modified to meet changing requirements of law and Industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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INITIALS

PAGE 1 OF 1


INITIALS

**CORTEX PHARMACEUTICALS, INC.
SECURITIES PURCHASE AGREEMENT**

This Securities Purchase Agreement (the "Agreement") is entered into as of June 25, 2012 (the "Effective Date"), between Cortex Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Samyang Optics Co., Ltd., a South Korean corporation (the "Purchaser").

RECITALS:

A. The Company proposes to borrow an aggregate sum in US dollars equivalent to Four Hundred Sixty-Five Million South Korean Won (₩465,000,000) from the Purchaser in exchange for the issuance of a secured promissory note in the form attached hereto as Exhibit A (the "Note"), in accordance with the terms and conditions of the Agreement.

B. The Company also proposes to issue and sell a warrant to purchase Four Million (4,000,000) shares of common stock of the Company, with a par value of US\$0.001 per share (the "Shares"), in the form attached hereto as Exhibit B (the "Warrant"), and the Purchaser wishes to purchase the Warrant, in accordance with the terms and conditions of the Agreement.

C. In connection with the execution of this Agreement, the Company and Purchaser are entering into a Security Agreement (as such may be amended, restated, supplemented or modified from time to time, the "Security Agreement") in the form set forth in Exhibit C. The Security Agreement, among other things, provides that the Note issued hereunder shall be a secured obligation under such Security Agreement.

D. In connection with the execution of this Agreement, the Company and Samyang Optics Co. Ltd. are also entering into an Amendment to that certain Development and License Agreement dated as of January 11, 2012, by and between the Company and Samyang Optics Co. Ltd. (the "Amendment") in the form set forth in Exhibit D.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Issuance of the Note. The Company hereby agrees to issue and deliver to the Purchaser, and the Purchaser agrees to purchase from the Company, the Note on the terms and conditions included herein. The closing of the purchase and sale of the Note contemplated hereunder (the "Closing") shall be held as of the same date herewith or at such other time upon which the Company and the Purchaser shall mutually agree (the "Closing Date"); provided, however, that to the extent that the Company has not received the Purchase Price on or prior to the third (3rd) Business Day (as defined in Section 9(g) below) following the Effective Date, unless the Company otherwise expressly agrees in writing, this Agreement shall automatically terminate without penalty to the Company. On the Closing Date, the Company shall have received from the Purchaser via wire transfer an amount in US dollars equivalent to Four Hundred Sixty-Five Million South Korean Won (₩465,000,000) (the "Purchase Price") and the Company will issue and deliver to the Purchaser the Note.

2. Issuance of Warrant. On the Closing Date, the Purchaser shall be issued the Warrant. The initial exercise price of the Warrant shall be an amount per Share equal to the Weighted Average Closing Price of the Common Stock for the five (5) Trading Day period immediately prior to the Closing Date (as defined below). The parties hereby agree that the deemed exercise price per share of the Warrant shall be \$0.056. For purposes of this Agreement:

(a) "Weighted Average Closing Price" shall mean the price determined by the first of the following clauses that applies: (A) if the Common Stock is then listed or quoted for trading on a Trading Market other than the OTC Bulletin Board or the Pink OTC Market, the volume-weighted average closing prices of the Common Stock on the Trading Market on which the Common Stock is then listed or quoted for trading as reported by Bloomberg L.P., (B) if the Common Stock is then listed or quoted for trading on the OTC Bulletin Board, the volume-weighted average closing prices of the Common Stock on the OTC Bulletin Board, or (C) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the closing prices per share of the Common Stock so reported.

(b) "Trading Day" shall mean a day on which the principal Trading Market is open for trading.

(c) "Trading Market" shall mean a market or exchange on which the Common Stock is then listed or quoted for trading, including, without limitation, the NYSE Amex Equities Market, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange, the OTC Bulletin Board or a Pink OTC Market (or any successors to any of the foregoing).

3. Purchaser's Representations. The Purchaser hereby represents and warrants to the Company as follows:

(a) The Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by hereby and otherwise to carry out its obligations hereunder.

(b) The execution and delivery of the Agreement and performance by the Purchaser of the transactions contemplated by the Agreement have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of the Purchaser.

(c) The Agreement has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) The execution, delivery and performance by the Purchaser of the Agreement and the consummation by it of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Purchaser's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Purchaser is subject (including federal and state securities laws and regulations), or by which any property or asset of the Purchaser is bound or affected, except in the case subparagraph (ii) such as could not have or reasonably be expected to have a material adverse effect on the Purchaser.

(e) The Purchaser is acquiring the Note and the Warrant, as well as the Shares underlying the Warrant, (collectively referred to with the Note and Warrant as the "Securities"), for the Purchaser's own account and not as a nominee or agent for any other person, and not with the view to, or for sale in connection with, any distribution thereof.

(f) The Purchaser is an "accredited investor," as the Purchaser is a person or entity described in one of the items in Annex A attached hereto.

(g) The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(h) The Purchaser understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warranties, agreements, acknowledgements and understandings of the Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Securities.

(i) The offer and sale of the Securities has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and that, accordingly, they will not be transferable except as permitted under various exemptions set forth in the Securities Act, or upon satisfaction of the registration and prospectus delivery requirements of the Securities Act, and that there will be a legend printed upon the Securities so indicating.

(j) The Securities may not be sold, transferred, assigned, pledged, hypothecated or otherwise disposed of unless the Purchaser first provides to the Company and opinion of counsel to the effect that such sale, transfer, assignment, pledge, hypothecation or other disposition will be exempt from the registration and prospectus delivery requirements of the Securities Act and the registration or qualification requirements of any applicable state securities' law.

