

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

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

For the quarterly period ended March 31, 2003

OR

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

For the transition period from _____ to _____

Commission file number 0-27282

Manhattan Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 36-3898269
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

787 Seventh Avenue, 48th Floor, New York, New York 10019
(Address of principal executive offices)

(212) 554-4525
(Issuer's telephone number)

(Former Name, Former Address and Former Fiscal Year, if Changed
Since Last Report)

Check whether the issuer: (1) 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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

As of May 12, 2003, there were 77,874,653 shares of the issuer's common stock, \$.01 par value, outstanding.

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MANHATTAN PHARMACEUTICALS, INC. and SUBSIDIARIES
(A Development Stage Company)

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Forward-Looking Statements

The statements contained in this Quarterly Report on Form 10-QSB that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities

Exchange Act of 1934, as amended, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. We intend that all forward-looking statements be subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In particular, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in Part I, Item 2 of this quarterly report include forward-looking statements that reflect our current views with respect to future events and financial performance. We use words such as we "expect," "anticipate," "believe," and "intend" and similar expressions to identify forward-looking statements. A number of important factors could, individually or in the aggregate, cause actual results to differ materially from those expressed or implied in any forward-looking statements. Such factors include, but are not limited to, the following: our lack of significant revenues and profitability; our need for additional capital; our ability to successfully commercialize our technologies; our ability to obtain various regulatory approvals; the illiquidity and volatility of our common stock, and the other "Risk Factors" identified in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002.

MANHATTAN PHARMACEUTICALS, INC. and SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Balance Sheets
(Unaudited)

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Assets	March 31, ----- 2003 -----	December 31, ----- 2002 -----
Current assets:		
Cash and cash equivalents	\$ 1,146,600	\$ 1,721,123
Prepaid expenses	54,745	--
Total current assets	----- 1,201,345	----- 1,721,123
Property and equipment, net	12,274	--
Deposits	19,938	--
Intangible assets, net	3,140,785	--
Total assets	----- \$ 4,374,342 =====	----- \$ 1,721,123 =====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 473,705	\$ 164,899
Accrued expenses	519,579	15,973
Note payable to bank	--	600,000
Notes payable to stockholder	70,000	206,000
Due affiliate	--	96,328
Total liabilities	----- 1,063,284 -----	----- 1,083,200 -----
Commitments and Contingencies:		
Stockholders' equity:		
Common stock, \$.001 par value. Authorized 150,000,000 shares; 77,874,653 and 52,510,027 shares issued and outstanding at March 31, 2003 and December 31, 2002, respectively	77,875	52,510
Additional paid-in capital	4,771,965	1,717,397
Unearned consulting costs	(22,721)	(37,868)
Deficit accumulated during development stage	(1,516,061)	(1,094,116)
Total stockholders' equity	----- 3,311,058 -----	----- 637,923 -----
Total liabilities and stockholders' equity	----- \$ 4,374,342 =====	----- \$ 1,721,123 =====

See accompanying notes to unaudited condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. AND SUBSIDIARIES
(A Development Stage Company)
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months ended March 31,		Cumulative period from August 6, 2001 (inception) to March 31, 2003
	2003	2002	2003
Revenue	\$ --	\$ --	\$ --
Costs and expenses:			
Research and development	43,355	260,576	768,752
General and administrative	378,872	50,014	728,453
	422,227	310,590	1,497,205
Total operating expenses			
Operating loss	(422,227)	(310,590)	(1,497,205)
Other (income) expense:			
Interest and other income	(2,515)	--	(2,515)
Interest expense	2,233	2,046	21,371
	(282)	2,046	18,856
Total other (income) expense			
Net loss	\$ (421,945)	\$ (312,636)	\$ (1,516,061)
Net loss per common share:			
Basic and diluted	\$ (0.01)	\$ (0.01)	
Weighted average shares of common stock outstanding:			
Basic and diluted	64,725,985	38,034,882	

See accompanying notes to unaudited condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

	Common stock		Additional paid-in capital	Deficit accumulated during the development stage	Unearned consulting costs	Total stock- holders' equity
	Shares	Amount				
Balance at January 1, 2003	52,510,027	\$ 52,510	\$ 1,717,397	\$ (1,094,116)	\$ (37,868)	\$ 637,923
Common Stock Issued, net of expenses	4,406,021	4,406	739,285	--	--	743,691
Effect of reverse acquisition	20,958,605	20,959	2,315,283	--	--	2,336,242
Amortization of unearned consulting costs	--	--	--	--	15,147	15,147
Net loss	--	--	--	(421,945)	--	(421,945)
Balance at March 31, 2003	<u>77,874,653</u>	<u>\$ 77,875</u>	<u>\$ 4,771,965</u>	<u>\$ (1,516,061)</u>	<u>\$ (22,721)</u>	<u>\$ 3,311,058</u>

See accompanying notes to condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31,		Cumulative period from August 1, 2001 (inception) to March 31,
	2003	2002	2003
Cash flows from operating activities:			
Net loss	\$ (421,945)	\$ (312,636)	\$ (1,516,061)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Common stock issued for license rights	--	--	1,000
Amortization of unearned consulting services	15,147	--	37,868
Amortization of intangible assets	26,393	--	26,393
Depreciation	478	--	478
Changes in operating assets and liabilities, net of acquisition:			
Increase in prepaid expenses	(16,438)	--	(16,438)
Increase (decrease) in accounts payable	(14,929)	--	149,970
Increase (decrease) in accrued expenses	(36,715)	55,000	(20,742)
Due affiliate	(96,328)	--	--
Net cash used in operating activities	(544,337)	(257,636)	(1,337,532)
Cash flows from investing activities:			
Purchase of furniture and equipment	(5,066)	--	(5,066)
Cash paid in connection with acquisition	(32,811)	--	(32,811)
Net cash used in investing activities	(37,877)	--	(37,877)
Cash flows from financing activities:			
Proceeds from issuances of notes payable to stockholders	--	--	233,500
Repayments of notes payable to stockholders	(136,000)	--	(163,500)
Proceeds from issuance of note payable to bank	--	400,000	600,000
Repayment of note payable to bank	(600,000)	--	(600,000)
Proceeds from subscriptions receivable	--	--	4,000
Proceeds from sale of common stock, net	743,691	--	2,448,009
Net cash provided by financing activities	7,691	400,000	2,522,009
Net increase (decrease) in cash and cash equivalents	(574,523)	142,364	1,146,600
Cash and cash equivalents at beginning of period	1,721,123	--	--
Cash and cash equivalents at end of period	\$ 1,146,600	\$ 142,364	\$ 1,146,600
Supplemental disclosure of noncash financing activities:			
Interest paid	\$ 502	\$ --	\$ 16,167
Supplemental disclosure of noncash investing and financing activities:			
Stock options issued for consulting services	--	--	\$ 60,589
Issuance of common stock for acquisition	\$ 2,336,242	--	\$ 2,336,242

See accompanying notes to unaudited condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. and SUBSIDIARIES
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
March 31, 2003

(1) BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, the financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete annual financial statements. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for fair presentation. Interim operating results are not necessarily indicative of results that may be expected for the year ending December 31, 2003 or for any subsequent period. These consolidated financial statements should be read in conjunction with the Annual Report on Form 10-KSB of Manhattan Pharmaceuticals, Inc. and its subsidiaries ("Manhattan" or the "Company") as of and for the year ended December 31, 2002 and the Form 8-K/A of Manhattan Pharmaceuticals, Inc. filed on May 9, 2003 containing the financial statements of Manhattan Research Development, Inc.

(2) LIQUIDITY

The Company has reported a net loss of \$1,037,320 for the year ended December 31, 2002. The Company has reported a net loss of \$421,945 for the three months ended March 31, 2003. The net loss from date of inception, August 6, 2001, to March 31, 2003 amounts to \$1,516,061. As discussed in Note 6, on February 21, 2003 the Company completed a reverse acquisition of privately held Manhattan Research Development, Inc. Based on the resources available at March 31, 2003 of the combined Company, management believes that the combined Company will continue to incur net losses through at least March 31, 2004 and will need additional equity or debt financing or will need to generate revenues through licensing its products or entering into strategic alliances to be able to sustain its operations until it can achieve profitability, if ever. These matters raise substantial doubt about the Company's ability to continue as a going concern.

The combined Company's continued operations will depend on its ability to raise additional funds through various potential sources such as equity and debt financing, collaborative agreements, strategic alliances and its ability to realize the full potential of its technology in development. Additional funds are currently not available on acceptable terms and may not become available, and there can be no assurance that any additional funding that the combined Company does obtain will be sufficient to meet the combined Company's needs in the short and long term. Through March 31, 2003, a significant portion of the Company's financing has been through private placements of common stock and warrants and debt financing. Until and unless the combined Company's operations generate significant revenues, the combined Company will attempt to continue to fund operations from cash on hand and through the sources of capital previously described.

The Company's common stock was delisted from the Nasdaq SmallCap Market effective at the close of business August 23, 2001 for failing to meet the minimum bid price requirements set forth in the NASD Marketplace Rules. Since August 23, 2001, the Company's common stock trades on the Over-the-Counter Bulletin Board (the "OTCBB"). The Company's ticker symbol is currently "MHTP.OB." The de-listing of the Company's common stock from the Nasdaq SmallCap Market could have a material adverse effect on the Company's ability to raise additional capital.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
March 31, 2003

(3) COMPUTATION OF NET LOSS PER COMMON SHARE

Basic net loss per common share is calculated by dividing net loss applicable to common shares by the weighted-average number of common shares outstanding for the period. Diluted net loss per common share equals basic net loss per common share, since common stock equivalents from stock options, stock warrants, stock subscriptions and convertible preferred stock would have an anti dilutive effect because the Company incurred a net loss during each period presented. The common stock equivalents from stock options, stock warrants, stock subscriptions, and convertible preferred stock, which have not been included in the diluted calculations since their effect is antidilutive, was 13,838,449 as of March 31, 2003.

(4) ISSUANCE OF STOCK, STOCK OPTIONS AND WARRANTS

On April 24, 2003, the Company effected a 2-for-3 reverse stock split. All share and per share information has been retroactively restated to give effect to the reverse stock split.

On February 24, 2003, the Company granted employees an aggregate of 2,920,300 options outside of the Company's 1995 Stock Option Plan. 1,946,867 of these options vest on the first anniversary of the grant date and 973,433 of these options vest in two equal installments on each of the first and second anniversaries of the grant date, provided the optionee continues in service. The options were granted at the stock price on the day of issuance and are exercisable for a period of ten years regardless of whether the grantee continues to be employed by the Company.

Had compensation costs been determined in accordance with the fair value method prescribed by SFAS No. 123 for all options issued to employees, the Company's net loss applicable to common shares and net loss per common share (basic and diluted) for plan options would have been increased to the pro forma amounts indicated below. There were no options granted or outstanding prior to February 21, 2003.

	Three months ended March 31, 2003

Net loss applicable to common shares:	
As reported	\$ 421,945
Pro forma	479,548
Net loss per common share - basic	
As reported	\$ 0.01
Pro forma	0.01

(5) PRIVATE PLACEMENT OF COMMON SHARES

During 2002, the Company's subsidiary, Manhattan Research Development, Inc. (Manhattan Research) commenced a private placement and sold 798,167 shares of common stock at \$2.40 per share and received proceeds of \$1,704,318, net of expenses of \$211,281. These shares converted into 10,144,440 shares of the Company's common stock when the Company completed a reverse acquisition of Manhattan Research as described below. In addition, each investor received warrants equal to 10% of the number of shares of common stock purchased and, accordingly, Manhattan Research issued warrants to purchase 79,817 shares of

MANHATTAN PHARMACEUTICALS, INC. and SUBSIDIARIES
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
March 31, 2003

common stock in 2002 in connection with the private placement. Upon the merger, these converted into warrants to purchase 1,014,444 shares of the Company's common stock. Each warrant had an exercise price of \$2.40 per share, which post merger converted to approximately \$0.19. These warrants expire in 2007.

During January and February 2003, Manhattan Research sold an additional 346,667 shares of common stock at \$2.40 (\$0.19, post merger) per share and warrants to purchase 34,667 shares of common stock exercisable at \$2.40 (\$0.19 post merger) through the private placement and received net proceeds of \$743,691. These shares converted into 4,406,021 shares of the Company's common stock when the Company completed its reverse acquisition of Manhattan Research. The warrants to purchase 34,667 shares of common stock converted into warrants to purchase 440,602 common shares of the combined Company.

In addition, in connection with the private placement, Manhattan Research issued to Joseph Stevens & Co., Inc., a NASD-member broker-dealer, warrants to purchase 435,037 shares of its common stock that are exercisable at \$2.40 (\$0.19 post merger) per share and expire in 2008. Upon the merger, these warrants converted into warrants to purchase 5,529,175 shares of common stock of the combined Company.

(6) MERGER

On February 21, 2003, the Company (formerly known as "Atlantic Technology Ventures, Inc.") completed a reverse acquisition of privately held Manhattan Research Development, Inc. (formerly Manhattan Pharmaceuticals, Inc.), a Delaware corporation. The merger was effected pursuant to an Agreement and Plan of Merger dated December 17, 2002 (the "Merger Agreement") by and among the Company, Manhattan Research and Manhattan Pharmaceuticals Acquisition Corp, the Company's wholly owned subsidiary ("MPAC"). In accordance with the terms of the Merger Agreement, MPAC merged with and into Manhattan Research, with Manhattan Research remaining as the surviving corporation and a wholly owned subsidiary of the Company. Pursuant to the Merger Agreement, upon the effective time of the merger, the outstanding shares of common stock of Manhattan Research automatically converted into an aggregate of 62,299,723 shares of the Company's common stock, which represented 80 percent of the Company's outstanding voting stock after giving effect to the merger. In addition, immediately prior to the merger Manhattan Research had outstanding options and warrants to purchase an aggregate of 576,187 shares of its common stock, which, in accordance with the terms of the merger, automatically converted into options and warrants to purchase an aggregate of 7,323,146 shares of the Company's common stock. Since the stockholders of Manhattan Research received the majority of the voting shares of the Company, the merger is being accounted for as a reverse acquisition whereby Manhattan Research is the accounting acquirer (legal acquiree) and the Company is the accounting acquiree (legal acquirer). Based on the five-day average price of the Company's common stock of \$0.15 per share, the purchase price approximates \$2,336,000, plus approximately \$33,000 of acquisition costs, which represents 20 percent of the market value of the combined Company's post-merger total outstanding shares of 77,874,653. In connection with the merger, the Company changed its name from "Atlantic Technology Ventures, Inc." to "Manhattan Pharmaceuticals, Inc." Based on the preliminary information currently available, Manhattan Research expects to recognize patents and licenses for substantially all of the purchase price. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to intangible assets and a corresponding increase in in-process research and development. As a result of acquiring Manhattan Research, the Company receives new technologies.

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March 31, 2003

A summary of the preliminary purchase price allocation is as follows:

Common stock issued	\$	2,336,242
Acquisition costs paid		32,808

Total purchase price		2,369,050
Net liabilities assumed in acquisition	\$	798,128
		=====
Excess purchase price (preliminarily allocated to intangible assets)	\$	3,167,178
		=====
Assets purchased:		
Prepaid expenses	\$	38,307
Property and equipment		7,683
Deposits		19,938

		65,928

Liabilities assumed:		
Accounts payable		323,735
Accrued expenses		540,321

		864,056

Net liabilities assumed		(798,128)
		=====

The following pro forma financial information presents the combined results of operations of Manhattan Pharmaceuticals and Manhattan Research as if the acquisition had occurred as of January 1, 2003 and 2002, after giving effect to certain adjustments, including the issuance of Manhattan Pharmaceuticals common stock as part of the purchase price. For the purpose of this pro forma presentation, both Manhattan Pharmaceuticals' and Manhattan Research's financial information is presented for the three months ended March 31, 2003 and 2002. The pro forma condensed consolidated financial information does not necessarily reflect the results of operations that would have occurred had Manhattan Pharmaceuticals and Manhattan Research been a single entity during such periods.

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(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
March 31, 2003

	Three months ended March 31,	
	2003	2002
	-----	-----
Revenues	\$ --	\$ --
Net loss	\$ (463,135)	\$ (380,219)
Weighted-average shares of common stock outstanding outstanding: Basic	76,835,402	73,468,632
Loss per share	\$ (0.01)	\$ (0.01)

(7) SUBSEQUENT EVENTS

On April 4, 2003, the Company entered into a license and development agreement with NovaDel Pharma, Inc. in which the Company licensed from NovaDel the exclusive worldwide rights to NovaDel's proprietary lingual spray technology to deliver propofol for pre-procedural sedation. The Company will be responsible for all costs and expenses in connection with all development and commercialization activities including the development activities performed by NovaDel on behalf of the Company. In consideration for this license, the Company is required to pay an up front fee in installments contingent on the Company's receiving certain amounts through equity financing or otherwise, including the receipt of any milestone payments or other revenues. These amounts will be expensed as incurred. In addition, the Company is required to pay NovaDel milestone payments upon the occurrence of certain events specified in the license agreement, including filing a New Drug Application or "NDA" which is accepted for review by the FDA for a licensed product, filing a European Marketing Application for a licensed product, having a filed NDA approved by the FDA, having a European Marketing Application accepted for review within the European Union, receiving commercial approval in Japan, Canada, Australia and South Africa, and upon receiving regulatory approval in certain other countries.