4. Company's Representations. The Company hereby represents and warrants to the Purchaser as follows:

(a) The Company is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by hereby and otherwise to carry out its obligations hereunder.

(b) The execution and delivery of the Agreement and performance by the Company of the transactions contemplated by the Agreement have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of the Company.

(c) The Agreement has been duly executed by the Company, and when delivered by the Company in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Company, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) The execution, delivery and performance by the Company of the Agreement and the consummation by it of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Company's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected, except in the case subparagraph (ii) such as could not have or reasonably be expected to have a material adverse effect on the Company.

(e) The authorized and outstanding capital stock of the Company is set forth on Schedule A attached hereto. All issued and outstanding shares have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth on Schedule A, there are no other outstanding rights, options, warrants, preemptive rights, rights of first refusal, or similar rights for the purchase or acquisition from the Company of any securities of the Company nor are there any commitments to issue or execute any such rights, options, warrants, preemptive rights or rights of first refusal. Except as otherwise provided in the Company's certificate of incorporation, there are no outstanding rights or obligations of the Company to repurchase or redeem any of its securities. The respective rights, preferences, privileges, and restrictions of the Company's outstanding shares are as stated in the Company's certificate of incorporation. All outstanding securities have been issued in compliance with all applicable securities laws.

(f) There is no action, suit, proceeding, or investigation (including without limitation any suit, proceeding, or investigation involving the prior employment of any of the Company's employees, their use in connection with the Company's business of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with prior employers) against or adverse to the Company pending or, to the best of the Company's knowledge, currently threatened before any court, administrative agency, or other governmental body. The Company is not a party or subject to, and none of its assets is bound by, the provisions of any order, writ, injunction, judgment, or decree of any court or government agency or instrumentality. There is no action, suit, or proceeding by the Company currently pending or that the Company intends to initiate.

(g) The Company has fully provided the Purchaser with all the information that the Purchaser has requested for deciding whether to purchase the Note and the Warrant. Neither this Agreement, nor any other agreements, statements or certificates made or delivered in connection herewith or therewith contains any untrue statement of a material fact or, when taken together, omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

5. Conditions to Closing of the Purchaser. The Purchaser's obligation to purchase the Note and the Warrant at the Closing in accordance with the terms set forth herein is subject to the fulfillment on or prior to the Closing Date of each of the following conditions:

(a) Representations and Warranties Correct. The representations and warranties made by the Company in Section 4 hereof shall be true and correct when made and shall be true and correct on and as of the Closing Date with the same force and effect as if they had been made on and as of said date.

(b) Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by the Company on or prior to the Closing Date shall have been performed or complied with in all material respects.

(c) No Material Adverse Change. There shall have been no material adverse change in the Company's business or financial condition.

(d) Security Agreement. The Company and Purchaser shall have executed and delivered the Security Agreement and such agreement shall be in full force and effect.

(e) Amendment. The Company and Purchaser shall have executed and delivered the Amendment and such agreement shall be in full force and effect.

6. Right of First Refusal. The Shares underlying the Warrant (the "Subject Shares") may be sold by the Purchaser only in compliance with the provisions of this Section 6, and subject in all cases to compliance with applicable securities laws. Prior to any intended sale of more than an aggregate of 500,000 Subject Shares in any two (2) Business Day (as defined in Section 9(g) below) period, the Purchaser shall first give written notice (the "Offer Notice") to the Company specifying (i) its bona fide intention to sell or otherwise transfer such Subject Shares and (ii) the number of Subject Shares the Purchaser proposes to sell (the "Offered Shares"). Within two (2) Business Days after receipt of the Offer Notice, the Company or its nominee(s) may elect to negotiate in good faith with the Purchaser to purchase all (not some) of such Offered Shares. In the event that the Company elects to purchase all (not some) of such Offered Shares, the Purchaser and the Company shall negotiate in good faith to consummate a transaction for such Offered Shares within five (5) Business Days following the Company's election. If the Company and the Purchaser fail to agree upon a purchase price following good faith negotiation between the Company and the Purchaser, or otherwise any single share of the Offered Shares is not to be purchased by the Company, all the Offered Shares may be sold by the Purchaser without any of the restrictions set forth in this Section 6.

7. "Market Stand-Off" Agreement. The Purchaser agrees that, if requested by the Company or the managing underwriter of any proposed public offering of the Company's securities, the Purchaser will not sell or otherwise transfer or dispose of any shares of common stock held by the Purchaser without the prior written consent of the Company or such underwriter, as the case may be, during such period of time, not to exceed 180 days following the effective date of the registration

statement filed by the Company with respect to such offering, as the Company or the underwriter may specify. In order to enforce the foregoing covenant, the Company may impose stop transfer instructions with respect to any shares of common stock held by the Purchaser until the end of such period.

8. Board Representation.

(a) Appointment to Board of Directors and Committee. The Company will appoint one (1) individual reasonably acceptable to the Company, designated in writing by the Purchaser, who satisfies all regulatory requirements required to serve as a director of the Company (the “Purchaser Nominee”) to the Company’s Board of Directors. Effective upon his or her appointment to the Company’s Board of Directors, the Purchaser Nominee will be eligible (but not required) to serve as a member of the committees of the Board of Directors of the Company as determined by the Company’s Board of Directors, provided that, such Purchaser Nominee satisfies the requirements under applicable laws, rules and regulations, with regard to the appointment of members and their service on such committees. The Company’s Board of Directors will nominate the Purchaser Nominee for election at the next annual meeting of stockholders of the Company subject to satisfaction by the Purchaser Nominee of all legal and governance requirements regarding service as a director.

(b) Filling of Vacancy in Purchaser Board Position. If the Purchaser Nominee ceases prior to the next annual meeting of stockholders of the Company to serve as a director of the Company for any reason, the Company shall cause the vacancy created thereby to be filled by appointment of an individual designated in writing by Purchaser, who is determined, in accordance with the provisions of Section 8(a) above, to qualify as a Purchaser Nominee.

9. Miscellaneous.

(a) Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Entire Agreement. This Agreement and the exhibits hereto, constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, whether written or oral, and shall not be modified except by a writing signed by the parties hereto.

(c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, employees or agents) shall be commenced exclusively in the courts sitting in Hong Kong. Each party hereby irrevocably submits to the exclusive jurisdiction of the courts sitting in Hong Kong for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and

consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action or proceeding to enforce any provisions of the Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

(d) Headings; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Agreement. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

(e) No Waiver. No waiver of any of the provisions contained in this Agreement shall be valid unless made in writing and executed by the waiving party. It is expressly understood that in the event any party shall on any occasion fail to perform any term of this Agreement and the other parties shall not enforce that term, the failure to enforce on that occasion shall not prevent enforcement of that or any other term hereof on any other occasion.

(f) Severability. If any section of this Agreement is held invalid by any law, rule, order, regulation, or promulgation of any jurisdiction, such invalidity shall not affect the enforceability of any other sections not held to be invalid.

(g) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if properly addressed: (i) if delivered personally, by commercial delivery service or by facsimile (with acknowledgment of a complete transmission prior to 5:30 p.m. Los Angeles time), on the day of delivery, (ii) if delivered by U.S. nationally recognized overnight courier service, on the next Business Day after mailing, or (iii) upon actual receipt by the party to whom such notice is required by be given. For purposes of this Agreement, "Business Day" shall mean any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of California are authorized or required by law or other governmental action to close.

Notices shall be deemed to be deemed properly addressed to any party hereto if addressed to the following addresses (or at such other address for a party as shall be specified by like notice):

- (i) if to Purchaser, to:
Samyang Optics Co., Ltd
15th F, KT Tower 422, Teheran-ro,
Gang Nam Gu, Seoul, Korea
Attention:
Telephone:
Facsimile:
Email:

(ii) if to the Company:

Cortex Pharmaceuticals, Inc.
7700 Irvine Center Drive, Suite 750,
Irvine, California 92618
Attention: Chief Executive Officer
Telephone: (949) 727-3157
Facsimile: (949) 727-3657
Email: mvarney@cortexpharm.com

with a copy to (which shall not constitute notice):

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Lawrence B. Cohn
Telephone: (949) 725-4000
Facsimile: (949) 725-4100
Email: lcohn@sycr.com

(h) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns.

(i) Counterparts. This Agreement and any amendment thereof may be executed in two or more counterparts, each of which shall be deemed an original for all purposes. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

(j) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

(Signature Page Follows)

The Company and the Purchaser have executed this Agreement as of the Effective Date.

“Company”

CORTEX PHARMACEUTICALS, INC.

By: _____
Mark A. Varney, Ph.D.
President and Chief Executive Officer

“Purchaser”

SAMYANG OPTICS CO., LTD.

By: _____
Seung Chan, Kim
President and Chief Executive Officer

ANNEX A

Accredited Investor

An “accredited investor” is:

1. Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any 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; any 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; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
2. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
3. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
4. Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
5. Any natural person whose net worth, either individually or jointly with such person’s spouse, at the time of the such person’s purchase, exceeds \$1,000,000, provided that such person shall not include the value of his or her primary residence as an asset, nor shall such person include the value of any mortgage debt securing such residence. However, if the person has mortgage debt that is in excess of the fair market value of his or her primary residence (also referred to as being “underwater”), and such excess mortgage debt is recourse debt, then the amount of such excess debt only shall be included as a liability when making the calculation.
6. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
7. Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii); and
8. Any entity in which all of the equity owners are accredited investors.

SCHEDULE A

Authorized and Outstanding Capital Stock

As of the date of the Agreement, authorized capital of the Company includes 205,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock, of which 1,250,000 shares have been designated as 9% Cumulative Convertible Preferred Stock; 205,000 shares have been designated as Series A Junior Participating Preferred Stock; 37,500 have been designated as Series B Convertible Preferred Stock; and 3,507,500 shares remain undesignated.

As of the date of the Agreement, the Company has 85,623,663 shares of Common Stock and 37,500 shares of Series B Convertible Preferred Stock outstanding.

As of the date of the Agreement, the Company's issued and outstanding options and other securities convertible into, or exercisable for, shares of the Company's Common Stock consist of the following:

1. 9,863,799 shares of Common Stock authorized for issuance under the Company's 2006 Stock Incentive Plan; and
2. 4,917,226 shares of Common Stock subject to issued and outstanding options under the Company's 1996 Stock Incentive Plan; and
3. 250,000 shares of Common Stock subject to issued and outstanding options outside of the Company's 2006 Stock Incentive Plan and 1996 Stock Incentive Plan; and
4. 18,739,759 shares of Common Stock reserved for issuance upon the exercise of outstanding warrants; and
5. 37,500 shares of Series B Convertible Preferred Stock, each share of which is convertible into approximately 0.09812 shares of Common Stock; and
6. 72,249 shares of Common Stock potentially issuable upon repayment of an advance to fund the Company's expenses for its clinical study in patients with Mild Cognitive Impairment, such number of shares based upon the balance of the advance and accrued interest as of April 30, 2012.