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

You should read the following discussion of our results of operations and financial condition in conjunction with our Annual Report on Form 10-KSB for the year ended December 31, 2002 and the Form 8-K/A of Manhattan Pharmaceuticals, Inc. filed on May 9, 2003 containing the financial statements of Manhattan Research Development, Inc. This discussion includes "forward-looking" statements that reflect our current views with respect to future events and financial performance. We use words such as "expect," "anticipate," "believe," and "intend" and similar expressions to identify forward-looking statements. Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties inherent in future events, particularly those risks identified in the "Risk Factors" section of our most recent Annual Report on Form 10-KSB, and should not unduly rely on these forward looking statements.

RESULTS OF OPERATIONS - THREE-MONTH PERIOD ENDED MARCH 31, 2003 VS. 2002

During the quarters ended March 31, 2003 and 2002, we had no revenue.

For the quarter ended March 31, 2003, research and development expense was \$43,355 as compared to \$260,576 for the first quarter of 2002. The decrease is primarily a result of a reduction in license fees paid to Oleoyl-estrone Developments, Inc (OED).

For the quarter ended March 31, 2003, general and administrative expense was \$378,872 as compared to \$50,014 for the quarter ended March 31, 2002. The increase is due primarily to expenses associated with hiring full time employees and consultants of approximately \$61,000 and \$71,000, respectively. In addition, as a result of becoming a publicly traded company, we had increases in legal and accounting fees of approximately \$67,000. Outside services (including transfer agent and employee finders fees) increased by approximately \$27,000. Rent, directors fees, insurance and other expenses increased by approximately \$27,000, \$24,000, \$12,000 and \$12,000, respectively. Finally, in 2003, we had amortization of intangible assets of approximately \$26,000.

For the first quarter of 2003, interest and other income was \$2,515, compared to zero for the first quarter of 2002. The increase in interest income is due to an increase in our cash balances.

For the first quarter of 2003, interest expense was \$2,233, compared to \$2,046 for the first quarter of 2002 as a result of marginally higher average balances of notes payable outstanding.

Net loss for the quarter ended March 31, 2003, was \$421,945 as compared to \$312,636 for the quarter ended March 31, 2002. This increase in net loss is attributable primarily to an increase in general and administrative expenses of \$328,858. This increase is partially offset by a decrease in research and development expenses of \$217,221.

LIQUIDITY AND CAPITAL RESOURCES

From inception to March 31, 2003, we incurred an accumulated deficit of \$1,516,061, and we expect to continue to incur additional losses through the year ending March 31, 2004 and for the foreseeable future. This loss has been incurred through a combination research and development activities related to the various technologies under our control and expenses supporting those activities.

During 2002, our subsidiary, Manhattan Research Development, Inc. (Manhattan Research) commenced a private placement and sold 798,167 shares of common stock at \$2.40 per share and received proceeds of \$1,704,318, net of expenses of \$211,181. These shares converted into 10,144,440 shares of our common stock when we completed a reverse acquisition of Manhattan Research as described below. In addition, each investor received warrants equal to 10% of the number of shares of common stock purchased and, accordingly, Manhattan Research issued warrants to purchase 79,817 shares of common stock in 2002 in connection with the private placement. Upon the merger, these converted into warrants to purchase 1,014,444 shares of our common stock. Each warrant had an exercise price of \$2.40 per share, which post merger converted to \$0.19. These warrants expire in 2007.

During January and February 2003, Manhattan Research sold an additional 346,667 shares of common stock at \$2.40 (\$0.19, post merger) per share and warrants to purchase 34,667 shares of common stock exercisable at \$2.40 (\$0.19 post merger) through the private placement and received net proceeds of \$743,691. These shares converted into 4,406,021 shares of our common stock when we completed our reverse acquisition of Manhattan Research. The warrants to purchase 34,667 shares of common stock converted into warrants to purchase 440,602 common shares of the combined Company.

In addition, in connection with the private placement, Manhattan Research issued to Joseph Stevens & Co., Inc., a NASD-member broker-dealer, warrants to purchase 435,037 shares of its common stock that are exercisable at \$2.40 (\$0.19 post merger) per share and expire in 2008. Upon the merger, these warrants converted into warrants to purchase 5,529,175 shares of common stock of the combined Company.

We have financed our operations since inception primarily through equity and debt financing and our licensing of CT-3 to Indevus. During the quarter ended March 31, 2003, we had a net decrease in cash and cash equivalents of \$574,523. This decrease primarily resulted from net cash used in investing activities for the quarter ended March 31, 2003 of \$544,337. Total cash resources as of March 31, 2003 were \$1,146,600 compared to \$1,721,123 at December 31, 2002.

Our available working capital and capital requirements will depend upon numerous factors, including progress of our research and development programs, our progress in and the cost of ongoing and planned pre-clinical and clinical testing, the timing and cost of obtaining regulatory approvals, the cost of filing, prosecuting, defending, and enforcing patent claims and other intellectual property rights, competing technological and market developments, changes in our existing collaborative and licensing relationships, the resources that we devote to developing manufacturing and commercializing capabilities, technological advances, the status of our competitors, our ability to establish collaborative arrangements with other organizations and our need to purchase additional capital equipment.

Our continued operations will depend on whether we are able to raise additional funds through various potential sources, such as equity and debt financing, other collaborative agreements, strategic alliances, and our ability to realize the full potential of our technology in development. Such additional funds may not become available as we need them or be available on acceptable terms. Through March 31, 2003, a significant portion of our financing has been through private placements of common stock and warrants and debt financing. Unless our operations generate significant revenues, we will continue to fund operations from cash on hand and through the similar sources of capital previously described. We can give no assurances that any additional capital that we are able to obtain will be sufficient to meet our needs.

On February 21, 2003, we completed a reverse acquisition of privately held Manhattan Research Development, Inc., (formerly Manhattan Pharmaceuticals, Inc.) (Manhattan Research) a Delaware corporation. The merger was effected

pursuant to an Agreement and Plan of Merger dated December 17, 2002 (the "Merger Agreement") by and among the Company, Manhattan Research and Manhattan Pharmaceuticals Acquisition Corp, the Company's wholly owned subsidiary ("MPAC"). In accordance with the terms of the Merger Agreement, MPAC merged with and into Manhattan Research, with Manhattan Research remaining as the surviving corporation and our wholly owned subsidiary. Pursuant to the Merger Agreement, upon the effective time of the merger, the outstanding shares of common stock of Manhattan Research automatically converted into an aggregate of 62,299,723 shares of our common stock, which represented 80 percent of our outstanding voting stock after giving effect to the merger. In addition, immediately prior to the merger Manhattan Research had outstanding options and warrants to purchase an aggregate of 576,187 shares of its common stock, which, in accordance with the terms of the merger, automatically converted into options and warrants to purchase an aggregate of 7,323,146 shares of our common stock. Since the stockholders of Manhattan Research received the majority of our voting shares, the merger is being accounted for as a reverse acquisition whereby Manhattan Research is the accounting acquirer (legal acquiree) and we are the accounting acquiree (legal acquirer). Based on the five-day average price of our common stock of \$0.15 per share, the purchase price approximates \$2,336,000, which represents 20 percent of the market value of the combined Company's post-merger total outstanding shares of 77,874,653. In connection with the merger, we changed our name from "Atlantic Technology Ventures, Inc." to "Manhattan Pharmaceuticals, Inc." Based on the preliminary information currently available, Manhattan Research expects to recognize patents and licenses for substantially all of the purchase price. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to intangible assets and a corresponding increase in in-process research and development. As a result of acquiring Manhattan Research, the Company receives new technologies.

Management believes that we will continue to incur net losses through at least March 31, 2004. Based on the current resources of the resulting company, we will need additional equity or debt financing or we will need to generate revenues through licensing our products or entering into strategic alliances to be able to sustain our operations until we can achieve profitability, if ever. These matters raise substantial doubt as to our ability to continue as a going concern.

The report of our independent auditors on our 2002 consolidated financial statements includes an explanatory paragraph, which states that our recurring losses, and limited liquid resources raise substantial doubt about our ability to continue as a going concern. Our condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Subsequent to an oral hearing before a Nasdaq Listing Qualifications Panel, on August 23, 2001, our securities were delisted from the Nasdaq Stock Market for failing to meet the minimum bid price requirements set forth in the NASD Marketplace Rules, as our common stock had traded for less than \$1.00 for more than 30 consecutive business days. Our common stock trades now on the OTC Bulletin Board under the symbol "MHTP.OB". Delisting our common stock from Nasdaq could have a material adverse effect on our ability to raise additional capital, our stockholders' liquidity and the price of our common stock.

CRITICAL ACCOUNTING POLICIES

In December 2001, the SEC requested that all registrants discuss their most "critical accounting policies" in management's discussion and analysis of financial condition and results of operations. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of the company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our significant accounting policies are described in Note 1 to our consolidated

financial statements included in this annual report; however, we believe that none of them is considered to be critical.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No.146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity." SFAS No. 146 requires that liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This statement also established that fair value is the objective for initial measurement of the liability. The provisions of SFAS No. 146 are effective for exit or disposal activities that initiated after December 31, 2002. The Company does not expect that the adoption of SFAS No. 146 will have a material impact on its consolidated financial statements.

In December 2002, FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation- Transition and Disclosure an Amendment of SFAS No. 123." SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock- based employee compensation and the effect of the method used on reported results. The Company adopted the disclosure provisions of SFAS No. 148, effective January 1, 2003.

Item 3. Controls and Procedures

Within 90 days prior to the date of this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our chief executive and chief financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in alerting them on a timely basis to material information required to be disclosed in our periodic reports to the Securities and Exchange Commission. There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to such evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved with an arbitration proceeding involving Dr. Sumner Burstein, the inventor from whom we licensed CT-3, concerning a dispute over the payment of royalties. Under our license agreement with Dr. Burstein, he is entitled to a royalty of 3 percent of the net sales of all licensed products sold by us, and a royalty of 8 percent of the royalties that we receive from sublicensees from net sales by any such sublicensee of the licensed products or processes.

In connection with the license of our rights to CT-3 to Indevus Pharmaceuticals, Inc. in June 2002, Indevus paid us an initial licensing fee of \$400,000 and an inventory transfer fee of \$100,000. Indevus is further required to make future payments upon achieving certain development milestones and royalties. On July 23, 2002, we received a letter from attorneys representing Dr. Burstein with their analysis of his rights under the Burstein license. In the letter they concluded that the \$500,000 we received from Indevus, as well as any future milestone payments should trigger our obligation to make royalty payments to Dr. Burstein pursuant to the terms of our agreement with him, therefore subject to the 8 percent sublicensing royalty.

On September 16, 2002, our counsel responded by stating that we recognize our obligation to pay an 8 percent royalty to Dr. Burstein only on those payments that we receive from Indevus based on the "net sales" of products and processes covered by the Burstein license. The Indevus license agreement does not merely include a sublicense to patent rights of CT-3, but also the transfer of our know-how, FDA regulatory filings, and inventory of CT-3 compound and third party contracts. Presently, there have been no "net sales" on any products covered by the Burstein license. It is our position that we have not received any royalty payments pursuant to the Indevus license and, therefore, no payments are due to Dr. Burstein at this time.

On November 20, 2002, we received a letter from Dr. Burstein's attorneys purporting to terminate the Burstein license. We believe that this purported termination is invalid under the terms of the Burstein agreement and that Dr. Burstein's current royalty and termination claims are without merit. We intend to vigorously defend our position that the Burstein license is not terminated. Under the terms of the Burstein license, Dr. Burstein is not permitted to terminate the agreement over a bona fide dispute regarding the payment of royalties. Instead, the Burstein license states that disputes regarding royalty payments are to be settled through binding arbitration.

In accordance with the terms of the Burstein license, we commenced an arbitration proceeding with the American Arbitration Association in January 2003, which is currently pending. The Arbitration Hearing is scheduled for mid October. Although we believe we will prevail in this proceeding, we believe that even an unfavorable binding arbitration ruling that concludes a breach of the Burstein license by us for failure to pay royalties would be capable of being readily cured, thereby also avoiding termination of the Burstein license.

Item 2. Changes in Securities

In connection with our merger with Manhattan Research Development, Inc., effective as of February 21, 2003, we issued an aggregate of 93,449,584 shares of our common stock to the former stockholders of Manhattan Research Development in exchange for their shares of Manhattan Research Development common stock. In addition, at the time of the merger, Manhattan Research Development had outstanding warrants to purchase an aggregate of 864,280 shares of common stock, which automatically converted into warrants to purchase an

aggregate of 7,323,146 shares of our common stock. The form of warrant such warrant is attached hereto as Exhibit 4.1. We relied on the exemption from federal registration under Section 4(2) of the Securities Act of 1933, as amended, based on our belief that the issuance of such securities did not involve a public offering, as there were fewer than 35 "non-accredited" investors, all of whom, either alone or through a purchaser representative, had such knowledge and experience in financial and business matters so that each was capable of evaluating the risks of the investment.

Item 4. Submission of Matters to a Vote of Security Holders.

Our annual meeting of stockholders was held on February 21, 2003. The stockholders took the following actions:

(a) The stockholders re-elected five directors, all of whom together then comprised the entire board. The stockholders present in person or by proxy cast the following numbers of votes in connection with the election of directors, resulting in the election of all nominees:

	Class -----	Votes For -----	Votes Withheld -----
Steven H. Kanzer	Common	6,527,329	24,600
	Series A Preferred	192,479	0
Peter O. Kliem	Common	6,529,195	22,733
	Series A Preferred	192,478	0
A. Joseph Rudick	Common	6,522,870	29,059
	Series A Preferred	192,478	0
David M. Tanen	Common	6,529,195	22,733
	Series A Preferred	192,478	0
Frederic P. Zotos	Common	6,438,854	113,075
	Series A Preferred	183,473	9,006

Upon the completion of our merger with Manhattan Research Development, however, each of the newly-elected directors, except Mr. Tanen, resigned on February 21, 2003 in accordance with the terms of the merger.

(b) The stockholders approved an amendment to our certificate of incorporation, increasing the number of authorized shares of common stock from 50 million to 150 million. The following table sets forth a summary of the voting on this proposal:

Class -----	Votes For -----	Votes Against -----	Votes Abstained -----	Broker Non-Votes -----
Common Stock	8,459,645	36,727	0	0
Series A Preferred	192,479	0	0	0

(c) The stockholders approved an amendment to our certificate of incorporation, changing our name from "Atlantic Technology Ventures, Inc." to "Manhattan Pharmaceuticals, Inc." The following table sets forth a summary of the voting on this proposal:

Class -----	Votes For -----	Votes Against -----	Votes Abstained -----	Broker Non-Votes -----
Common Stock	8,447,791	48,500	80	0
Series A Preferred	192,479	0	0	0

(d) The stockholders approved an amendment to our Series A preferred stock certificate of designations providing for the automatic conversion of all outstanding shares of Series A preferred stock upon completion of our merger with Manhattan Research Development, Inc. The following table sets forth a summary of the voting on this proposal:

Class	Votes For	Votes Against	Votes Abstained	Broker Non-Votes
Common Stock	5,215,741	37,920	0	3,242,711
Series A Preferred	192,479	0	0	0

(e) The stockholders ratified our board of directors' selection of J.H. Cohn, LLP as our independent auditors for fiscal 2002. The following table sets forth a summary of the voting on this proposal:

Class	Votes For	Votes Against	Votes Abstained	Broker Non-Votes
Common Stock	8,410,654	81,551	4,167	0
Series A Preferred	192,479	0	0	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
-----	-----
3.1	Certificate of incorporation, as amended through February 21, 2003 (incorporated by reference to the same exhibit number to the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 2002).
4.1	Form of warrant issued by Manhattan Research Development, Inc., which automatically converted into warrants to purchase shares of the Registrant's common stock upon the merger transaction with such company.
10.1	Third Amendment to Employment Agreement dated February 21, 2003 between the Registrant and Frederic. P. Zotos.
10.2	Third Amendment to Employment Agreement dated February 21, 2003 between the Registrant and A. Joseph Rudick.
10.3	Second Amendment to Employment Agreement dated February 21, 2003 between the Registrant and Nicholas J. Rossettos.
10.4	Employment Agreement dated January 2, 2003, between Manhattan Research Development, Inc. and Leonard Firestone, as assigned to the Registrant effective as of February 21, 2003.
10.5	Employment Agreement dated February 28, 2003, between the Registrant and Nicholas J. Rossettos.
10.6	License Agreement dated on or about February 28, 2002 between Manhattan Research Development, Inc. (f/k/a Manhattan Pharmaceuticals, Inc.) and Oleoyl-Estrone Developments SL (portions of this exhibit have been omitted pursuant to a request for confidential treatment and have been filed separately with the Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended).
99.1	Certifications of Chief Executive and Chief Financial Officer.