Each of the foregoing securities includes anti-dilution provisions in the event of stock dividends, stock splits or reclassifications of the Company's Common Stock.

EXHIBIT A

Form of Note

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). NO SALE, PLEDGE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT.

THIS NOTE IS SUBJECT TO THE TERMS AND CONDITIONS OF THE PURCHASE AGREEMENT (AS DEFINED BELOW).

**SECURED PROMISSORY NOTE
CORTEX PHARMACEUTICALS, INC.**

Principal Amount: U.S Dollar equivalent to ₩465,000,000 KRW

Issue Date: June 25, 2012

Cortex Pharmaceuticals, Inc., a Delaware corporation (the "Company"), for value received, hereby promises to pay to the order of Samyang Optics Co., Ltd. (the "Holder"), U.S Dollar equivalent to the sum of Four Hundred Sixty-Five Million South Korean Won (₩465,000,000) and any unpaid accrued interest hereon, upon the terms of this Secured Promissory Note (the "Note"). Unless earlier paid pursuant to the terms hereof or accelerated in connection with an Event of Default, the outstanding principal and accrued but unpaid interest shall be immediately due and payable on the twelve (12) month anniversary of the original Issue Date (the "Maturity Date"). Notwithstanding the foregoing, the Holder may demand repayment of the outstanding principal and accrued but unpaid interest at any time on or after the six (6) month anniversary of the original Issue Date; provided, however, that in the event of an earlier repayment demand by the Holder, the Company may elect to extend the such repayment period in its sole discretion to the nine (9) month anniversary of the original Issue Date in the event of an Extension Event, as defined in that certain letter agreement between the Company and Holder, dated as of the date hereof (the "Letter Agreement"). This Note has been issued by the Company pursuant to the terms of that certain Securities Purchase Agreement, dated as of June 25, 2012 (the "Purchase Agreement").

1. Interest. The unpaid principal balance of this Note shall bear simple interest at a rate equal to twelve percent (12%) per annum payable in cash from the date hereof until paid in full or the Maturity Date, whichever is earlier.

2. Prepayment. The Company may, at its sole election, prepay, in whole or in part, the outstanding principal or accrued interest under this Note at any time on or prior to the Maturity Date without penalty or premium.

3. Payments. All payments in respect of this Note shall be in immediately available lawful money of the Republic of Korea and shall be sent on the date of payment, at the address specified in the Purchase Agreement, or at such other address as may be specified from time to time by such Holder in a written notice delivered to the Company; provided, however, that any interest payment shall be paid separately, if Holder so elects, to such account or address as Holder may specify in writing. If any scheduled payment date is not a business day, such payment shall be made on the next succeeding business day.

4. Transferability. This Note evidenced hereby may not be pledged, sold, assigned or transferred.

5. Security Interest. The indebtedness evidenced by this Note is secured by certain collateral, as more particularly described in that certain Patent Security Agreement, dated as of the date hereof (as may be further amended, restated, supplemented or modified from time to time, the “Security Agreement” and together with the Note and the Purchase Agreement, the “Transaction Documents”), between the Company and the Holder.

6. Defaults and Remedies.

(a) Events of Default. Except as set forth in the Letter Agreement, an “Event of Default” shall occur if:

(i) the Company shall default in the payment of the principal of this Note, when and as the same shall become due and payable;

(ii) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (a) relief in respect of the Company, or of a substantial part of its property or assets, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (b) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company, or for a substantial part of its property or assets, or (c) the winding up or liquidation of the Company; and such proceeding or petition shall continue undismissed for ninety (90) days, or an order or decree approving or ordering any of the foregoing shall be entered;

(iii) the Company shall (a) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (b) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (ii) of this Section 6(a), (c) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any subsidiary, or for a substantial part of its property or assets, (d) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (e) make a general assignment for the benefit of creditors, (f) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (g) take any action for the purpose of effecting any of the foregoing; or

(iv) the Company shall have consummated a sale of its equity securities for cash in a single financing transaction or series of related financing transactions with aggregate net proceeds to the Company (after deduction of underwriting discounts, commissions and similar fees) of at least Four Million Dollars (\$4,000,000) and any portion of this Note is outstanding sixty (60) business days after such consummation.

(b) Remedies Upon Default. Upon the occurrence and during the continuance of an Event of Default (i) each of the unpaid principal amount of and accrued interest on the Note shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind and (ii) Holder shall be entitled to, at its option, exercise any or all of the rights and remedies available to a secured party under the UCC or any other applicable law, and exercise any or all of its rights and remedies provided for in this Note and in any Transaction Document.

7. Loss, Etc., of Note. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, and of indemnity reasonably satisfactory to the Company if lost, stolen or destroyed, and upon surrender and cancellation of this Note if mutilated, and upon reimbursement of the Company's reasonable incidental expenses, the Company shall execute and deliver to the Holder a new Note of like date, tenor and denomination.

8. Waiver. The Company hereby waives presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance or enforcement of this Note. If an action is brought for collection under this Note, the Holder shall be entitled to receive all costs of collection, including, but not limited to, its reasonable attorneys' fees.

9. Notices. Any notice, approval, request, authorization, direction or other communication under this Note shall be given in accordance with the Purchase Agreement.