(b) Reports on Form 8-K

On March 5, 2003, we filed a Current Report on Form 8-K dated February 21, 2003 disclosing under Item 2 thereof our merger transaction with Manhattan Research Development, Inc. On May 9, 2003, we amended the current report to include financial statements and pro forma information, as required by Item 7 of Form 8-K.

SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MANHATTAN PHARMACEUTICALS, INC.

Date: May 15, 2003

By: /s/ Leonard Firestone

Leonard Firestone
President and Chief Executive Officer

Date: May 15, 2003

By: /s/ Nicholas J. Rossettos

Nicholas J. Rossettos
Chief Financial Officer

CERTIFICATIONS

I, Leonard Firestone, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Manhattan Pharmaceuticals, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Leonard Firestone

Leonard Firestone
President and Chief Executive Officer

I, Nicholas J. Rossettos, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Manhattan Pharmaceuticals, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Nicholas J. Rossettos

Nicholas J. Rossettos
Chief Financial Officer

Exhibit Index

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99.1	Certifications of Chief Executive and Chief Financial Officer.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE NOT TRANSFERABLE WITHOUT THE EXPRESS WRITTEN CONSENT OF MANHATTAN PHARMACEUTICALS, INC. (THE "COMPANY") AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN EXEMPTION THEREFROM. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO APPLICABLE STATE SECURITIES LAWS.

MANHATTAN PHARMACEUTICALS, INC.

Warrant for the Purchase of Shares of

Common Stock

CSW No.

Shares

FOR VALUE RECEIVED, MANHATTAN PHARMACEUTICALS, INC., a Delaware corporation (the "COMPANY"), hereby certifies that _____ or his registered assigns (the "Holder") is entitled to purchase from the Company, subject to the provisions of this Warrant, at any time commencing from the date hereof until [DATE], 2007 (the "TERMINATION DATE"), [_____] fully paid and non-assessable shares of the common stock, \$.001 par value, of the Company ("COMMON STOCK") at an initial per share exercise price equal to \$1.60, and an initial aggregate exercise price of \$ _____. The shares of Common Stock or other securities or property deliverable upon such exercise are hereinafter sometimes referred to as the "WARRANT SHARES." The exercise price of a share of Common Stock in effect at any time is hereinafter sometimes referred to as the "PER SHARE EXERCISE PRICE" and the aggregate purchase price payable for the Warrant Shares hereunder is hereinafter sometimes referred to as the "AGGREGATE EXERCISE PRICE." This Warrant is one of a duly authorized issue of Warrants constituting components of units sold by the Company on the date hereof (collectively, the "WARRANTS").

1. EXERCISE OF WARRANT.

(a) This Warrant may be exercised in whole or in part, at any time by the Holder commencing upon the date hereof and prior to the Termination Date:

(i) by presentation and surrender of this Warrant (with the subscription form at the end hereof duly executed) at the address set forth in Subsection 8(a) hereof, together with payment, by certified or official bank check payable to the order of the Company, of the Aggregate Exercise Price or the proportionate part thereof if exercised in part.

(ii) by the surrender of this Warrant (with the cashless exercise form at the end hereof duly executed) (a "Cashless Exercise") at the address set forth in Section 8(a) hereof. Such presentation and surrender shall be deemed a waiver of the Holder's obligation to pay the Aggregate Exercise Price, or the proportionate part thereof if this Warrant is exercised in part. In the event of a Cashless Exercise, the Holder shall exchange its Warrant for that number of Warrant Shares subject to such Cashless Exercise multiplied by a fraction, the numerator of which shall be the difference between (A) the last sale price of the Common Stock on the trading day prior to such date or, in case no such reported sales take place on such day, the average of the last reported bid and asked prices of the Common Stock on such day, in either case on the principal national securities exchange on which the Common Stock is admitted to trading or listed, or if not listed or admitted to trading on any such exchange, the representative closing sale price of the Common Stock as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ"), or other similar organization if NASDAQ is no longer reporting such information, or, if the Common Stock is not reported on NASDAQ, the high per share sale price for the Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or if not so available, the fair market value of the Common Stock as determined in good faith by the Board of Directors (the "Current Market Price") and (B) the Per Share Exercise Price, and the denominator of which shall be the then Current Market Price. For purposes of any computation under this Section 1(a), the then Current Market Price shall be based on the trading day immediately prior to the Cashless Exercise.

(b) If this Warrant is exercised in part only, the Company shall, upon presentation of this Warrant upon such exercise, execute and deliver (with the certificate for the Warrant Shares purchased) a new Warrant evidencing the rights of the Holder hereof to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions as herein set forth. Upon proper exercise of this Warrant, the Company promptly shall deliver certificates for the Warrant Shares to the Holder duly legended as authorized by the subscription form. No fractional shares shall be issued upon exercise of this Warrant. With respect to any fraction of a share called for upon exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the Current Market Price of one (1) share of Common Stock.

2. RESERVATION OF WARRANT SHARES; FULLY PAID SHARES; TAXES. The Company hereby undertakes until expiration of this Warrant to reserve for issuance or

delivery upon exercise of this Warrant, such number of shares of the Common Stock as shall be required for issuance and/or delivery upon exercise of this Warrant in full, and agrees that all Warrant Shares so issued and/or delivered will be validly issued, fully paid and non-assessable, and further agrees to pay all taxes and charges that may be imposed upon such issuance and/or delivery.

3. REGISTRATION UNDER SECURITIES ACT OF 1933, AS AMENDED. The Holder of this Warrant shall have the registration rights as provided in Article V of the Common Stock and Warrant Purchase Agreement (the "Purchase Agreement") dated as of the date hereof between the Company and such Holder (or such Holder's predecessor in interest). If the Holder is not a party to the Purchase Agreement, by acceptance of this Warrant the Holder agrees to comply with provisions of Article V of the Purchase Agreement to the same extent as if it were a party thereto.

4. LIMITED TRANSFERABILITY. In addition to the limitation on transferability set forth in Section 1(a) hereof, this Warrant may not be sold, transferred, assigned or hypothecated by the Holder except in compliance with the provisions of the Act and the applicable state securities "blue sky" laws, and is so transferable only upon the books of the Company which it shall cause to be maintained for such purpose. The Company may treat the registered Holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit any Holder of a Warrant or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants. All Warrants issued upon the transfer or assignment of this Warrant will be dated the same date as this Warrant, and all rights of the holder thereof shall be identical to those of the Holder.

5. LOSS, ETC., OF WARRANT. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

6. STATUS OF HOLDER. This Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a stockholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a stockholder, prior to the exercise hereof.

7. NOTICES. No notice or other communication under this warrant shall be effective unless, but any notice or other communication shall be effective and shall be deemed to have been given if, the same is in writing and is mailed by first-class mail, postage prepaid, addressed to:

If to the Holder: the Holder's address
indicated on the signature page of the
Note Purchase Agreement; or

If to the Company: c/o Manhattan Pharmaceuticals, Inc.
787 Seventh Avenue, 48th Floor,
New York, New York 10019, Attn: Secretary

8. HEADINGS. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

9. APPLICABLE LAW. This Warrant shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of law. Notwithstanding anything to the contrary contained herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law. The parties agree to settle any disputes through binding arbitration in the city, county and State of New York.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its President and its corporate seal to be hereunto affixed and attested by its Secretary this ___ day of _____, 2002.

MANHATTAN PHARMACEUTICALS, INC.

By: -----
Name: David M. Tanen
Title: President

ATTEST:

Secretary

[Corporate Seal]

SUBSCRIPTION

The undersigned, _____, pursuant to the provisions of the foregoing Warrant, hereby elects to exercise the within Warrant to the extent of purchasing _____ shares of Common Stock thereunder and hereby makes payment of \$_____ by certified or official bank check in payment of the exercise price therefor.

The undersigned hereby represents and warrants to the Company that the undersigned is acquiring the shares of the Company's Common Stock pursuant to exercise of the within Warrant for investment purposes only. The undersigned hereby further acknowledges that the undersigned understands that such shares (a) have not been registered under the Securities Act of 1933, as amended, and are being issued to the undersigned by the Company in reliance upon the foregoing representation and warranty and (b) may not be resold except in accordance with the requirements of the Act, including Rule 144 thereunder, if applicable. The undersigned further consents to the placing of a legend on the certificates for the shares being purchased to the foregoing effect.

Dated: _____

Signature: _____

Address: _____

ASSIGNMENT

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ the foregoing Warrant and all rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer said Warrant on the books of Manhattan Pharmaceuticals, Inc.

Dated: _____

Signature: _____

Address: _____

CASHLESS EXERCISE

The undersigned _____, pursuant to the provisions of the foregoing Warrant, hereby elects to exchange its Warrant for _____ shares of Common Stock, par value \$.001 per share, of Manhattan Pharmaceuticals, Inc. pursuant to the Cashless Exercise provisions of the Warrant.

Dated: _____

Signature: _____

Address: _____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _____ hereby assigns and transfers unto _____ the right to purchase _____ shares of the Common Stock, no par value per share, of Pain Management, Inc. covered by the foregoing Warrant, and a proportionate part of said Warrant and the rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer that part of said Warrant on the books of Manhattan Pharmaceuticals, Inc.

Dated: _____

Signature: _____

Address: _____

THIRD AMENDMENT
TO
EMPLOYMENT AGREEMENT

This amendment is dated February 21, 2003, and is between ATLANTIC TECHNOLOGY VENTURES, INC., a Delaware corporation (the "COMPANY"), and FREDERIC P. ZOTOS, an individual ("EXECUTIVE").

The Company and Executive are party to an employment agreement dated April 3, 2000, as amended by a first amendment dated February 20, 2001, and a second amendment dated April 1, 2002 (the "EMPLOYMENT AGREEMENT"). Under Section 7.1(h) of the merger agreement between the Company, Manhattan Pharmaceuticals Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("MPAC"), and Manhattan Pharmaceuticals, Inc., a Delaware corporation ("MANHATTAN"), the Company is required to amend the Employment Agreement. The Company and Executive desire to amend the Employment Agreement.

The Company and Executive therefor agree as follows:

1. Section 3(a) of the Employment Agreement is hereby amended to read in its entirety as follows:

(a) BASE SALARY. The Company shall pay to Executive a base salary at the annual rate of \$225,000 (the "BASE SALARY"), payable in equal installments consistent with the Company's payroll practices, except that commencing April 1, 2002, Executive shall defer and accrue a portion of the Base Salary at the annual rate of \$50,000, deferrable and accruable in equal installments consistent with the Company's payroll practices (the aggregate amount of the Base Salary so deferred and accrued, the "DEFERRED BASE SALARY"). As of February 21, 2003, the Deferred Base Salary equaled \$44,795.

2. Section 3(c) of the Employment Agreement is hereby amended to read in its entirety as follows:

(c) BONUS. The Company shall pay to Executive an annual bonus in an amount to be determined by Compensation Committee of the Company's board of directors in its discretion but in no event less than \$50,000 (the "BONUS"). In addition, Executive shall be entitled to participate in any bonus or other incentive programs established by the Company. The Company acknowledges that Executive is entitled to a Bonus for 2002 in the amount of \$50,000 and that that Bonus has not yet been paid.

3. Section 4(e) of the Employment Agreement is hereby amended to read in its entirety as follows:

(e) TERMINATION BY COMPANY FOR ANY OTHER REASON. If Executive's employment under this Agreement is terminated by the Company during the Term for any reason other than as provided in Section 4(b), 4(c), or 4(d) of this Agreement, then the Company shall pay Executive, no later than the end of

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the month in which the date of termination occurs, the Base Salary through the date of termination (less any Deferred Base Salary). If Executive is so terminated the Company shall also pay Executive the following: (1) in lieu of any further compensation and benefits for the balance of the Term, severance pay equal to the Base Salary that Executive would have otherwise received (without deferral of any portion of the Base Salary) during the period beginning on the date of termination and ending six months from the date of termination, which severance pay the Company shall pay Executive at the times and in the amounts that the Company would have paid the Base Salary during that six-month period; and (2) an amount equal to the Deferred Base Salary plus any Bonus due Executive under Section 3(c), one-half of that amount payable at such time as the Company receives \$3 million of aggregate cash funds from financings and other sources on or after the Effective Time and one-half at such time that the Company receives \$6 million of such aggregate cash funds. Time is of the essence with respect to any payments that the Company is required to make to Executive under this Section 4(e). For purposes of this Section 4(e), "Effective Time" means the effective time of the merger of Manhattan Pharmaceuticals Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company, into Manhattan Pharmaceuticals, Inc., a Delaware corporation. Notwithstanding anything to the contrary contained in this Agreement, if Executive breaches any obligation contained in Section 5 or 6 of this Agreement, then in addition to any other remedies the Company may have in the event Executive breaches this Agreement, the Company's obligation under this Section 4(e) to continue paying Executive severance pay will cease and Executive's rights thereto will terminate and be forfeited.

4. Section 8(n) of the Employment Agreement is hereby amended by inserting between the third sentence thereof (which ends "any such Competing Business") and the fourth sentence thereof (which begins "The rights and remedies of the parties hereto") the following:

If the Company fails to timely pay any amount that it is required to pay Executive under this Agreement, then all such amounts will become immediately due. The Company shall reimburse Executive any reasonable costs, including

reasonable attorneys' fees and disbursements, incurred by Executive in enforcing the Company's obligation to pay any amount that it is required to pay Executive under this Agreement.

5. This agreement will immediately become ineffective if the merger of MPAC into Manhattan has not occurred by midnight at the end of February 22, 2003.

6. This amendment is governed by the laws of the State of New York, without regard to the principles of conflicts of laws thereof.

The Company and Executive are entering into this amendment on the date stated in the introductory clause.

ATLANTIC TECHNOLOGY VENTURES, INC.

By: /s/ Nicholas J. Rossettos

Name: Nicholas J. Rossettos
Title: Chief Financial Officer

/s/ Frederic P. Zotos

FREDERIC P. ZOTOS

THIRD AMENDMENT
TO
EMPLOYMENT AGREEMENT

This amendment is dated February 21, 2003, and is between ATLANTIC TECHNOLOGY VENTURES, INC., a Delaware corporation (the "COMPANY"), and A. JOSEPH RUDICK, an individual ("EXECUTIVE").

The Company and Executive are party to an employment agreement dated April 10, 2000, as amended by a first amendment dated February 20, 2001, and a second amendment dated April 1, 2002 (the "EMPLOYMENT AGREEMENT"). Under Section 7.1(h) of the merger agreement between the Company, Manhattan Pharmaceuticals Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("MPAC"), and Manhattan Pharmaceuticals, Inc., a Delaware corporation ("MANHATTAN"), the Company is required to amend the Employment Agreement. The Company and Executive desire to amend the Employment Agreement.

The Company and Executive therefor agree as follows:

1. Section 3(a) of the Employment Agreement is hereby amended to read in its entirety as follows:

(a) BASE SALARY. The Company shall pay to Executive a base salary at the annual rate of \$75,000 (the "BASE SALARY"), payable in equal installments consistent with the Company's payroll practices, except that commencing April 1, 2002, Executive shall defer and accrue a portion of the Base Salary at the annual rate of \$25,000, deferrable and accruable in equal installments consistent with the Company's payroll practices (the aggregate amount of the Base Salary so deferred and accrued, the "DEFERRED BASE SALARY"). As of February 21, 2003, the Deferred Base Salary equaled \$22,397.

2. Section 3(c) of the Employment Agreement is hereby amended to read in its entirety as follows:

(c) BONUS. The Company shall pay to Executive an annual bonus in an amount to be determined by Compensation Committee of the Company's board of directors in its discretion but in no event less than \$15,000 (the "BONUS"). In addition, Executive shall be entitled to participate in any bonus or other incentive programs established by the Company. The Company acknowledges that Executive is entitled to a Bonus for 2002 in the amount of \$15,000 and that that Bonus has not yet been paid.

3. Section 4(e) of the Employment Agreement is hereby amended to read in its entirety as follows:

(e) TERMINATION BY COMPANY FOR ANY OTHER REASON. If Executive's employment under this Agreement is terminated by the Company during the Term for any reason other than as provided in Section 4(b), 4(c), or 4(d) of this Agreement, then the Company shall pay Executive, no later than the end of the

month in which the date of termination occurs, the Base Salary through the date of termination (less any Deferred Base Salary). If Executive is so terminated the Company shall also pay Executive the following: (1) in lieu of any further compensation and benefits for the balance of the Term, severance pay equal to the Base Salary that Executive would have otherwise received (without deferral of any portion of the Base Salary) during the period beginning on the date of termination and ending six months from the date of termination, which severance pay the Company shall pay Executive at the times and in the amounts that the Company would have paid the Base Salary during that six-month period; and (2) an amount equal to the Deferred Base Salary plus any Bonus due Executive under Section 3(c), one-half of that amount payable at such time as the Company receives \$3 million of aggregate cash funds from financings and other sources on or after the Effective Time and one-half at such time that the Company receives \$6 million of such aggregate cash funds. Time is of the essence with respect to any payments that the Company is required to make to Executive under this Section 4(e). For purposes of this Section 4(e), "Effective Time" means the effective time of the merger of Manhattan Pharmaceuticals Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company, into Manhattan Pharmaceuticals, Inc., a Delaware corporation. Notwithstanding anything to the contrary contained in this Agreement, if Executive breaches any obligation contained in Section 5 or 6 of this Agreement, then in addition to any other remedies the Company may have in the event Executive breaches this Agreement, the Company's obligation under this Section 4(e) to continue paying Executive severance pay will cease and Executive's rights thereto will terminate and be forfeited.

4. Section 8(n) of the Employment Agreement is hereby amended by inserting between the third sentence thereof (which ends "any such Competing Business") and the fourth sentence thereof (which begins "The rights and remedies of the parties hereto") the following:

If the Company fails to timely pay any amount that it is required to pay Executive under this Agreement, then all such amounts will become immediately due. The Company shall reimburse Executive any reasonable costs, including reasonable attorneys' fees and disbursements, incurred by Executive in enforcing

the Company's obligation to pay any amount that it is required to pay Executive under this Agreement.

5. This agreement will immediately become ineffective if the merger of MPAC into Manhattan has not occurred by midnight at the end of February 22, 2003.

6. This amendment is governed by the laws of the State of New York, without regard to the principles of conflicts of laws thereof.

The Company and Executive are entering into this amendment on the date stated in the introductory clause.

ATLANTIC TECHNOLOGY VENTURES, INC.

By: /s/ Frederic P. Zotos

Name: Frederic P. Zotos
Title: Chief Executive Officer

/s/ A. Joseph Rudick

A. JOSEPH RUDICK

SECOND AMENDMENT
TO
EMPLOYMENT AGREEMENT

This amendment is dated February 21, 2003, and is between ATLANTIC TECHNOLOGY VENTURES, INC., a Delaware corporation (the "COMPANY"), and NICHOLAS ROSSETTOS, an individual ("EMPLOYEE").

The Company and Employee are party to an employment agreement dated April 10, 2000, as amended by a first amendment dated April 1, 2002 (the "EMPLOYMENT AGREEMENT"). Under Section 7.1(h) of the merger agreement between the Company, Manhattan Pharmaceuticals Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("MPAC"), and Manhattan Pharmaceuticals, Inc., a Delaware corporation ("MANHATTAN"), the Company is required to amend the Employment Agreement. The Company and Employee desire to amend the Employment Agreement.

The Company and Employee therefor agree as follows:

1. Section 3(a) of the Employment Agreement is hereby amended to read in its entirety as follows:

(a) BASE SALARY. The Company shall pay to Employee a base salary at the annual rate of \$125,000 (the "BASE SALARY"), payable in equal installments consistent with the Company's payroll practices, except that commencing April 1, 2002, Employee shall defer and accrue a portion of the Base Salary at the annual rate of \$25,000, deferrable and accruable in equal installments consistent with the Company's payroll practices (the aggregate amount of the Base Salary so deferred and accrued, the "DEFERRED BASE SALARY"). As of February 21, 2003, the Deferred Base Salary equaled \$22,397.

2. Section 3(c) of the Employment Agreement is hereby amended to read in its entirety as follows:

(c) BONUS. The Company shall pay to Employee an annual bonus in an amount to be determined by Compensation Committee of the Company's board of directors in its discretion but in no event less than \$25,000 (the "BONUS"). In addition, Employee shall be entitled to participate in any bonus or other incentive programs established by the Company. The Company acknowledges that Employee is entitled to a Bonus for 2002 in the amount of \$25,000 and that that Bonus has not yet been paid.

3. Section 4(e) of the Employment Agreement is hereby amended to read in its entirety as follows:

(e) TERMINATION BY COMPANY FOR ANY OTHER REASON. If Employee's employment under this Agreement is terminated by the Company during the Term for any reason other than as provided in Section 4(b), 4(c), or 4(d) of this Agreement, then the Company shall pay Employee, no later than the end of the month in which the date of termination occurs, the Base Salary through the date of termination (less any Deferred Base Salary). If Employee is so terminated the Company shall also pay Employee the following: (1) in lieu of any further compensation and benefits for the balance of the Term, severance pay equal to the Base Salary that Employee would have otherwise received (without deferral of any portion of the Base Salary) during the period beginning on the date of termination and ending three months from the date of termination, which severance pay the Company shall pay Employee at the times and in the amounts that the Company would have paid the Base Salary during that three-month period; and (2) an amount equal to the Deferred Base Salary plus any Bonus due Employee under Section 3(c), one-half of that amount payable at such time as the Company receives \$3 million of aggregate cash funds from financings and other sources on or after the Effective Time and one-half at such time that the Company receives \$6 million of such aggregate cash funds. Time is of the essence with respect to any payments that the Company is required to make to Employee under this Section 4(e). For purposes of this Section 4(e), "Effective Time" means the effective time of the merger of Manhattan Pharmaceuticals Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company, into Manhattan Pharmaceuticals, Inc., a Delaware corporation. Notwithstanding anything to the contrary contained in this Agreement, if Employee breaches any obligation contained in Section 5 or 6 of this Agreement, then in addition to any other remedies the Company may have in the event Employee breaches this Agreement, the Company's obligation under this Section 4(e) to continue paying Employee severance pay will cease and Employee's rights thereto will terminate and be forfeited.

4. Section 8(n) of the Employment Agreement is hereby amended by inserting between the third sentence thereof (which ends "any such Competing Business") and the fourth sentence thereof (which begins "The rights and remedies of the parties hereto") the following:

If the Company fails to timely pay any amount that it is required to pay Employee under this Agreement, then all such amounts will become immediately due. The Company shall reimburse Employee any reasonable costs, including reasonable attorneys' fees and disbursements, incurred by Employee in enforcing the Company's obligation to pay any amount that it is required to pay Employee under this Agreement.

5. This agreement will immediately become ineffective if the merger of MPAC into Manhattan has not occurred by midnight at the end of February 22,

6. This amendment is governed by the laws of the State of New York, without regard to the principles of conflicts of laws thereof.

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The Company and Employee are entering into this amendment on the date stated in the introductory clause.

ATLANTIC TECHNOLOGY VENTURES, INC.

By: /s/ Frederic P. Zotos

Name: Frederic P. Zotos
Title: Chief Executive Officer

/s/ Nicholas Rossettos

NICHOLAS ROSSETTOS

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EMPLOYMENT AGREEMENT

AGREEMENT (the "AGREEMENT"), dated as of January 2, 2003, by and between MANHATTAN PHARMACEUTICALS, INC., a Delaware corporation with principal executive offices at 787 Seventh Avenue, 48th Floor, New York, NY 10019 (the "COMPANY"), and DR. LEONARD FIRESTONE, residing at Backbone Road, Sewickley Heights, PA 15143-0408 (the "EXECUTIVE").

W I T N E S S E T H:

WHEREAS, the Company desires to employ the Executive as President and Chief Executive Officer of the Company, and the Executive desires to serve the Company in those capacities, upon the terms and subject to the conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Employment.

(a) Services. The Executive will be employed by the Company as its President and Chief Executive Officer. You will report to the Board of Directors of the Company (the "Board") and shall perform such duties as are consistent with your position as President and Chief Executive Officer (the "Services"). The Executive agree to perform such duties faithfully, to devote all your working time, attention and energies to the business of the Company, and while you remain employed, not to engage in any other business activity that is in conflict with your duties and obligations to the Company. Upon approving this Agreement, the Board of Directors shall elect you to serve as a Director on the Board of Directors. The principal place of performance of your services hereunder shall be at the principal offices of the Company or such other place as the Board may reasonably designate.

(b) Acceptance. Executive hereby accepts such employment and agrees to render the Services.

2. Term.

The Executive's employment under this Agreement (the "Term") shall commence as of the Effective Date (as hereinafter defined) and shall continue for a term of one (1) year, unless sooner terminated pursuant to Section 9 of this Agreement. Notwithstanding anything to the contrary contained herein, the provisions of this Agreement governing protection of Confidential Information shall continue in effect as specified in Section 6 hereof and survive the expiration or termination hereof. The Term may be extended for additional one (1) year periods upon mutual written consent of the Executive and the Board.

3. Best Efforts; Place of Performance.

(a) The Executive shall devote substantially all of his business time, attention and energies to the business and affairs of the Company and shall use his best efforts to advance the best interests of the

Company and shall not during the Term be actively engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage, that will interfere with the performance by the Executive of his duties hereunder or the Executive's availability to perform such duties or that will adversely affect, or negatively reflect upon, the Company.

(b) The duties to be performed by the Executive hereunder shall be performed primarily at the office of the Company in New York, New York, subject to reasonable travel requirements on behalf of the Company.

4. Directorship. The Company shall use its best efforts to cause the Executive to be elected as a member of its Board of Directors throughout the Term and shall include him in the management slate for election as a director at every stockholders meeting during the Term at which his term as a director would otherwise expire. The Executive agrees to accept election, and to serve during the Term, as director of the Company, without any compensation therefor other than as specified in this Agreement.

5. Compensation. As full compensation for the performance by the Executive of his duties under this Agreement, the Company shall pay the Executive as follows:

(a) Base Salary. The Company shall pay Executive a salary (the "Base Salary") equal to Two Hundred Fifty Thousand Dollars (\$250,000.00) per year. Payment shall be made semi-monthly, on the last day of each calendar month.

(b) Discretionary Bonus. At the sole discretion of the Board of Directors of the Company, the Executive shall receive an additional annual bonus (the "DISCRETIONARY BONUS") in an amount equal to up to 100% of his

Base Salary, based upon his performance on behalf of the Company during the prior year. The Discretionary Bonus shall be payable either as a lump-sum payment or in installments as determined by the Board of Directors of the Company in its sole discretion. In addition, the Board of Directors of the Company shall annually review the Bonus to determine whether an increase in the amount thereof is warranted.

(c) Incentive Bonus. The Company shall pay the Executive a periodic milestone based incentive bonuses (each an "INCENTIVE BONUS") as follows:

(i) \$50,000 upon the filing of an Investigational New Drug Application (IND) with the United States Food and Drug Administration;

(ii) \$25,000 within 10 days of the date on which the Company has received an aggregate of \$5,000,000 through financing or otherwise;

(iii) \$25,000 within 10 days of the date on which the Company has received an aggregate of \$10,000,000 through financing or otherwise; and

(iv) \$50,000 upon the successful completion of a Phase I clinical trial of oleoyl-estrone.

(d) Withholding. The Company shall withhold all applicable federal, state and local taxes and social security and such other amounts as may be required by law from all amounts payable to the Executive under this Section 5.

(e) Stock Options. The Company has executed an Agreement and Plan of Merger with Atlantic Technology Ventures, Inc. ("Atlantic"), a publicly traded company (the "Merger"), following which Merger Manhattan stockholders will own 80% of the outstanding common stock of Atlantic. Promptly after the date of the Merger, and as additional compensation for the services to be rendered by the Executive pursuant to this Agreement, the Company shall grant the Executive stock options ("STOCK OPTIONS") to purchase a number of shares of Common Stock of the Company representing 2.5% of the outstanding Common Stock of the Company immediately following the Merger. The stock options shall vest following the first anniversary of this Agreement, subject, in each case, to the provisions of Section 10 below. In connection with such grant, the Executive shall enter into the Company's standard stock option agreement which will incorporate the foregoing vesting schedule and the Stock Option related provisions contained in Section 10 below. The Board of Directors of the Company shall annually review the number of Stock Options granted to the Executive to determine whether an increase in the number thereof is warranted. In the event that the Merger is terminated, then you shall be issued Stock Options to purchase 2.5% of the Company following the date of termination.

(f) Expenses. The Company shall reimburse the Executive for all normal, usual and necessary expenses incurred by the Executive in furtherance of the business and affairs of the Company, including reasonable travel and entertainment, upon timely receipt by the Company of appropriate vouchers or other proof of the Executive's expenditures and otherwise in accordance with any expense reimbursement policy as may from time to time be adopted by the Company.

(g) Other Benefits. The Executive shall be entitled to all rights and benefits for which he shall be eligible under any benefit or other plans (including, without limitation, dental, medical, medical reimbursement and hospital plans, pension plans, employee stock purchase plans, profit sharing plans, bonus plans and other so-called "fringe" benefits) as the Company shall make available to its senior executives from time to time. In addition, the Company shall reimburse the Executives for his reasonable medical licensing fees and other professional dues.

(h) Vacation. The Executive shall, during the Term, be entitled to a vacation of four (4) weeks per annum, in addition to holidays observed by the Company. The Executive shall not be entitled to carry any vacation forward to the next year of employment and shall not receive any compensation for unused vacation days.

6. Confidential Information and Inventions.

(a) The Executive recognizes and acknowledges that in the course of his duties he is likely to receive confidential or proprietary information owned by the Company, its affiliates or third parties with whom the Company or any such affiliates has an obligation of confidentiality. Accordingly, during and after the Term, the Executive agrees to keep confidential and not disclose or make accessible to any other person or use for any other purpose other than in connection with the fulfillment of his duties under this Agreement, any Confidential and Proprietary Information (as defined below) owned by, or received by or on behalf of, the Company or any of its affiliates. "Confidential and Proprietary Information" shall include, but shall not be limited to, confidential or proprietary scientific or technical information, data, formulas and related concepts, business plans (both current and under development), client lists, promotion and marketing programs, trade

secrets, or any other confidential or proprietary business information relating to development programs, costs, revenues, marketing, investments, sales activities, promotions, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Company or of any affiliate or client of the Company. The Executive expressly acknowledges the trade secret status of the Confidential and Proprietary Information and that the Confidential and Proprietary Information constitutes a protectable business interest of the Company. The Executive agrees: (i) not to use any such Confidential and Proprietary Information for himself or others; and (ii) not to take any Company material or reproductions (including but not limited to writings, correspondence, notes, drafts, records, invoices, technical and business policies, computer programs or disks) thereof from the Company's offices at any time during his employment by the Company, except as required in the execution of the Executive's duties to the Company. The Executive agrees to return immediately all Company material and reproductions (including but not limited, to writings, correspondence, notes, drafts, records, invoices, technical and business policies, computer programs or disks) thereof in his possession to the Company upon request and in any event immediately upon termination of employment.

(b) Except with prior written authorization by the Company, the Executive agrees not to disclose or publish any of the Confidential and Proprietary Information, or any confidential, scientific, technical or business information of any other party to whom the Company or any of its affiliates owes an obligation of confidence, at any time during or after his employment with the Company.

(c) The Executive agrees that all inventions, discoveries, improvements and patentable or copyrightable works ("INVENTIONS") initiated, conceived or made by him, either alone or in conjunction with others, during the Term shall be the sole property of the Company to the maximum extent permitted by applicable law and, to the extent permitted by law, shall be "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C.A., Section 101). The Company shall be the sole owner of all patents, copyrights, trade secret rights, and other intellectual property or other rights in connection therewith. The Executive hereby assigns to the Company all right, title and interest he may have or acquire in all such Inventions; provided, however, that the Board of Directors of the Company may in its sole discretion agree to waive the Company's rights pursuant to this Section 6(c) with respect to any Invention that is not directly or indirectly related to the Company's business. The Executive further agrees to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights or other rights on such Inventions in any and all countries, and to that end the Executive will execute all documents necessary:

(i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

(d) The Executive acknowledges that while performing the services under this Agreement the Executive may locate, identify and/or evaluate patented or patentable inventions having commercial potential in the fields of pharmacy, pharmaceutical, biotechnology, healthcare, technology and other fields

which may be of potential interest to the Company or one of its affiliates (the "THIRD PARTY INVENTIONS"). The Executive understands, acknowledges and agrees that all rights to, interests in or opportunities regarding, all Third-Party Inventions identified by the Company, any of its affiliates or either of the foregoing persons' officers, directors, employees (including the Executive), agents or consultants during the Employment Term shall be and remain the sole and exclusive property of the Company or such affiliate and the Executive shall have no rights whatsoever to such Third-Party Inventions and will not pursue for himself or for others any transaction relating to the Third-Party Inventions which is not on behalf of the Company.

(e) The provisions of this Section 6 shall survive any termination of this Agreement.

7. Non-Competition, Non-Solicitation and Non-Disparagement.

(a) The Executive understands and recognizes that his services to the Company are special and unique and that in the course of performing such services the Executive will have access to and knowledge of Confidential and Proprietary Information (as defined in Section 6) and the Executive agrees that, during the Term and for a period of eighteen (18) months thereafter, he shall not in any manner, directly or indirectly, on behalf of himself or any person, firm, partnership, joint venture, corporation or other business entity ("PERSON"), enter into or engage in any business which is engaged in any business directly or indirectly competitive with the business of the Company, either as an individual for his own account, or as a partner, joint venturer, owner, executive, employee, independent contractor, principal, agent, consultant, salesperson, officer, director or shareholder of a Person in a business competitive with the Company within the geographic area of the Company's business, which is deemed by the parties hereto to be worldwide. The Executive acknowledges that, due to the unique nature of the Company's business, the loss of any of its clients or business flow or the improper use of its Confidential and Proprietary Information could create significant instability and cause substantial damage to the Company and its affiliates and therefore the Company has a strong legitimate business interest in protecting the continuity of its business interests and the restriction herein agreed to by the Executive narrowly and fairly serves such an important and critical business interest of the Company. For purposes of this Agreement, the Company shall be deemed to be actively engaged on the date hereof in the development of novel application drug delivery systems for presently marketed prescription and over-the-counter drugs and providing consulting services in connection therewith, and in the future in any other business in which it actually devotes substantive resources to study, develop or pursue. Notwithstanding the foregoing, nothing contained in this Section 7(a) shall be deemed to prohibit the Executive from (i) acquiring or holding, solely for investment, publicly traded securities of any corporation, some or all of the activities of which are competitive with the business of the Company so long as such securities do not, in the aggregate, constitute more than three percent (3%) of any class or series of outstanding securities of such corporation.