10. Successors and Assigns. Subject to Section 4, all of the covenants, stipulations, promises, and agreements in this Note shall bind and inure to the benefit of the parties' respective successors and assigns, whether so expressed or not.

11. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be determined in accordance with the provisions of the Purchase Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Note to be issued as of the Issue Date first written above

Cortex Pharmaceuticals, Inc.

Address:

7700 Irvine Center Drive, Suite 750
Irvine, California 92618

By: _____

Mark A. Varney, Ph.D.
President and Chief Executive Officer

EXHIBIT B
Form of Warrant

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. ADDITIONALLY, THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL IN FAVOR OF THE COMPANY AS SET FORTH IN THAT CERTAIN SECURITIES PURCHASE AGREEMENT DATED JUNE 25, 2012.

**COMMON STOCK PURCHASE WARRANT
CORTEX PHARMACEUTICALS, INC.**

Warrant Shares: 4,000,000

Issue Date: June 25, 2012

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, Samyang Optics Co., Ltd. (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or prior to the close of business on the two year anniversary of the original Issue Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Cortex Pharmaceuticals, Inc., a Delaware corporation (the "Company"), up to Four Million (4,000,000) shares (the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms shall have the meanings set forth in this Section 1:

"Business Day" shall mean any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of California are authorized or required by law or other governmental action to close.

"Common Stock" means the common stock of the Company, par value \$0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Trading Day" means a day on which the principal Trading Market is open for trading.

“Trading Market” means a market or exchange on which the Common Stock is then listed or quoted for trading, including, without limitation, the NYSE Amex Equities Market, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange, the OTC Bulletin Board or a Pink OTC Market (or any successors to any of the foregoing).

“Transaction Documents” means the Securities Purchase Agreement dated June 25, 2012 between the Company and the purchaser signatory thereto (the “Purchase Agreement”), as well as the other agreements and documents contemplated thereby.

“Weighted Average Closing Price” means the price determined by the first of the following clauses that applies: (A) if the Common Stock is then listed or quoted for trading on a Trading Market other than the OTC Bulletin Board or the Pink OTC Market, the volume-weighted average closing prices of the Common Stock on the Trading Market on which the Common Stock is then listed or quoted for trading as reported by Bloomberg L.P., (B) if the Common Stock is then listed or quoted for trading on the OTC Bulletin Board, the volume-weighted average closing prices of the Common Stock on the OTC Bulletin Board, or (C) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the closing prices per share of the Common Stock so reported.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed copy of the Notice of Exercise Form annexed hereto, the original Warrant certificate and payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier’s check drawn on a United States bank.

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be \$0.056, subject to adjustment hereunder (the “Exercise Price”).

c) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Company or the Company’s transfer agent to the Holder promptly after the date of exercise. This Warrant shall be deemed to have been exercised on the first date on which all of the items in Section 2(a) above have been delivered to the Company. The Warrant Shares shall be deemed to have been issued, and Holder shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been properly exercised, with payment to the Company of the Exercise Price prior to the issuance of such shares, having been paid.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

iv. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder.

v. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

d) Representation by the Holder; Restrictions. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws and will contain one or more legends relating thereto. The Holder further acknowledges that the Warrant Shares may not be offered or sold except in compliance with the Company's right of first refusal contained in the Purchase Agreement and pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws as evidenced by a legal opinion of counsel to the Company to such effect, the substance of which shall be reasonably acceptable to the Company.

e) Call Provision. Subject to the provisions of this Section 2(e), if (i) the Weighted Average Closing Price for each of 10 consecutive Trading Days (the "Measurement Period") exceeds one and one-half (1.5) times the Exercise Price (subject to adjustment for forward and reverse stock splits, recapitalizations, stock dividends and the like after the original Issue Date) and (ii) the Holder is not in possession of any information that constitutes, or might constitute, material non-public information which was provided by the Company, then the Company may, within 3 Trading Days of the end of such Measurement Period, call for cancellation of all or any portion of this Warrant for which a Notice of Exercise has not yet been delivered (such right, a "Call") for consideration equal to \$0.001 per Share. To exercise this right, the Company must deliver to the Holder an irrevocable written notice (a "Call Notice"); indicating therein the portion of unexercised portion of this Warrant to which such notice applies. If the conditions set forth below for such Call are satisfied from the period from the date of the Call Notice through and including the Call Date (as defined below), then any portion of this Warrant subject to such Call Notice for which a Notice of Exercise shall not have been received by the Call Date will be cancelled at 6:30 p.m. (Los Angeles time) on the tenth Trading Day after the date the Call Notice is received by the Holder (such date and time, the "Call Date"). Any unexercised portion of this Warrant to which the Call Notice does not pertain will be unaffected by such Call Notice. In furtherance thereof, the Company covenants and agrees that it will honor all Notices of Exercise with respect to Warrant Shares subject to a Call Notice that are tendered through 6:30 p.m. (Los Angeles time) on the Call Date. The parties agree that any Notice of Exercise delivered following a Call Notice which calls less than all the Warrants shall first reduce to zero the number of Warrant Shares subject to such Call Notice prior to reducing the remaining Warrant Shares available for purchase under this Warrant. For example, if (A) this Warrant then permits the Holder to acquire 100 Warrant Shares, (B) a Call Notice pertains to 75 Warrant Shares, and (C) prior to 6:30 p.m. (Los Angeles time) on the Call Date the Holder tenders a Notice of Exercise in respect of 50 Warrant Shares, then (x) on the Call Date the right under this Warrant to acquire 25 Warrant Shares will be automatically cancelled, (y) the Company, in the time and manner required under this Warrant, will have issued and delivered to the Holder 50 Warrant Shares in respect of the exercises following receipt of the Call Notice, and (z) the Holder may, until the Termination Date, exercise this Warrant for 25 Warrant Shares (subject to adjustment as herein provided and subject to subsequent Call Notices). Subject again to the provisions of this Section 2(e), the Company may deliver subsequent Call Notices for any portion of this Warrant for which the Holder shall not have delivered a Notice of Exercise. Notwithstanding anything to the contrary set forth in this Warrant, the Company may not deliver a Call Notice or require the cancellation of this Warrant (and any such Call Notice shall be void), unless, from the beginning of the Measurement Period through the Call Date, (1) the Company shall have honored in accordance with the terms of this Warrant all Notices of Exercise delivered by 6:30 p.m. (Los Angeles time) on the Call Date, and (2) the Common Stock shall be listed or quoted for trading on the Trading Market, and (3) there is a sufficient number of authorized shares of Common Stock for issuance of all securities under the Transaction Documents.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