(b) During the Term and for a period of 18 months thereafter, the Executive shall not, directly or indirectly, without the prior written consent of the Company:

(i) solicit or induce any employee of the Company or any of its affiliates to leave the employ of the Company or any such affiliate; or hire for any purpose any employee of the Company or any affiliate or any employee who has left the employment of the Company or any affiliate within one

year of the termination of such employee's employment with the Company or any such affiliate or at any time in violation of such employee's non-competition agreement with the Company or any such affiliate; or

(ii) solicit or accept employment or be retained by any Person who, at any time during the term of this Agreement, was an agent, client or customer of the Company or any of its affiliates where his position will be related to the business of the Company or any such affiliate; or (iii) solicit or accept the business of any agent, client or customer of the Company or any of its affiliates with respect to products, services or investments similar to those provided or supplied by the Company or any of its affiliates.

(c) The Company and the Executive each agree that both during the Term and at all times thereafter, neither party shall directly or indirectly disparage, whether or not true, the name or reputation of the other party or any of its affiliates, including but not limited to, any officer, director, employee or shareholder of the Company or any of its affiliates.

(d) In the event that the Executive breaches any provisions of Section 6 or this Section 7 or there is a threatened breach, then, in addition to any other rights which the Company may have, the Company shall (i) be entitled, without the posting of a bond or other security, to injunctive relief to enforce the restrictions contained in such Sections and (ii) have the right to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments and other benefits (collectively "BENEFITS") derived or received by the Executive as a result of any transaction constituting a breach of any of the provisions of Sections 6 or 7 and the Executive hereby agrees to account for and pay over such Benefits to the Company.

(e) Each of the rights and remedies enumerated in Section 7(d) shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company at law or in equity. If any of the covenants contained in this Section 7, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants or rights or remedies which shall be given full effect without regard to the invalid portions. If any of the covenants contained in this Section 7 is held to be invalid or unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and in its reduced form such provision shall then be enforceable. No such holding of invalidity or unenforceability in one jurisdiction shall bar or in any way affect the Company's right to the relief provided in this Section 7 or otherwise in the courts of any other state or jurisdiction within the geographical scope of such covenants as to breaches of such covenants in such other respective states or jurisdictions, such covenants being, for this purpose, severable into diverse and independent covenants.

(f) In the event that an actual proceeding is brought in equity to enforce the provisions of Section 6 or this Section 7, the Executive shall not urge as a defense that there is an adequate remedy at law nor shall the Company be prevented from seeking any other remedies which may be available. The Executive agrees that he shall not raise in any proceeding brought to enforce the provisions of Section 6 or this Section 7 that the covenants contained in such Sections limit his ability to earn a living.

(g) The provisions of this Section 7 shall survive any termination of this Agreement.

8. Representations and Warranties by the Executive.

The Executive hereby represents and warrants to the Company as follows:

(i) Neither the execution or delivery of this Agreement nor the performance by the Executive of his duties and other obligations hereunder violate or will violate any statute, law, determination or award, or conflict with or constitute a default or breach of any covenant or obligation under (whether immediately, upon the giving of notice or lapse of time or both) any prior employment agreement, contract, or other instrument to which the Executive is a party or by which he is bound.

(ii) The Executive has the full right, power and legal capacity to enter and deliver this Agreement and to perform his duties and other obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of the Executive enforceable against him in accordance with its terms. No approvals or consents of any persons or entities are required for the Executive to execute and deliver this Agreement or perform his duties and other obligations hereunder.

9. Termination. The Executive's employment hereunder shall be terminated upon the Executive's death and may be terminated as follows:

(a) The Executive's employment hereunder may be terminated by the Board of Directors of the Company for Cause. Any of the following actions by the Executive shall constitute "CAUSE":

(i) The willful failure, disregard or refusal by the Executive to perform his duties hereunder;

(ii) Any willful, intentional or grossly negligent act by the Executive having the effect of injuring, in a material way (whether financial or otherwise and as determined in good-faith by a majority of the Board of Directors of the Company), the business or reputation of the Company or any of its affiliates, including but not limited to, any officer, director, executive or shareholder of the Company or any of its affiliates;

(iii) Willful misconduct by the Executive in respect of the duties or obligations of the Executive under this Agreement, including, without limitation, insubordination with respect to directions received by the Executive from the Board of Directors of the Company;

(iv) The Executive's indictment of any felony or a misdemeanor involving moral turpitude (including entry of a nolo contendere plea);

(v) The determination by the Company, after a reasonable and good-faith investigation by the Company following a written allegation by another employee of the Company, that the Executive engaged in some form of harassment prohibited by law (including, without limitation, age, sex or race discrimination), unless the Executive's actions were specifically directed by the Board of Directors of the Company;

(vi) Any misappropriation or embezzlement of the property of the Company or its affiliates (whether or not a misdemeanor or felony);

(vii) Breach by the Executive of any of the provisions of Sections 6, 7 or 8 of this Agreement; and (viii) Breach by the Executive of any provision of this Agreement other than those contained in Sections 6, 7 or 8 which is not cured by the Executive within thirty (30) days after notice thereof is given to the Executive by the Company.

(b) The Executive's employment hereunder may be terminated by the Board of Directors of the Company due to the Executive's Disability. For purposes of this Agreement, a termination for "DISABILITY" shall occur (i) when the Board of Directors of the Company has provided a written termination notice to the Executive supported by a written statement from a reputable independent physician to the effect that the Executive shall have become so physically or mentally incapacitated as to be unable to resume, within the ensuing twelve (12) months, his employment hereunder by reason of physical or mental illness or injury, or (ii) upon rendering of a written termination notice by the Board of Directors of the Company after the Executive has been unable to substantially perform his duties hereunder for 90 or more consecutive days, or more than 120 days in any consecutive twelve month period, by reason of any physical or mental illness or injury. For purposes of this Section 9(b), the Executive agrees to make himself available and to cooperate in any reasonable examination by a reputable independent physician retained by the Company.

(c) The Executive's employment hereunder may be terminated by the Board of Directors of the Company (or its successor) upon the occurrence of a Change of Control. For purposes of this Agreement, "CHANGE OF CONTROL" means (i) the acquisition, directly or indirectly, following the date hereof by any person (as such term is defined in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended), in one transaction or a series of related transactions, of securities of the Company representing in excess of fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities if such person or his or its affiliate(s) do not own in excess of 50% of such voting power on the date of this Agreement, or (ii) the future disposition by the Company (whether direct or indirect, by sale of assets or stock, merger, consolidation or otherwise) of all or substantially all of its business and/or assets in one transaction or series of related transactions (other than a merger effected exclusively for the purpose of changing the domicile of the Company).

(d) The Executive's employment hereunder may be terminated by the Executive for Good Reason. For purposes of this Agreement, "GOOD REASON" shall mean any of the following: (i) the assignment to the Executive of duties inconsistent with the Executive's position, duties, responsibilities, titles or offices as described herein; (ii) any material reduction by the Corporation of the Executive's duties and responsibilities; or (iii) any reduction by the Corporation of the Executive's compensation or benefits payable hereunder (it being understood that a reduction of benefits applicable to all employees of the Corporation, including the Executive, shall not be deemed a reduction of the Executive's compensation package for purposes of this definition).

10. Compensation upon Termination.

(a) If the Executive's employment is terminated as a result of his death or Disability, the Company shall pay to the Executive or to the Executive's estate, as applicable, (x) his Base Salary and any accrued and any unpaid Bonus and expense reimbursement amounts through the date of his Death or Disability. All Stock Options that are scheduled to vest by the end of the calendar year in which such termination occurs shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be deemed to have expired as of such date. Any Stock Options that have vested as of the date of the Executive's death or Disability (including the Options described in the immediately preceding sentence).

(b) If the Executive's employment is terminated by the Board of Directors of the Company for Cause, then the Company shall pay to the Executive his Base Salary through the date of his termination and the Executive shall have no further entitlement to any other compensation or benefits from the Company. All Stock Options that are scheduled to vest by the end of the calendar year in which such Change of Control occurs shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be deemed to have expired as of such date.

(c) If the Executive's employment is terminated by the Company (or its successor) upon the occurrence of a Change of Control, the Company (or its successor, as applicable) shall continue to pay to the Executive his Base Salary and benefits for a period of one year following such termination. All Stock Options that have not vested as of the date of such termination shall be accelerated and deemed to have vested as of such date.

(d) If the Executive's employment is terminated by the Company other than as a result of the Executive's death or Disability and other than for reasons specified in Sections 10(b) or (c), then the Company shall continue to pay to the Executive his Base Salary for a period of one year following such termination, and (ii) pay the Executive any expense reimbursement amounts owed through the date of termination. The Company's obligation under clauses (i) and (ii) in the preceding sentence shall be subject to offset by any amounts otherwise received by the Executive from any employment during the one year period following the termination of his employment. All Stock Options that are scheduled to vest by the end of the calendar year in which such termination occurs shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be deemed to have expired as of such date.

(e) This Section 10 sets forth the only obligations of the Company with respect to the termination of the Executive's employment with the Company, and the Executive acknowledges that, upon the termination of his employment, he shall not be entitled to any payments or benefits which are not explicitly provided in Section 10.

(f) Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned as director of the Company, effective as of the date of such termination.

(g) The provisions of this Section 10 shall survive any termination of this Agreement.

11. Miscellaneous.

(a) This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without giving effect to its principles of conflicts of laws.

(b) Any dispute arising out of, or relating to, this Agreement or the breach thereof (other than Sections 6 or 7 hereof), or regarding the interpretation thereof, shall be finally settled by arbitration conducted in New York City in accordance with the rules of the American Arbitration Association then in effect before a single arbitrator appointed in accordance with such rules. Judgment upon any award rendered therein may be entered and enforcement obtained thereon in any court having jurisdiction. The arbitrator shall have authority to grant any form of appropriate relief, whether legal or equitable in nature, including specific performance. For the purpose of any judicial proceeding to enforce such award or incidental to such arbitration or to compel arbitration and for purposes of Sections 6 and 7 hereof, the parties hereby submit to the non-exclusive jurisdiction of the Supreme Court of the State of New York, New York County, or the United States District Court for the Southern District of New York, and agree that service of process in such arbitration or court proceedings shall be satisfactorily made upon it if sent by registered mail addressed to it at the address referred to in paragraph (g) below. The costs of such arbitration shall be borne proportionate to the finding of fault as determined by the arbitrator. Judgment on the arbitration award may be entered by any court of competent jurisdiction.

(c) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

(d) This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its business or assets.

(e) This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the parties hereto.

(f) The failure of either party to insist upon the strict performance of any of the terms, conditions and provisions of this Agreement shall not be construed as a waiver or relinquishment of future compliance therewith, and such terms, conditions and provisions shall remain in full force and effect. No waiver of any term or condition of this Agreement on the part of either party shall be effective for any purpose whatsoever unless such waiver is in writing and signed by such party.

(g) All notices, requests, consents and other communications, required or permitted to be given hereunder, shall be in writing and shall be delivered personally or by an overnight courier service or sent by registered or certified mail, postage prepaid, return receipt requested, to the parties at the addresses set forth on the first page of this Agreement, and shall be deemed given when so delivered personally or by overnight courier, or, if mailed, five days after the date of deposit in the United States mails. Either party may

designate another address, for receipt of notices hereunder by giving notice to the other party in accordance with this paragraph (g).

(h) This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

(i) As used in this Agreement, "affiliate" of a specified Person shall mean and include any Person controlling, controlled by or under common control with the specified Person.

(j) The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(k) This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

MANHATTAN PHARMACEUTICALS, INC.

By: /s/ David M. Tanen

Name: David M. Tanen
Title: President

EXECUTIVE

By: /s/ Dr. Leonard Firestone

Name: Dr. Leonard Firestone

EMPLOYMENT AGREEMENT

AGREEMENT (the "AGREEMENT"), dated as of February 28, 2003, by and between MANHATTAN PHARMACEUTICALS, INC., a Delaware corporation with principal executive offices at 787 Seventh Avenue, 48th Floor, New York, NY 10019 (the "COMPANY"), and Nicholas J. Rossettos, residing at 449 West 56th Street, Apt. 7D, New York, New York (the "EXECUTIVE").

W I T N E S S E T H:

WHEREAS, the Company desires to employ the Executive as Chief Financial Officer and Chief Operating Officer of the Company, and the Executive desires to serve the Company in those capacities, upon the terms and subject to the conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. EMPLOYMENT. (a) SERVICES. The Executive will be employed by the Company as its Chief Financial Officer and Chief Operating Officer. You will report to the Board of Directors of the Company (the "Board") with primary direction being given by the Company's Chief Executive Officer. You agree to perform such services as are consistent with your position as Chief Financial Officer and Chief Operating Officer (the "Services"). The Executive agree to perform such Services faithfully, to devote all his working time, attention and energies to the business of the Company, and while he remains employed, not to engage in any other business activity that is in conflict with his duties and obligations to the Company. The Executive also agrees that during the term of this Agreement, the Board, at his sole discretion, may appoint another individual to the role of Chief Operations Officer, at which time the Executive will continue being employed by the Company solely as its Chief Financial Officer, without change in compensation or term of the Agreement.

(b) ACCEPTANCE. Executive hereby accepts such employment and agrees to render the Services.

2. TERM. (a) The Executive's employment under this Agreement (the "Term") shall commence as of the Effective Date (as hereinafter defined) and shall continue for a term of two (2) years, unless sooner terminated pursuant to Section 9 of this Agreement. Notwithstanding anything to the contrary contained herein, the provisions of this Agreement governing protection of Confidential Information shall continue in effect as specified in Section 5 hereof and survive the expiration or termination hereof. The Term may be extended for additional one (1) year periods upon mutual written consent of the Executive and the Board.

(b) This Agreement shall be conditioned in its entirety upon the successful completion of the merger transaction (the "Merger") contemplated by and among the Company and Atlantic Technology Ventures, Inc. The Effective Date for the purposes of Section 2. (a) shall be February 21, 2003, the date of the Merger.

3. BEST EFFORTS; PLACE OF PERFORMANCE. The Executive shall devote substantially all of his business time, attention and energies to the business and affairs of the Company and shall use his best efforts to advance the best interests of the Company and shall not during the Term be actively engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage, that will interfere with the performance by the Executive of his duties hereunder or the Executive's availability to perform such duties or that will adversely affect, or negatively reflect upon, the Company. The duties to be performed by the Executive hereunder shall be performed primarily at the office of the Company in New York, New York, subject to reasonable travel requirements on behalf of the Company.

4. COMPENSATION. As full compensation for the performance by the Executive of his duties under this Agreement, the Company shall pay the Executive as follows:

(a) BASE SALARY. The Company shall pay Executive a salary (the "Base Salary") equal to One Hundred Fifty Thousand Dollars (\$150,000.00) per year. Payment shall be made semi-monthly, on the middle and last day of each calendar month.

(b) DISCRETIONARY BONUS. At the sole discretion of the Board of Directors of the Company, the Executive shall be eligible to receive an additional annual bonus (the "DISCRETIONARY BONUS") based upon his performance on behalf of the Company during the prior year. The Discretionary Bonus shall be payable either as a lump-sum payment or in installments as determined by the Board of Directors of the Company in its sole discretion.

(c) WITHHOLDING. The Company shall withhold all applicable federal, state and local taxes and social security and such other amounts as may be required by law from all amounts payable to the Executive under this Section 4.

(d) STOCK OPTIONS. As additional compensation for the services to be rendered by the Executive pursuant to this Agreement, the Company shall

grant the Executive stock options ("STOCK OPTIONS") to purchase a number of shares to be determined approximating 1.25 percent of the shares of the outstanding Common Stock of the Company immediately following the Merger. The stock options shall vest equally on the first and second anniversary of this Agreement, subject, in each case, to the provisions of Section 9 below. In connection with such grant, the Executive shall enter into the Company's standard stock option agreement which will incorporate the foregoing vesting schedule and the Stock Option related provisions contained in Section 9 below. The Board of Directors of the Company shall annually review the number of Stock Options granted to the Executive to determine whether an increase in the number thereof is warranted.

(e) EXPENSES. The Company shall reimburse the Executive for all normal, usual and necessary expenses incurred by the Executive in furtherance of the business and affairs of the Company, including reasonable travel and entertainment, upon timely receipt by the Company of appropriate vouchers or other proof of the Executive's expenditures and otherwise in accordance with any expense reimbursement policy as may from time to time be adopted by the Company.

(f) OTHER BENEFITS. The Executive shall be entitled to all rights and benefits for which he shall be eligible under any benefit or other plan (including, without limitation, dental, medical, medical reimbursement and

hospital plans, pension plans, employee stock purchase plans, profit sharing plans, bonus plans and other so-called "fringe" benefits) as the Company shall make available to its senior executives from time to time

(g) VACATION. The Executive shall, during the Term, be entitled to a vacation of four (4) weeks per annum, in addition to holidays observed by the Company. The Executive shall not be entitled to carry any vacation forward to the next year of employment and shall not receive any compensation for unused vacation days.

5. CONFIDENTIAL INFORMATION AND INVENTIONS.

(a) The Executive recognizes and acknowledges that in the course of his duties he is likely to receive confidential or proprietary information owned by the Company, its affiliates or third parties with whom the Company or any such affiliates has an obligation of confidentiality. Accordingly, during and after the Term, the Executive agrees to keep confidential and not disclose or make accessible to any other person or use for any other purpose other than in connection with the fulfillment of his duties under this Agreement, any Confidential and Proprietary Information (as defined below) owned by, or received by or on behalf of, the Company or any of its affiliates. "Confidential and Proprietary Information" shall include, but shall not be limited to, confidential or proprietary scientific or technical information, data, formulas and related concepts, business plans (both current and under development), client lists, promotion and marketing programs, trade secrets, or any other confidential or proprietary business information relating to development programs, costs, revenues, marketing, investments, sales activities, promotions, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Company or of any affiliate or client of the Company. The Executive expressly acknowledges the trade secret status of the Confidential and Proprietary Information and that the Confidential and Proprietary Information constitutes a protectable business interest of the Company. The Executive agrees: (i) not to use any such Confidential and Proprietary Information for himself or others; and (ii) not to take any Company material or reproductions (including but not limited to writings, correspondence, notes, drafts, records, invoices, technical and business policies, computer programs or disks) thereof from the Company's offices at any time during his employment by the Company, except as required in the execution of the Executive's duties to the Company. The Executive agrees to return immediately all Company material and reproductions (including but not limited, to writings, correspondence, notes, drafts, records, invoices, technical and business policies, computer programs or disks) thereof in his possession to the Company upon request and in any event immediately upon termination of employment.

(b) Except with prior written authorization by the Company, the Executive agrees not to disclose or publish any of the Confidential and Proprietary Information, or any confidential, scientific, technical or business information of any other party to whom the Company or any of its affiliates owes an obligation of confidence, at any time during or after his employment with the Company.

(c) The Executive agrees that all inventions, discoveries, improvements and patentable or copyrightable works ("INVENTIONS") initiated, conceived or made by him, either alone or in conjunction with others, during the Term shall be the sole property of the Company to the maximum extent permitted by applicable law and, to the extent permitted by law, shall be "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C.A., Section 101). The Company shall be the sole owner of all patents, copyrights,

trade secret rights, and other intellectual property or other rights in connection therewith. The Executive hereby assigns to the Company all right, title and interest he may have or acquire in all such Inventions; provided, however, that the Board of Directors of the Company may in its sole discretion agree to waive the Company's rights pursuant to this Section 5(c) with respect to any Invention that is not directly or indirectly related to the Company's business. The Executive further agrees to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights or other rights on such Inventions in any and all countries, and to that end the Executive will execute all documents necessary:

(i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

(d) The Executive acknowledges that while performing the services under this Agreement the Executive may locate, identify and/or evaluate patented or patentable inventions having commercial potential in the fields of pharmacy, pharmaceutical, biotechnology, healthcare, technology and other fields which may be of potential interest to the Company or one of its affiliates (the "THIRD PARTY INVENTIONS"). The Executive understands, acknowledges and agrees that all rights to, interests in or opportunities regarding, all Third-Party Inventions identified by the Company, any of its affiliates or either of the foregoing persons' officers, directors, employees (including the Executive), agents or consultants during the Employment Term shall be and remain the sole and exclusive property of the Company or such affiliate and the Executive shall have no rights whatsoever to such Third-Party Inventions and will not pursue for himself or for others any transaction relating to the Third-Party Inventions which is not on behalf of the Company.

(e) The provisions of this Section 5 shall survive any termination of this Agreement.

6. NON-COMPETITION, NON-SOLICITATION AND NON-DISPARAGEMENT.

(a) The Executive understands and recognizes that his services to the Company are special and unique and that in the course of performing such services the Executive will have access to and knowledge of Confidential and Proprietary Information (as defined in Section 6) and the Executive agrees that, during the Term and for a period of eighteen (18) months thereafter, he shall not in any manner, directly or indirectly, on behalf of himself or any person, firm, partnership, joint venture, corporation or other business entity ("PERSON"), enter into or engage in any business which is engaged in any business directly or indirectly competitive with the business of the Company, either as an individual for his own account, or as a partner, joint venturer, owner, executive, employee, independent contractor, principal, agent, consultant, salesperson, officer, director or shareholder of a Person in a business competitive with the Company within the geographic area of the Company's business, which is deemed by the parties hereto to be worldwide. The Company acknowledges the need for the Executive to be EMPLOYED IN HIS PROFESSION AND WILL CONSIDER WHETHER THERE IS A SPECIFIC CONFLICT. The Executive

acknowledges that, due to the unique nature of the Company's business, the loss of any of its clients or business flow or the improper use of its Confidential and Proprietary Information could create significant instability and cause substantial damage to the Company and its affiliates and therefore the Company has a strong legitimate business interest in protecting the continuity of its business interests and the restriction herein agreed to by the Executive narrowly and fairly serves such an important and critical business interest of the Company. For purposes of this Agreement, the Company shall be deemed to be actively engaged on the date hereof in the development of novel application drug delivery systems for presently marketed prescription and over-the-counter drugs and providing consulting services in connection therewith, and in the future in any other business in which it actually devotes substantive resources to study, develop or pursue. Notwithstanding the foregoing, nothing contained in this Section 6(a) shall be deemed to prohibit the Executive from (i) acquiring or holding, solely for investment, publicly traded securities of any corporation, some or all of the activities of which are competitive with the business of the Company so long as such securities do not, in the aggregate, constitute more than three percent (3%) of any class or series of outstanding securities of such corporation.

(b) During the Term and for a period of 18 months thereafter, the Executive shall not, directly or indirectly, without the prior written consent of the Company, which will not be unreasonably withheld:

(i) solicit or induce any employee of the Company or any of its affiliates to leave the employ of the Company or any such affiliate; or hire for any purpose any employee of the Company or any affiliate or any employee who has left the employment of the Company or any affiliate within one year of the termination of such employee's employment with the Company or any such affiliate or at any time in violation of such employee's non-competition agreement with the Company or any such affiliate; or

(ii) solicit or accept employment or be retained by any Person who, at any time during the term of this Agreement, was an agent, client or customer of the Company or any of its affiliates where his position will be related to the business of the Company or any such affiliate; or (iii) solicit or accept the business of any agent, client or customer of the Company or any of its affiliates with respect to products, services or investments similar to those provided or supplied by the Company or any of its affiliates. (c) The Company and the Executive each agree that both during the Term and at all times thereafter, neither party shall directly or indirectly disparage, whether or not true, the name or reputation of the other party or any of its affiliates, including but not limited to, any officer, director, employee or shareholder of the Company or any of its affiliates.

(d) In the event that the Executive breaches any provisions of Section 5 or this Section 6 or there is a threatened breach, then, in addition to any other rights which the Company may have, the Company shall (i) be entitled, without the posting of a bond or other security, to injunctive relief to enforce the restrictions contained in such Sections and (ii) have the right to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments and other benefits (collectively "BENEFITS") derived or received by the Executive as a result of any transaction constituting a breach of any of the

provisions of Sections 5 or 6 and the Executive hereby agrees to account for and pay over such Benefits to the Company.

(e) Each of the rights and remedies enumerated in Section 6(d) shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company at law or in equity. If any of the covenants contained in this Section 6, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants or rights or remedies which shall be given full effect without regard to the invalid portions. If any of the covenants contained in this Section 6 is held to be invalid or unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and in its reduced form such provision shall then be enforceable. No such holding of invalidity or unenforceability in one jurisdiction shall bar or in any way affect the Company's right to the relief provided in this Section 6 or otherwise in the courts of any other state or jurisdiction within the geographical scope of such covenants as to breaches of such covenants in such other respective states or jurisdictions, such covenants being, for this purpose, severable into diverse and independent covenants.

(f) In the event that an actual proceeding is brought in equity to enforce the provisions of Section 5 or this Section 6, the Executive shall not urge as a defense that there is an adequate remedy at law nor shall the Company be prevented from seeking any other remedies which may be available. The Executive agrees that he shall not raise in any proceeding brought to enforce the provisions of Section 5 or this Section 6 that the covenants contained in such Sections limit his ability to earn a living.

(g) The provisions of this Section 6 shall survive any termination of this Agreement.

7. REPRESENTATIONS AND WARRANTIES BY THE EXECUTIVE.

The Executive hereby represents and warrants to the best of his knowledge and belief to the Company as follows:

(i) Neither the execution or delivery of this Agreement nor the performance by the Executive of his duties and other obligations hereunder violate or will violate any statute, law, determination or award, or conflict with or constitute a default or breach of any covenant or obligation under (whether immediately, upon the giving of notice or lapse of time or both) any prior employment agreement, contract, or other instrument to which the Executive is a party or by which he is bound.

(ii) The Executive has the full right, power and legal capacity to enter and deliver this Agreement and to perform his duties and other obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of the Executive enforceable against him in accordance with its terms. No approvals or consents of any persons or entities are required for the Executive to execute and deliver this Agreement or perform his duties and other obligations hereunder.

8. Termination. The Executive's employment hereunder shall be

terminated upon the Executive's death and may be terminated as follows:

(a) The Executive's employment hereunder may be terminated by the Board of Directors of the Company for Cause. Any of the following actions by the Executive shall constitute "CAUSE":

(i) The willful failure, disregard or refusal by the Executive to perform his duties hereunder;

(ii) Any willful, intentional or grossly negligent act by the Executive having the effect of injuring, in a material way (whether financial or otherwise and as determined in good-faith by a majority of the Board of Directors of the Company), the business or reputation of the Company or any of its affiliates, including but not limited to, any officer, director, executive or shareholder of the Company or any of its affiliates;

(iii) Willful misconduct by the Executive in respect of the duties or obligations of the Executive under this Agreement, including, without limitation, insubordination with respect to directions received by the Executive from the Board of Directors of the Company;

(iv) The Executive's indictment of any felony or a misdemeanor involving moral turpitude (including entry of a nolo contendere plea);

(v) The determination by the Company, after a reasonable and good-faith investigation by the Company following a written allegation by another employee of the Company, that the Executive engaged in some form of harassment prohibited by law (including, without limitation, age, sex or race discrimination), unless the Executive's actions were specifically directed by the Board of Directors of the Company;

(vi) Any misappropriation or embezzlement of the property of the Company or its affiliates (whether or not a misdemeanor or felony);

(vii) Breach by the Executive of any of the provisions of Sections 5, 6 or 7 of this Agreement; and

(viii) Breach by the Executive of any provision of this Agreement other than those contained in Sections 5, 6 or 7 which is not cured by the Executive within thirty (30) days after notice thereof is given to the Executive by the Company.

(b) The Executive's employment hereunder may be terminated by the Board of Directors of the Company due to the Executive's Disability. For purposes of this Agreement, a termination for "DISABILITY" shall occur (i) when the Board of Directors of the Company has provided a written termination notice to the Executive supported by a written statement from a reputable independent physician to the effect that the Executive shall have become so physically or mentally incapacitated as to be unable to resume, within the ensuing twelve (12) months, his employment hereunder by reason of physical or mental illness or injury, or (ii) upon rendering of a written termination notice by the Board of Directors of the Company after the Executive has been unable to substantially perform his duties hereunder for 90 or more consecutive days, or more than 120 days in any consecutive twelve month period, by reason of any physical or mental

illness or injury. For purposes of this Section 9(b), the Executive agrees to make himself available and to cooperate in any reasonable examination by a reputable independent physician retained by the Company.

(c) The Executive's employment hereunder may be terminated by the Board of Directors of the Company (or its successor) upon the occurrence of a Change of Control. For purposes of this Agreement, "CHANGE OF CONTROL" means (i) the acquisition, directly or indirectly, following the date hereof by any person (as such term is defined in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended), in one transaction or a series of related transactions, of securities of the Company representing in excess of fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities if such person or his or its affiliate(s) do not own in excess of 50% of such voting power on the date of this Agreement, or (ii) the future disposition by the Company (whether direct or indirect, by sale of assets or stock, merger, consolidation or otherwise) of all or substantially all of its business and/or assets in one transaction or series of related transactions (other than a merger effected exclusively for the purpose of changing the domicile of the Company).

(d) The Executive's employment hereunder may be terminated by the Executive for Good Reason. For purposes of this Agreement, "GOOD REASON" shall mean any of the following: (i) the assignment to the Executive of duties inconsistent with the Executive's position, duties, responsibilities, titles or offices as described herein; (ii) any material reduction by the Corporation of the Executive's duties and responsibilities; or (iii) any reduction by the Corporation of the Executive's compensation or benefits payable hereunder (it being understood that a reduction of benefits applicable to all employees of the Corporation, including the Executive, shall not be deemed a reduction of the Executive's compensation package for purposes of this definition).

9. COMPENSATION UPON TERMINATION.

(a) If the Executive's employment is terminated as a result of his death or Disability, the Company shall pay to the Executive or to the Executive's estate, as applicable, (x) his Base Salary and any accrued but unpaid Bonus and expense reimbursement amounts through the date of his Death or Disability. All Stock Options that are scheduled to vest by the end of the calendar year in which such termination occurs shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be deemed to have expired as of such date.

(b) If the Executive's employment is terminated by the Board of Directors of the Company for Cause, then the Company shall pay to the Executive his Base Salary through the date of his termination and the Executive shall have no further entitlement to any other compensation or benefits from the Company. All Stock Options that are scheduled to vest by the end of the calendar year in which such Change of Control occurs shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be deemed to have expired as of such date.

(c) If the Executive's employment is terminated by the Company (or its successor) upon the occurrence of a Change of Control, the Company (or its successor, as applicable) shall continue to pay to the Executive his Base

Salary and benefits for a period of 6 months following such termination. All Stock Options that have not vested as of the date of such termination shall be accelerated and deemed to have vested as of such date.

(d) If the Executive's employment is terminated by the Company other than as a result of the Executive's death or Disability and other than for reasons specified in Sections 9(b) or (c), then the Company shall continue to pay to the Executive his Base Salary and Benefits until the earlier to occur of (1) the end of the Term and (2) the date that is one year following such termination, and (ii) pay the Executive any expense reimbursement amounts owed through the date of termination. The Company's obligation under clauses (i) and (ii) in the preceding sentence shall be subject to offset by any amounts otherwise received by the Executive from any employment during the one year period following the termination of his employment. All Stock Options that are scheduled to vest by the end of the calendar year in which such termination occurs shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be deemed to have expired as of such date.

(e) This Section 9 sets forth the only obligations of the Company with respect to the termination of the Executive's employment with the Company, and the Executive acknowledges that, upon the termination of his employment, he shall not be entitled to any payments or benefits which are not explicitly provided in Section 9.

(f) The provisions of this Section 9 shall survive any termination of this Agreement.

10. Miscellaneous.

(a) This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without giving effect to its principles of conflicts of laws.

(b) Any dispute arising out of, or relating to, this Agreement or the breach thereof (other than Sections 5 or 6 hereof), or regarding the interpretation thereof, shall be finally settled by arbitration conducted in New York City in accordance with the rules of the American Arbitration Association then in effect before a single arbitrator appointed in accordance with such rules. Judgment upon any award rendered therein may be entered and enforcement obtained thereon in any court having jurisdiction. The arbitrator shall have authority to grant any form of appropriate relief, whether legal or equitable in nature, including specific performance. For the purpose of any judicial proceeding to enforce such award or incidental to such arbitration or to compel arbitration and for purposes of Sections 5 and 6 hereof, the parties hereby submit to the non-exclusive jurisdiction of the Supreme Court of the State of New York, New York County, or the United States District Court for the Southern District of New York, and agree that service of process in such arbitration or court proceedings shall be satisfactorily made upon it if sent by registered mail addressed to it at the address referred to in paragraph (g) below. The costs of such arbitration shall be borne proportionate to the finding of fault as determined by the arbitrator. Judgment on the arbitration award may be entered by any court of competent jurisdiction.

(c) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

(d) This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its business or assets.

(e) This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the parties hereto.

(f) The failure of either party to insist upon the strict performance of any of the terms, conditions and provisions of this Agreement shall not be construed as a waiver or relinquishment of future compliance therewith, and such terms, conditions and provisions shall remain in full force and effect. No waiver of any term or condition of this Agreement on the part of either party shall be effective for any purpose whatsoever unless such waiver is in writing and signed by such party.