c) Notice to Holder. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant evidenced hereby may not be pledged, sold, assigned or transferred.

b) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual written notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(c)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant.

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation 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 of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Effect of Consolidation, Merger or Sale. Notwithstanding anything in this Warrant to the contrary, this Warrant shall expire upon any (i) consolidation or merger of the Company with another entity, or any statutory exchange of securities with another entity, whereby the holders of voting capital stock of the Company immediately prior to such transaction hold less than 50% of the voting capital stock following such

transaction, (ii) sale or all or substantially all of the Company's assets to another entity or (iii) liquidation of the Company. The Company shall give the Holder at least fifteen (15) days advance notice of the closing of such transaction at its last address as it shall appear upon the Warrant Register of the Company; 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.

f) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

g) Nonwaiver. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder or the Company shall operate as a waiver of such right or otherwise prejudice Holder's or the Company's respective rights, powers or remedies.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder.

j) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

k) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

l) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company and the Holder have caused this Warrant to be executed by their respective officers thereunto duly authorized.

CORTEX PHARMACEUTICALS, INC.

Dated: June 25, 2012

By: _____

Name: Mark A. Varney, Ph.D.

Title: President & Chief Executive Officer

Accepted and agreed to this 25 day of June, 2012

SAMYANG OPTICS CO., LTD.

By: _____

Name: Seung Chan, Kim

Title: President & Chief Executive Officer

NOTICE OF EXERCISE

TO: CORTEX PHARMACEUTICALS, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of lawful money of the United States.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned.

The Warrant Shares shall be delivered by physical delivery of a certificate to:

(4) The undersigned is an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [_____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to _____ whose address is _____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

EXHIBIT C
Security Agreement

PATENT SECURITY AGREEMENT

This Patent Security Agreement (as amended, modified or otherwise supplemented from time to time, this “Security Agreement”), dated as of June 25, 2012, is executed by Cortex Pharmaceuticals, Inc., a Delaware corporation (together with its successors and assigns, the “Company”), in favor of Samyang Optics Co., Ltd. (“Secured Party”).

RECITALS

A. The Company and the Secured Party have entered into that certain Securities Purchase Agreement, dated as of even date herewith (as amended, modified, renewed or extended from time to time, the “Purchase Agreement”) pursuant to which the Company issued to the Secured Party that certain secured promissory note (the “Note”);

B. The Company is the owner of certain intellectual property, identified below, in which the Company is granting a security interest to the Secured Party; and

C. It is a condition precedent under the Purchase Agreement that the Company enter into this Security Agreement and grant to the Secured Party the security interests hereinafter provided to secure the obligations of the Company described below.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company hereby agrees with Secured Party as follows:

1. Definitions and Interpretation. When used in this Security Agreement, the following terms have the following respective meanings:

“**Collateral**” means (a) the patents listed on Schedule 1 attached hereto, and (i) renewals thereof, (ii) reissues, continuations, divisions or reexaminations thereof, (iii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, damages and payments for past and future infringements thereof, (iv) the right to sue for past, present and future infringements thereof (the foregoing patents, together with the items described in clauses (i)-(iv), are hereinafter referred to herein as the “Patents”); (b) all of the Company’s rights corresponding thereto throughout the world; (c) any license agreements with any other party, whether the Company is a licensor or licensee under any such license agreement in respect of the Patents; and (d) the goodwill of the Company’s business associated with the Patents.

“**Event of Default**” means a default or breach as described in Section 6(a) of the Note as described in that certain letter agreement between the Company and Holder, dated as of the date hereof.

“**Lien**” means any security interest, mortgage, pledge, charge, assignment, lien or other encumbrance of any kind.

“**Obligations**” means all obligations, howsoever arising, owed by the Company to Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Note or this Security Agreement, including, all interest, fees, charges, expenses and attorneys’ fees and costs payable by the Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due.

“**Permitted Liens**” means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established; (b) Liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers’, warehousemen’s, materialmen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings; and (c) Liens in favor of the Secured Party.

“**Person**” shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

“**UCC**” means the Uniform Commercial Code as in effect in the State of California from time to time.

All capitalized terms not otherwise defined herein shall have the respective meanings given in the Note. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. Grant of Security Interest. As security for the Obligations, the Company hereby pledges to Secured Party and grants to Secured Party a security interest in all right, title and interests of Company in and to the Collateral.