(g) All notices, requests, consents and other communications, required or permitted to be given hereunder, shall be in writing and shall be delivered personally or by an overnight courier service or sent by registered or certified mail, postage prepaid, return receipt requested, to the parties at the addresses set forth on the first page of this Agreement, and shall be deemed given when so delivered personally or by overnight courier, or, if mailed, five days after the date of deposit in the United States mails. Either party may designate another address, for receipt of notices hereunder by giving notice to the other party in accordance with this paragraph (g).

(h) This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

(i) As used in this Agreement, "affiliate" of a specified Person shall mean and include any Person controlling, controlled by or under common control with the specified Person.

(j) The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(k) This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

MANHATTAN PHARMACEUTICALS, INC.

By: /s/ Leonard Firestone MD

Name: Leonard Firestone MD
Title: Chief Executive Officer
Date:

EXECUTIVE

By: /s/ Nicholas J. Rossettos

Name: Nicholas J. Rossettos
Date

LICENSE AGREEMENT

This License Agreement (hereinafter referred to as this "Agreement"), effective as of February 15, 2002 (the "Effective Date"), is entered into by and between Oleoyl-Estrone Developments SL (the "Licensor") and Manhattan Pharmaceuticals, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company").

WHEREAS, the Licensor is the owner of the intellectual property set forth in Appendix I hereto which is based on inventions and confidential information discovered at the University of Barcelona (the "University") relating to the use of fatty acid monoesters of estrone for the treatment of obesity and/or overweight (the "Invention"); and

WHEREAS, the Licensor may discover or develop, or acquire ownership of pursuant to a Contract Research Agreement dated December 15, 2001, between Licensor, Dr. Maria Alemany and the University (the "University Contract"), additional intellectual property, technical information or proprietary rights which may be subject to the terms of this Agreement; and

WHEREAS, the Licensor desires to grant to the Company and the Company desires to obtain a license to the Invention and to further developments thereto upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, it is agreed as follows:

ARTICLE 1 - DEFINITIONS

For the purposes of this License Agreement, the following words and phrases shall have the following meanings:

1.1 The "Company" shall mean Manhattan Pharmaceuticals, Inc., a Delaware corporation.

1.2 "Affiliate" shall mean, with respect to any Entity (as hereinafter defined), any Entity that directly or indirectly controls, is controlled by, or is under common control with such Entity.

1.2.1 "Control" shall mean, for this purpose, the direct or indirect control of more than fifty percent (50%) of the voting securities of an Entity or, if such Entity does not have outstanding voting securities, more than 50% of the directorships or similar positions with respect to such Entity.

1.2.2 "Entity" shall mean any corporation, association, joint venture, partnership, limited liability company, trust, university, business, individual, government or political subdivision thereof, including an agency, or any other organization that can exercise independent legal standing.

1.3 "Patent Rights" shall mean:

1.3.1 all U.S. and foreign patents and patent applications set forth in Appendix I;

1.3.2 Any other United States and/or foreign patent applications and/or patents together with any and all patents issuing thereon, including parent patents, continuation, divisionals and re-issue applications, re-examinations and continuation-in-part applications and any United States or foreign patents

granted upon such applications, based upon any Improvements, any and all of which shall be deemed added to Appendix I;

1.3.3 Any later-filed United States and/or foreign patent applications based on the patent applications and/or patents listed in Appendix I, or corresponding thereto, including any continuations, continuations-in-part, divisional, reissues, reexaminations, or extensions thereof;

1.3.4 Any United States and/or foreign patents issuing from any of the foregoing; and 1.3.5 Any United States and/or foreign trademark applications filed by or on behalf of the Licensor related to the Invention.

1.4 "Know-how" shall mean all tangible information (other than that contained in the Patent Rights) whether patentable or not (but which has not been patented) and physical objects related to the Invention or to the Licensed Product, including but not limited to formulations, materials, data, drawings and sketches, designs, testing and test results, regulatory information of a like nature, owned by any of the Licensor as of the Effective Date or subsequently generated or acquired by the Licensor during the term of this Agreement, which the Licensor has the right to disclose and license to the Company, and which arose in Dr. Alemany's, Dr. Xavier Remesar's and Dr. Jose A. Fernandez' respective laboratory under one or all of their direction.

1.5 "Licensed Product(s)" shall mean:

1.5.1 Any product that is covered in whole or in part by a valid and unexpired claim contained in the Patent Rights in the country in which the product is made, used, leased or sold;

1.5.2 Any product which is used according to a method, which is covered in whole or in part by a valid and unexpired claim, contained in the Patent Rights in the country in which the method is used.

1.6 "Improvements" means any inventions or improvements to the Invention, in each case, within the scope of one or more claims of any of the Patent Rights, acquired, created or made by the Licensor during the term of this Agreement and which arose in Dr. Alemany's, Dr. Xavier Remesar's and Dr. Jose A. Fernandez' respective laboratory under one or all of their direction.

ARTICLE 2 - GRANT

2.1 The Licensor hereby grants to the Company, and the Company accepts, subject to the terms and conditions of this Agreement, a worldwide license in all fields of use to practice under the Patent Rights and to utilize the Know-how, to make, have made, use, lease and/or sell the Licensed Products, to the full end of the term for which the Patent Rights are granted, unless sooner terminated as hereinafter provided.

2.2 Notwithstanding any other provision contained in this Agreement, the Licensor retains an irrevocable, non-exclusive, royalty-free right to use the technology, ideas and enhancements reflected in the Patent Rights and the Know-how solely for its internal, non-commercial use.

2.3 The Licensor owns the Patent Rights, free and clear of all liens, charges, encumbrances or other restrictions or limitations of any kind whatsoever and, to the Licensor's knowledge and belief, there are no licenses, options, restrictions, liens, rights of third parties, disputes, royalty obligations, proceedings or claims relating to, affecting, or limiting its rights or the rights of the Company under this Agreement with respect to, or which may lead to a claim of infringement or invalidity regarding, any part or

all of the Patent Rights and their use as contemplated in the underlying patent applications as presently drafted.

2.4 Prior to execution of this Agreement, the Licensor has made available to the Company a fully executed copy of the Declaration of Assignment between the Licensor and the University (a copy of which is attached hereto as Exhibit 2.4) granting the Licensor exclusive, absolute, irrevocable right, title and interest to practice the rights granted thereunder together with the right to grant the license granted to the Company hereunder. The Licensor further represents to the Company that it requires no consent from any third party (including without limitations, the University, the Licensor's stockholders to any governmental agency) to grant to the Company the rights granted hereunder and that it has made all regulatory filings required in order to secure the rights granted under the Declaration of Assignment, including filing with the Commercial Registry..

2.5 To the Licensor's knowledge and belief there is no claim, pending or threatened, of infringement, interference or invalidity regarding, any part or all of the Patent Rights and their use as contemplated in the underlying patent applications as presently drafted.

2.6 The Licensor has disclosed certain information to the Company or its Affiliates subject to the terms of the Confidentiality Agreement entered into prior to the execution of this Agreement, which, to Licensor's knowledge, constitutes all material information in Licensor's possession relating to the Invention.

2.7 The Licensor grants to the Company the right to grant sublicenses to third-parties under the license granted hereunder, subject, solely in the case of a sublicense to an Affiliate of the Company, to the prior written consent of the Licensor which will not be unreasonably withheld. In order to enable the Licensor to make a determination regarding any such proposed

sublicense that is subject to Licensor's consent pursuant to the immediately preceding sentence, the Company shall give the Licensor prior written notice thereof, such notice to be accompanied by the proposed sublicense agreement, if available, or, if such agreement is not then available, by a description setting forth in reasonable detail, the identity of the proposed sublicensee and the terms and conditions of such sublicense. The Licensor shall respond to any request for consent by the Company within fourteen (14) days following the Licensor's receipt of the Company's notice and accompanying information. The failure by Licensor timely to respond to any such request for consent shall be deemed to constitute Licensor's consent to the sublicense described in the Company's notice. The Company shall remain responsible for the performance hereunder by its sublicensees.

2.7.1 Within 30 days after execution or receipt thereof, as applicable, the Company shall provide the Licensor with a copy of each sublicense issued hereunder.

2.7.2 Upon termination of this Agreement other than by expiration in accordance with paragraph 7.7 or as a result of a breach of Section 3 hereof, any and all sublicenses shall survive such termination provided that (a) the sublicensee is not in default as of the date of termination and (b) the Licensor shall be entitled to receive all royalties and other payments payable by the sublicensee to the Company in respect of such sublicense for all periods from and after the date on which this Agreement terminates and shall be entitled to enforce the provisions of such sublicense against the sublicensee and to exercise the remedies of the Company thereunder fully and to the same extent as if the Licensor were the original sublicensor thereunder. The Company shall cause each sublicense it enters into hereunder to contain a provision to the effect set forth in this Section 2.7.2

2.7.3 The Company's right to sublicense hereunder shall be subject to the Company obtaining the sublicensee's agreement to be bound by the terms of this Agreement directly or indirectly applicable to sublicensees, including without limitation, confidentiality and indemnification of the Licensor (provided that such agreement shall not relieve the Company of its own obligations under this Agreement).

2.8 Licensor agrees that it will promptly disclose to the Company, or any persons designated by the Company, all Improvements and Know-how acquired by it during the term of this Agreement, which Improvements and Know-how shall be owned by Licensor and licensed to the Company pursuant to this Agreement. The Licensor further agrees to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights or other rights on any such Improvements in any and all countries, and to that end the Licensor will execute all documents necessary:

2.8.1 to apply for, obtain and vest in the name of the Licensor letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same, all of which shall be subject to the license granted hereby; and

2.8.2 to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

ARTICLE 3 - DUE DILIGENCE

The Company shall use its commercially reasonable efforts to bring Licensed Products to market through a thorough, vigorous and diligent program for exploitation of the Patent Rights and Know-how and continue active, diligent marketing efforts for Licensed Products throughout the life of this Agreement. Schedule B hereto contains the Company's good faith estimates of the timing of

the initial phases of the exploitation of the Patent Rights and Know-how, although the parties acknowledge and agree that such estimates are based on the Company's current plans and will be subject to change based upon actual pre-clinical and clinical testing results and other factors outside of the Company's control. The Company will deliver to the Licensor written status and progress reports, or hold meetings with the Licensor, concerning the status of such exploitation and marketing efforts, upon the written request of the Licensor, which reports or meetings may be requested no more than quarterly. The Licensor may also request oral or informal information from the Company with respect to such matters from time to time.

ARTICLE 4 - EQUITY AND MILESTONE PAYMENTS

4.1 On the Effective Date, (i) upon execution and delivery of the Stockholders Agreement (as hereinafter defined) by the parties thereto, the Company shall issue to the Licensor a number of shares of common stock of the Company, par value \$.001 per share ("Common Stock") representing twenty percent (20%) of the outstanding shares of Common Stock of the Company as of the Effective Date; (ii) the Company, the Licensor and the principal stockholder of the Company shall execute and deliver a Stockholders' Agreement containing, among other things, certain rights and obligations relating to the ownership of the Common Stock by the Licensor (the "Stockholders Agreement"); and (iii) the Company and the Licensor shall execute and deliver a Consulting Agreement pursuant to which the Licensor will provide the services of the Inventors to consult with the Company, upon the terms and conditions set forth therein.

4.2 The Company shall pay to the Licensor the following cash payments:

4.2.1 \$** upon execution of this Agreement;

4.2.2 \$** upon the treatment of the first patient in a phase I clinical trial under a Company sponsored Investigational New Drug Application ("IND");

4.2.3 \$** upon the treatment of the first patient in a phase II clinical trial under a Company sponsored IND;

4.2.4 \$** upon the first successful completion of a Company sponsored phase II clinical trial under a Company sponsored IND;

4.2.5 \$** upon the first successful completion of a Company sponsored phase III clinical trial under a Company-sponsored IND;

4.2.6 \$** upon the first final approval of the first New Drug Application ("NDA") for the first Licensed Product by the United States Food and Drug Administration (the "FDA");

4.3 All payments pursuant to paragraph 4.2 above shall become due and payable within 30 days after achievement of the indicated milestone. The Company shall give the Licensor prompt notice of the achievement, if any, of each such milestone.

4.4 All payments shall be made in U.S. dollars. Payments shall be made by wire transfer of funds to an account designated in writing by the Licensor.

ARTICLE 5 - REPORTS AND RECORDS

5.1 Within sixty (60) days from the end of each calendar quarter, the Company shall deliver to the Licensor complete and accurate reports, giving such particulars of the business conducted by the Company during the preceding quarter under this License Agreement as shall be pertinent to the Licensor. These shall include at least the following:

5.1.1 Names and addresses of all sublicensees and Affiliates of the Company.

5.1.2 A copy of any report, which is in substance similar to the report required by this Article 5, received from any sublicensee and other documents received from any sublicensee as the Licensor may reasonably request.

5.2 The Licensor agrees to hold in confidence each report delivered by the Company pursuant to this Article 5 until the termination of this Agreement. Notwithstanding the foregoing, the Licensor may disclose any such information required to be disclosed pursuant to any judicial, administrative or governmental request, subpoena, requirement or order, provided that the Licensor takes reasonable steps to provide the Company with the opportunity to contest such request, subpoena, requirement or order.

ARTICLE 6 - PATENT PROSECUTION AND MAINTENANCE

6.1 The Company, at its sole cost and expense, shall diligently prosecute and maintain the Patent Rights as set forth in Appendix I hereto (as the same may be amended or supplemented from time to time after the date hereof), including, but not limited to, the filing of patent applications for Improvements, utilizing such patent counsel as may be mutually agreed upon by the parties hereto. The Company agrees to keep the Licensor reasonably well informed with respect to the status and progress of any such applications, prosecutions and maintenance activities including and to consult in good faith with the Licensor and take into account the Licensor's comments and requests with respect thereto. Both parties agree to provide reasonable cooperation to each other to facilitate the application and prosecution of patents pursuant to this Agreement.

6.2 The Company may, in its discretion, elect to abandon any patent application or issued patent comprising the Patent Rights, in which case the Company shall make no further use of such Patent Rights and such rights shall revert to the Licensor. Prior to any such abandonment, the Company shall give

the Licensor at least 60 days notice and a reasonable opportunity to take over prosecution of such Patent Rights. In such event, the Licensor shall have the right, but not the obligation, to commence or continue such prosecution and to maintain any such Patent Rights under its own control and at its expense and the Company shall then make no further use of any such Patent Rights and shall have no royalty or other obligation to the Licensor in respect of any Licensed Products, the manufacture, use or sale of which is covered by a valid and unexpired claim of such Patent Rights. The Company agrees to cooperate in such activities, including execution of any assignments or other documents necessary to enable the Licensor to obtain and retain sole ownership and control of such Patent Rights.

ARTICLE 7 - TERMINATION

7.1 If the Company shall become bankrupt, or shall file a petition in bankruptcy, or if the business of the Company shall be placed in the hands of a receiver, assignee or trustee for the benefit of creditors, whether by the voluntary act of the Company or otherwise, this License Agreement shall automatically terminate.

7.2 In the event that the Company fails to make payment to the Licensor of amounts due in accordance with the terms of this Agreement or any other agreement between the Licensor and the Company, provided such failure to make payment is not as a result of a bona fide dispute between the Licensor and the Company, the Licensor shall have the right to terminate this License Agreement within thirty (30) days after giving said notice of termination unless the Company shall pay to the Licensor, within the 30-day period, all such amounts due and payable (together with interest thereon until receipt of payment in full at a rate equal to 10% per annum). Subject to Article 8, upon the expiration of

the 30-day period, if the Company shall not have paid all such amounts due and payable, the rights, privileges and license granted hereunder shall, at the option of the Licensor, immediately terminate.

7.3 Upon any material breach or default of this License Agreement by the Company, other than as set forth in Paragraphs 7.1 and 7.2 hereinabove, the Licensor shall have the right to terminate this Agreement and the rights, privileges and license granted hereunder upon giving sixty (60) days notice to the Company. Such termination shall become effective immediately unless the Company shall have cured any such breach or default prior to the expiration of the sixty (60) day period referred to above.

7.4 The Company shall have the right at any time to terminate this Agreement in whole or as to any portion of the Patent Rights by giving sixty (60) days notice thereof in writing to the Licensor.

7.5 If the University Contract shall cease to be in full force and effect or the Licensor and the University enter into any amendment or modification of the University Contract that adversely affects the rights of the Company hereunder (each, an "Adverse Condition"), the Company shall have the right to terminate this Agreement upon thirty (30) days notice to the Licensor. Such termination shall become effective immediately unless such Adverse Condition shall have been cured prior to the expiration of such thirty (30) day period.

7.6 Upon termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination or obligations under Articles 5, 8, 9, 10, 15 and 16. The Company and/or any sublicensee thereof may, however, at any time after the effective date of such termination and continuing for a period not to exceed six (6) months thereafter, sell all completed Licensed Products, and any Licensed Products in the process of manufacture at the time of such termination, and sell the same, provided that the Company shall pay or

cause to be paid to the Licensor the royalties thereon as required by Article 4 of this License Agreement and shall submit the reports required by Article 5 hereof on the sales of Licensed Products.

7.7 If not terminated sooner, this Agreement shall terminate on the date of the last to expire claim contained in the Patent Rights.