3. Representations and Warranties. The Company hereby represents and warrants to Secured Party that:

(a) The Company is, as of the date of this Security Agreement, the owner of all of the Collateral free from any liens, security interests or encumbrances except for Permitted Liens, and no financing statement covering any of the Collateral or any proceeding thereof is on file in any public office.

(b) Upon the filing of UCC-1 financing statements or comparable documentation in the appropriate filing offices, Secured Party has a first priority perfected security interest in the Collateral to the extent that a security interest in the Collateral can be perfected by such filing, except for Permitted Liens.

4. Covenants Relating to Collateral. Unless and until there shall have occurred and be continuing an Event of Default, the Company shall retain the right to use the Collateral in the ordinary course of the Company’s business. The Company hereby agrees (a) to perform all acts that may be reasonably necessary to maintain, preserve, protect and perfect the Collateral, the Lien granted to Secured Party therein and the perfection and priority of such Lien, except for Permitted Liens; (b) not to

use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral; (c) to pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral, except for Permitted Liens; (d) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings reasonably deemed necessary or appropriate by Secured Party to perfect, maintain and protect its Lien hereunder and the priority thereof; (e) to appear in and defend any action or proceeding which may affect its title to or Secured Party's interest in the Collateral; (f) not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens except Permitted Liens; and (g) to comply with all material requirements of law relating to the possession, maintenance and control of the Collateral.

5. Power of Attorney. The Company hereby irrevocably appoints Secured Party as its attorney-in-fact (which appointment is coupled with an interest) and agrees that the Secured Party may perform (but Secured Party shall not be obligated to and shall incur no liability to the Company or any third party for failure so to do) any act which the Company is obligated by this Security Agreement to perform, and to exercise such rights and powers as the Company might exercise with respect to the Collateral, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (d) insure and preserve the Collateral; (e) pay any indebtedness of the Company relating to the Collateral; and (f) file UCC financing statements and execute other documents, instruments and agreements required hereunder; provided, however, that the Secured Party shall not exercise any such powers granted pursuant to subsections (a) through (e) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. The Company agrees to reimburse Secured Party immediately upon demand for any reasonable costs and expenses, including attorneys' fees, Secured Party may incur while acting as the Company's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Secured Party's possession; provided, however, that Secured Party shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

6. Litigation and Other Proceedings

(a) The Company shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable to protect the Collateral. No such suit, proceeding or other actions shall be settled or voluntarily dismissed, nor shall any party be released or excused of any claims of or liability for infringement, without the prior written consent of Secured Party, which consent shall not be unreasonably withheld.

(b) Upon the occurrence and during the continuation of an Event of Default, Secured Party shall have the right but not the obligation to bring suit or institute proceedings in the name of the Company or Secured Party to enforce any rights in the Collateral, including any license thereunder, in

which event the Company shall at the request of Secured Party do any and all lawful acts and execute any and all documents reasonably required by Secured Party in aid of such enforcement. If Secured Party elects not to bring suit to enforce any right under the Collateral, including any license thereunder, the Company agrees to use all commercially reasonable measures, whether by suit, proceeding or other action, to cause to cease any infringement of any right under the Collateral by any Person and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement.

7. Default and Remedies.

(a) Default. The Company shall be deemed in default under this Security Agreement upon the occurrence and during the continuance of an Event of Default.

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, Secured Party shall have the rights of a secured creditor under the UCC, including taking possession of the Collateral pursuant to judicial process or, if the taking can be accomplished without a breach of the peace, taking possession of the Collateral without judicial process, all rights granted by this Security Agreement and by law, including the right to require the Company to make the Collateral available to Secured Party at a place to be designated by Secured Party. Secured Party may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Company, all of which are expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon the whole or from time to time any part of the Collateral or any interest which the Company may have therein. Notice of any sale or other disposition of the Collateral shall be given to the Company at least twenty (20) days before the time of any intended public or private sale or other disposition of the Collateral is made, which the Company hereby agrees shall be reasonable notice of such sale or other disposition. In furtherance of Secured Party's rights hereunder, the Company hereby grants to Secured Party an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to Company) to use, license or sublicense the Collateral after the occurrence and during the continuation of any Event of Default on such terms as the Secured Party may deem to be necessary or desirable. Upon taking possession of the Collateral, Secured Party may sell, lease, license or otherwise dispose of the Collateral using commercially reasonable means and if commercially reasonable may do so by public or private proceedings. Secured Party may purchase the Collateral at a public disposition or at a private disposition if the Collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Secured Party at the time of, or received by Secured Party after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Secured Party;

(ii) Second, to the payment to Secured Party of the Obligations then owing or unpaid; and

(iii) Third, to the payment of the surplus, if any, to the Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

8. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if properly addressed: (i) if delivered personally, by commercial delivery service or by facsimile (with acknowledgment of a complete transmission prior to 5:30 p.m. Los Angeles time), on the day of delivery, (ii) if delivered by U.S. nationally recognized overnight courier service, on the next Business Day after mailing, or (iii) upon actual receipt by the party to whom such notice is required by be given. For purposes of this Agreement, "Business Day" shall mean any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of California are authorized or required by law or other governmental action to close. Notices shall be deemed to be deemed properly addressed to any party hereto if addressed to the following addresses (or at such other address for a party as shall be specified by like notice):

(1) if to Secured Party, to:

Samyang Optics Co., Ltd
15th F, KT Tower 422, Teheran-ro,
Gang Nam Gu, Seoul, Korea
Attention:
Telephone:
Facsimile:
Email:

(2) if to the Company:

Cortex Pharmaceuticals, Inc.
7700 Irvine Center Drive, Suite 750,
Irvine, California 92618
Attention: Chief Executive Officer
Telephone: (949) 727-3157
Facsimile: (949) 727-3657
Email:

with a copy to (which shall not constitute notice):

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Lawrence B. Cohn
Telephone: (949) 725-4000
Facsimile: (949) 725-4100
Email:

(b) Termination of Security Interest. Upon the payment in full of all Obligations, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the

Company. Upon such termination Secured Party hereby authorizes the Company to file any UCC termination statements necessary to effect such termination and Secured Party will, at the Company's expense, execute and deliver to the Company any additional documents or instruments as Company shall reasonably request to evidence such termination; provided, however, if at any time after payment to Secured Party and the release of the security interest in the Collateral, any payments to the Secured Party must be disgorged, returned or otherwise paid back by the Secured Party for any reason (including, without limitation, the bankruptcy of the Company), this Agreement, the security interest in the Collateral, and the relative rights and priorities set forth herein shall be reinstated as to all such payments that are disgorged, returned or otherwise paid back by the Secured Party as though such payments had not been made.

(c) Nonwaiver. No failure or delay on Secured Party's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(d) Amendments and Waivers. This Security Agreement may not be amended nor modified, nor may any of its terms be waived, except by written instruments signed by the Company and Secured Party. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(e) Assignments. This Security Agreement shall be binding upon and inure to the benefit of Secured Party and the Company and their respective successors and assigns.

(f) Cumulative Rights, etc. The rights, powers and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of any applicable law, rule or regulation of any governmental authority, the Purchase Agreement, the Note or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's rights hereunder. The Company waives any right to require Secured Party to proceed against any person or entity or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

(g) Partial Invalidity. If at any time any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(h) Construction. This Security Agreement is the result of negotiations among, and has been reviewed by, the Company, Secured Party and their respective counsel. Accordingly, this Security Agreement shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against the Company or Secured Party.

(i) Entire Agreement. This Security Agreement taken together with the Purchase Agreement, the Note and the documents executed in connection therewith constitute and contain the entire agreement of the Company and Secured Party and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(j) Other Interpretive Provisions. References in this Security Agreement to any document, instrument or agreement (i) includes all exhibits, schedules and other attachments thereto, (ii) includes all documents, instruments or agreements issued or executed in replacement thereof, and (iii) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Security Agreement refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement. The words “include” and “including” and words of similar import when used in this Security Agreement shall not be construed to be limiting or exclusive.

(k) Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to its conflicts of law rules (except to the extent governed by the UCC).

(l) Counterparts. The Security Agreement may be executed and delivered by facsimile or by electronic messaging system and the signature of any party to this Security Agreement delivered by facsimile or an electronic messaging system shall be deemed an original signature for all purposes. This Security Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The partially executed signature page of any counterpart of this Security Agreement may be attached to any other partially executed counterpart of this Security Agreement without impairing the legal effect of the signature(s) on such signature page.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Security Agreement to be executed as of the day and year first above written.

COMPANY

CORTEX PHARMACEUTICALS, INC.

By: _____
Mark A. Varney, Ph.D.
President and Chief Executive Officer

ACCEPTED AND AGREED:

SECURED PARTY

SAMYANG OPTICS CO., LTD.

By: _____
Seung Chan, Kim
President and Chief Executive Officer

[Signature page to Security Agreement]

SCHEDULE 1
TO SECURITY AGREEMENT

<u>Patent Number</u>	<u>Date</u>	<u>Description</u>
PCT/US07/26415; WO 2008/085505	January 3, 2007	Mueller et al, "3-Substituted-[1,2,3]-Benzotriazinone Compounds for Enhancing Glutamatergic Synaptic Responses"
PCT/US08/10877; WO 2009/038752	September 20, 2007	Mueller et al, "3-Substituted 1,2,3-Triazin-4-ones and 3-Substituted 1,3-Pyrimidones for Enhancing Glutamatergic Synaptic Responses"
PCT/US08/009508; WO 009/023126	August 10, 2007	Mueller R and L Street, "Bicyclic Amides for Enhancing Glutamatergic Synaptic Responses"
PCT/US2010/00255; WO 2010/087981	August 10, 2007	Mueller R and L Street, "Bicyclic Amides for Enhancing Glutamatergic Synaptic Responses"
PCT/US2010/00254; WO 2010/ 087980	August 10, 2007	Mueller R and L Street, "Bicyclic Amides for Enhancing Glutamatergic Synaptic Responses"

EXHIBIT D

Amendment

**Certification of Chief Executive Officer Pursuant to
Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934**

I, Mark A. Varney, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cortex Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2012

/s/ Mark A. Varney

Mark A. Varney, Ph.D.

President and Chief Executive Officer

**Certification of Chief Financial Officer Pursuant to
Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934**

I, Maria S. Messinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cortex Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

-
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2012

/s/ Maria S. Messinger

Maria S. Messinger

Vice President, Chief Financial Officer and Secretary

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350

Mark A. Varney, Ph.D., President and Chief Executive Officer of Cortex Pharmaceuticals, Inc. (the "Company"), and Maria S. Messinger, Chief Financial Officer of the Company, each certifies, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 16, 2012

/s/ Mark A. Varney

Mark A. Varney, Ph.D.
President and Chief Executive Officer

Dated: August 16, 2012

/s/ Maria S. Messinger

Maria S. Messinger
Vice President, Chief Financial Officer and Secretary

This certification accompanies the Quarterly Report pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.