7.8 Upon termination of this Agreement, except pursuant to 7.7 hereof, the Company shall have no further rights to the Patent Rights and Know-how granted hereunder, and shall make no further use thereof, including the manufacture, use or sale of Licensed Products, except as otherwise set forth herein.

7.9 Upon termination of this Agreement, the Company agrees to cooperate fully with the Licensor or its respective nominees: (i) to take whatever steps are reasonably necessary and appropriate to effect reversion to the Licensor of all rights to the Patent Rights and Know How in all relevant countries; and (ii) to transfer, or to hand over, to the Licensor or such nominees, all information obtained by the Licensor in connection with the exploitation of the Licensed Patents and Know How and/or marketing of Licensed Products during the term of this Agreement, including information derived in any pre-clinical and clinical trials, and all regulatory filings, health registrations and sales permissions regarding Licensed Products in all countries in which such regulatory filings, health registrations or sales permissions have been obtained with respect thereto.

ARTICLE 8 - ARBITRATION

8.1 Any dispute arising from or relating to this Agreement shall be determined before a tribunal of three (3) arbitrators in New York, New York in accordance with the rules of the American Arbitration Association. The Licensor shall select one arbitrator; the Company shall select one arbitrator and the

third arbitrator shall be selected by mutual agreement of the first two arbitrators.

8.2 Any claim, dispute, or controversy concerning the validity, enforceability, or infringement of any patent contained in the Patent Rights licensed hereunder shall be resolved in court having jurisdiction thereof.

8.3 In the event that, in any arbitration proceeding, any issue shall arise concerning the validity, enforceability, or infringement of any patent contained in the Patent Rights licensed hereunder, the arbitrators shall, to the extent possible, resolve all issues other than validity, enforceability, and infringement; in any event, the arbitrators shall not delay the arbitration proceeding for the purpose of obtaining or permitting either party to obtain judicial resolution of such issues, unless an order staying the arbitration proceeding shall be entered by a court of competent jurisdiction. Neither party shall raise any issue concerning the validity, enforceability, or infringement of any patent contained in the Patent Rights licensed hereunder, in any proceeding to enforce any arbitration award hereunder, or in any proceeding otherwise arising out of any such arbitration award.

8.4 The costs of such arbitration shall be borne proportionate to the finding of fault as determined by the Arbitrator. Judgment on the arbitration award may be entered by any court of competent jurisdiction.

ARTICLE 9 - INFRINGEMENT AND OTHER ACTIONS

9.1 The Company and the Licensor shall promptly provide written notice, to the other party, of any alleged infringement by a third party of the Patent Rights and provide such other party with any available evidence of such infringement.

9.2 During the term of this Agreement, the Company shall have the right, but not the obligation, to prosecute and/or defend, at its own expense and utilizing counsel of its choice, any infringement of, and/or challenge to, the Patent Rights. In furtherance of such right, the Licensor hereby agrees that the Company may join the Licensor as a party in any such suit, without expense to the Licensor. No settlement, consent judgment or other voluntary final disposition of any such suit which would adversely affect the rights of the Licensor may be entered into without the consent of the Licensor, which consent shall not be unreasonably withheld. The Company shall indemnify and hold the Licensor harmless against any costs, expenses or liability that may be found or assessed against the Licensor in any such suit other than resulting from the Licensor's gross negligence, recklessness or willful misconduct.

9.3 In the event that a claim or suit is asserted or brought against the Company alleging that the manufacture or sale of any Licensed Product by the Company, an Affiliate of the Company, or any sublicensee, or the use of such Licensed Product by any customer of any of the foregoing, infringes proprietary rights of a third party, the Company shall give written notice thereof to the Licensor. The Company may, in its sole discretion, modify such Licensed Product to avoid such infringement and/or may settle on terms that it deems advisable in its sole discretion, subject to paragraph 9.2. Otherwise, the Company shall have the right, but not the obligation, to defend any such claim or suit. In the event the Company elects not to defend such suit, the Licensor shall have the right, but not the obligation to do so at its sole expense.

9.4 Any recovery of damages by the Company, in any such suit brought by the Company, shall be applied first in satisfaction of any unreimbursed expenses and legal fees of the Company relating to the suit. The balance remaining from any such recovery shall be shared 80% to the Company and 20% to the Licensor. Any recovery of damages by the Licensor, in any such suit brought by the Licensor, shall be applied first in satisfaction of any unreimbursed expense and legal fees of the Licensor relating to such suit. The balance remaining from any such recovery shall be shared 80% to the Licensor and 20% to the Company.

9.5 If within six (6) months after receiving notice of any alleged infringement, the Company shall have been unsuccessful in persuading the alleged infringer to desist, or shall not have brought and shall not be diligently prosecuting an infringement action, or if the Company shall notify the Licensor, at any time prior thereto, of its intention not to bring suit against the alleged infringer, then, and in those events only, the Licensor shall have the right, but not the obligation, to prosecute, at its own expense and utilizing counsel of its choice, any infringement of the Patent Rights, and the Licensor may, for such purposes, join the Company as a party plaintiff. The total cost of any such infringement action commenced solely by the Licensor shall be borne by the Licensor and the Licensor shall keep any recovery or damages for infringement or otherwise derived therefrom and such shall not be applicable to any payment obligation of the Company.

9.6 In any suit to enforce and/or defend the Patent Rights pursuant to this License Agreement, the party not in control of such suit shall, at the request and expense of the controlling party, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

ARTICLE 10 - LIMITATION OF LIABILITY, INDEMNITY

10.1 The Licensor, by this License Agreement, makes no representations or warranties as to the validity and/or breadth of the inventions contained in the Patent Rights and the Company so acknowledges. The Licensor, by this License Agreement, makes no representations or warranties as to patents now held or which will be held by others in the field of the Licensed Products for a particular purpose.

10.2 EXCEPT AS MAY BE EXPRESSLY PROVIDED HEREIN, THE LICENSORS DO NOT MAKE, AND EXPRESSLY DISCLAIM ANY WARRANTIES, EITHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, AS TO ANY MATTER WHATSOEVER, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10.3 The Company agrees to defend, indemnify and hold harmless the Licensor, its affiliates, directors, employees and officers from and against all liability, demands, damages, including without limitation, reasonable legal fees and expenses and losses including death, personal injury, illness or property damage arising directly or indirectly: (a) out of the use by the Company or its transferees of inventions licensed or information furnished under this License Agreement or (b) out of any testing, use, manufacture, import, sale or other disposition by the Company or its transferees of Patent Rights, Know-how or Licensed Products, in each case which are not the result of the Licensor's gross negligence or willful misconduct.

10.4 Subject to the Stockholders Agreement, prior to entering into human clinical trials for a proposed Licensed Product, the Company shall purchase and maintain, at its own expense, during the term of this Agreement, and for a minimum of two (2) years following the expiration, termination or cancellation of this Agreement, a product liability policy from an insurance company or companies reasonably satisfactory to the Licensor. During any

clinical development of Licensed Product, such coverage shall be for at least \$2,000,000 per occurrence. Promptly upon commercial introduction of Licensed Product, the parties shall negotiate in good faith an increase in such coverage. The insurance policy relating to such coverage shall name the Licensor as an additional insured by way of endorsement or otherwise as its interests may appear. Within thirty (30) days following the Effective Date, the Company shall cause to be delivered to the Licensor an insurance certificate evidencing the insurance coverage required by this Section 10.4. Such insurance certificate shall name the Licensor as an additional insured as its interests may appear.

ARTICLE 11 - ASSIGNMENT

This Agreement and the rights and duties appertaining hereto may not be assigned by either party without first obtaining the written consent of the other, which consent shall not be unreasonably withheld; or by the Company to an Affiliate. Any such purported assignment, without the written consent of the other party, shall be null and of no effect. Notwithstanding the foregoing, the Company may assign this Agreement (i) subject to clause (ii) below, to a purchaser, merging or consolidating corporation, or acquiror of substantially all of the Company's assets or business and/or pursuant to any reorganization qualifying under section 368 of the Internal Revenue Code of 1986 as amended, as may be in effect at such time, or (ii) to an Affiliate of the Company subject to the consent of the Licensor which consent shall not be unreasonably withheld. In order to enable the Licensor or the Company, as the case may be, to make a determination regarding any such proposed assignment that is subject to the other party's consent pursuant to this paragraph, the party seeking such consent shall give the other party prior written notice thereof, such notice to be accompanied by the proposed assignment agreement, if available, or, if such

agreement is not then available, by a description setting forth in reasonable detail, the identity of the proposed assignee and the terms and conditions of such assignment. The party entitled to consent to such assignment shall respond to any request for consent by the other party within fourteen (14) days following such party's receipt of the applicable notice and accompanying information. The failure of such party timely to respond to any such request for consent shall be deemed a consent to the assignment described in the other party's request.

ARTICLE 12 - PAYMENT OF FEES AND EXPENSES

Each of the Company and the Licensor shall be responsible for their own expenses relating to the preparation and consummation of this Agreement and the agreements and transactions contemplated hereby.

ARTICLE 13 - USE OF NAMES AND PUBLICATION

13.1 Nothing contained in this Agreement shall be construed as granting any right to the Company or its Affiliates to use in advertising, publicity, or other promotional activities any name, trade name, trademark, or other designation of the Licensor or any of its units (including contraction, abbreviation or simulation of any of the foregoing) without the prior, written consent of the Licensor; provided, however, that the Licensor acknowledges and agrees that the Company may use the name of the Licensor in various documents used by the Company for capital raising and financing without such prior written consent where the use of such names may be required by law. The Company agrees to promptly provide the Licensor with a copy of any documents used by the Company, which contain the name of the Licensor.

13.2 Nothing herein shall be deemed to establish a relationship of principal and agent between the Licensor and the Company, nor any of their agents or employees for any purpose whatsoever. This Agreement shall not be construed as creating a partnership between the Licensor and the Company, or as

creating any other form of legal association or arrangement, which would impose liability upon one party for the act or failure to act of the other party.

13.3 Notwithstanding the provisions of Article 15 hereof, in the event that the Licensor desires to publish or disclose, by written, oral or other presentation, Know-how, Patent Rights, or any material information related thereto then the Licensor shall notify the Company in writing by facsimile where confirmed by the receiving party, and/or by certified or registered mail (return receipt requested) of its intention at least sixty (60) days prior to any speech, lecture or other oral presentation and at least sixty (60) days before any written or other publication or disclosure. The Licensor shall include with such notice a description of any proposed oral presentation or, in any proposed written or other disclosure, a current draft of such proposed disclosure or abstract. The Company may request that the Licensor, no later than sixty (60) days following the receipt of such notice, delay such presentation, publication or disclosure in order to enable the Company to file, or have filed on their behalf, a patent application, copyright or other appropriate form of intellectual property protection related to the information to be disclosed or request that the Licensor does so. Upon receipt of such request to delay such presentation, publication or disclosure, the Licensor shall arrange for a delay of such presentation, publication or disclosure until such time as the Company or the Licensor has filed, or has had filed on its behalf, such patent application, copyright or other appropriate form of intellectual property protection in form and in substance reasonably satisfactory to the Company and the Licensor. This delay will not exceed thirty (30) days. If the Licensor does not timely receive any such request from the Company to delay such presentation, publication or disclosure, the Licensor may submit such material for presentation, publication or other form of disclosure.

ARTICLE 14 - PAYMENTS, NOTICES AND OTHER COMMUNICATIONS

14.1 Any payment, notice or other communication required or permitted to be given pursuant to this Agreement shall be in writing and sent by certified first class mail, postage prepaid, by hand delivery or by facsimile if confirmed in writing, in each case effective upon receipt, at the addresses below or as otherwise designated by written notice given to the other party:

In the case of the Licensor:
Chief Executive Officer
Oleoyl-Estrone Developments SL
Josep Samitier 1-5
Barcelona Science Park
08028 Barcelona, Spain
Facsimile: 011 34 93 403 7098

with a copy to:
Ezra G. Levin
Kramer, Levin, Naftalis & Frankel LLP
919 Third Avenue
New York, NY 10022
Fax: 212-715-8000

In the case of the Company:
Manhattan Pharmaceuticals, Inc.
c/o Horizon Biomedical Ventures, LLC
787 Seventh Avenue
New York, New York 10019
Tel: 212-554-4350
Fax: 212-554-4355
Attn: David M. Tanen

15 - CONFIDENTIALITY

15.1 Any proprietary or confidential information relating to the Invention (including but not limited to Know-how and patent prosecution documents relating to Patent Rights) collectively constitute the "Confidential

Information." The Company and the Licensor agree that they will not use the Confidential Information for any purpose unrelated to this Agreement or the University Contract, and will hold it in confidence during the term of this Agreement and for a period of five (5) years after the termination or expiration date of this Agreement. The Company and the Licensor shall exercise with respect to such the Confidential Information the same degree of care as the Company and the Licensor exercise with respect to their own confidential or proprietary information of a similar nature, and shall not disclose it or permit its disclosure to any third party (except to those of its employees, consultants, or agents who are bound by the same obligation of confidentiality as the Company of the Licensor is bound by pursuant to this Agreement). However, such undertaking of confidentiality by the Company or the Licensor shall not apply to any information or data which:

15.1.1 The receiving party receives at any time from a third party lawfully in possession of same and having the right to disclose same.

15.1.2 Is, as of the date of this Agreement, in the public domain, or subsequently enters the public domain through no fault of the receiving party.

15.1.3 Is independently developed by the receiving party as demonstrated by written evidence without reference to information disclosed to the receiving party.

15.1.4 Is disclosed pursuant to the prior written approval of the disclosing party.

15.1.5 Is required to be disclosed pursuant to law or legal process (including, without limitation, to a governmental authority) provided, in the case of disclosure pursuant to legal process, reasonable notice of the impending disclosure is provided to the disclosing party and disclosing party has agreed

to such disclosure in writing or has exhausted its right to contest such disclosure.

ARTICLE 16 - MISCELLANEOUS PROVISIONS

16.1 This License Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the State of New York, without regard to principles of conflicts of laws

16.2 If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, the Company shall assume all legal obligations to do so and the costs in connection therewith.

16.3 The Company shall observe all applicable United States and foreign laws with respect to the use, sale manufacture and transfer of Licensed Products and related technical data to foreign countries, including, without limitation, the regulations of the Food and Drug Administration and its foreign equivalents, the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations.

16.4 The parties hereto acknowledge that this Agreement, including the Appendices and documents incorporated by reference, sets forth the entire agreement and understanding of the parties hereto as to the subject matter hereof, and shall not be subject to any change of modification except by the execution of a written instrument subscribed to by the parties hereto.

16.5 The provisions of this License Agreement are severable, and in the event that any provision of this License Agreement shall be determined to be invalid or unenforceable under any controlling body of law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

16.6 The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of this License Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

16.7 The headings of the several articles are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

16.8 This Agreement will not be binding upon the parties until it has been signed below on behalf of each party, in which event, it shall be effective as of the date recited on page one.

16.9 This Agreement embodies the entire understanding of the parties and shall supersede all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof. This Agreement may be executed in two or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement may be delivered by facsimile transmission with the same legal effect as if delivery of an original were made in person.

16.10 Each party hereto shall be excused from any breach of this Agreement, which is proximately caused by governmental regulation, act of war, strike, act of God or other similar circumstance normally deemed outside the control of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement, in triplicate by proper persons thereunto duly authorized.

MANHATTAN PHARMACEUTICALS
INC.

By: -----

Name: -----

Title: -----

Date: -----

OLEOYL-ESTRONE DEVELOPMENTS SL

By: -----

Name: -----

Title: -----

Date: -----

[Signature Page of License Agreement, effective as of January __, 2002, between Oleoyl-Estrone Developments SL, as Licensor, and Manhattan Pharmaceuticals, Inc., as Licensee]

APPENDIX I

1. United States Patent No. 5,798,348 entitled "Fatty-acid monoesters of estrogens for the treatment of obesity and/or overweight (October 30, 1996) (M. Alemany, Inventor)
2. European Patent Application No. 771,817 entitled "Fatty-acid monoesters of estrogens for the treatment of obesity and/or overweight" (October 28, 1996) (M. Alemany, Inventor)
3. Spanish Patent Application No. ES 200100785 entitled "Fatty-acid monoesters of estrogens acting as anti-diabetic and "hipolipemiente" agents" (March 28, 2001) (M. Alemany Lamana, Francisco Javier Remesar Betiloch and Jose Antonio Fernandez Lopez, Inventors)
4. Canadian Patent Application No. 2,316,330 entitled "Estrone and estrone esters and fat deposition promoting compounds in humans" (August 9, 2000) (M. Alemany Lamana, Francisco Javier Remesar Betiloch and Jose Antonio Fernandez Lopez, Inventors)

CERTIFICATION
OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Manhattan Pharmaceuticals, Inc. do hereby certify that:

(a) the Quarterly Report on Form 10-QSB of Manhattan Pharmaceuticals, Inc. for the quarter ended March 31, 2003 (the "Report:") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Manhattan Pharmaceuticals, Inc.

Dated: May 15, 2003

/s/ Leonard Firestone

Leonard Firestone
President and Chief Executive Officer

Dated: May 15, 2003

/s/ Nicholas J. Rossettos

Nicholas J. Rossettos
Chief Financial Officer