

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 15, 2008

Manhattan Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

001-32639

(Commission File Number)

36-3898269

(IRS Employer
Identification No.)

**810 Seventh Avenue, 4th Floor
New York, NY 10019**

(Address of principal executive offices)

(212) 582-3950

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On September 11, 2008, Manhattan Pharmaceuticals, Inc. (“we,” “us,” “our” or “Manhattan”), entered into a series of 10% secured promissory notes (the “Notes”) with certain of our directors, officers and an employee (the “Note Holders”) for aggregate of \$70,000. Principal and interest on the Notes shall be paid in cash on March 10, 2009 unless paid earlier by us. Pursuant to the secured promissory notes, we also issued to the Note Holders 5-year warrants to purchase an aggregate of 140,000 of our common stock at an exercise price of \$0.20 per share.

Manhattan granted to the Note Holders a continuing security interest in certain specific refunds, deposits and repayments due Manhattan and expected to be repaid to Manhattan in the next several months.

The form of the secured promissory note and the form of warrant are attached hereto and incorporated by reference herein as Exhibits 10.1 and 10.2.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of secured promissory note issued on September 11, 2008.
10.2	Form of warrant issued to Note Holders on September 11, 2008.

SIGNATURE

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

Manhattan Pharmaceuticals, Inc.

Date: September 15, 2008

By: /s/ Michael McGuinness
Michael McGuinness
Chief Operating and Financial Officer

EXHIBIT INDEX

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SECURED PROMISSORY NOTE

US\$

New York, New York
September 11, 2008 (the "Issue Date")

FOR VALUE RECEIVED, MANHATTAN PHARMACEUTICALS, INC., a Delaware corporation with offices at 810 Seventh Avenue, 4th Floor, New York, New York 10019 (the "Obligor" or "Debtor"), hereby promises to pay to the order of [NAME], an individual residing at [ADDRESS] (the "Holder" or "Secured Party"), the principal sum of [AMOUNT] in lawful money of the United States, together with interest on the unpaid principal balance in accordance with the terms set forth herein.

1. **Interest Rate.** Interest on the unpaid principal balance hereof shall accrue at the rate of ten percent (10%) per annum from the Issue Date through but not including the Maturity Date (as defined below).
 2. **Payment of Principal and Interest.** Principal and interest shall be paid in cash on March 10, 2008 (the "Maturity Date") unless paid earlier by the Company. This is one of a series of related secured promissory notes (in the aggregate principal amount of \$70,000.00) (the "Notes"). The Company shall pre-pay the principal and interest due under the Notes, on a pro-rata basis in accordance with original principal amounts, as and when the proceeds from the Collateral are received by the Company. Furthermore, the Company shall pre-pay the principal and interest due under the Notes, on a pro-rata basis in accordance with original principal amounts, to the extent that the Company raises additional debt or equity financing in excess of \$100,000.
 3. **Place and Manner of Payment.** All payments of principal and interest hereunder shall be made by the Obligor to the Holder (or the Holder's designee) at the address of the Holder (or such designee) set forth above or such other address as the Holder (or such designee) shall designate in writing to Obligor and shall be made, at the Holder's option, either by wiring such funds to an account designated by the Holder or by certified or cashier's check made payable to the order of the Holder (or such designee of the Holder).
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4. Representations and Warranties of the Obligor. The Obligor has full legal capacity, power and authority to execute and deliver this promissory note and to perform its obligations hereunder, including, without limitation the granting of the security interests in the Collateral (as defined below) in favor of the Holder as set forth in Section 6 hereof. This promissory note is a valid and binding obligation of the Obligor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

5. Events of Default; Remedies.

(a) For purposes of this promissory note, an "Event of Default" shall mean (i) the failure by the Obligor to make any payment due hereunder in full on or before the fifth (5th) business day following the Maturity Date; (ii) the Obligor, pursuant to or within the meaning of Title 11, U.S. Code, or any similar Federal, foreign or state law for the relief of debtors (collectively, "Bankruptcy Law"), (a) commences a voluntary case, (b) consents to the entry of an order for relief against it in an involuntary case, (c) consents to the appointment of a receiver, trustee, assignee, liquidator or similar official (a "Custodian"), (d) makes a general assignment for the benefit of its creditors or (e) admits in writing that it is generally unable to pay its debts as they become due; (iii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (a) is for relief against the Obligor in an involuntary case, (b) appoints a Custodian of the Obligor or (c) orders the liquidation of the Obligor, in each case, which order, decree or appointment is not discharged or dismissed within sixty (60) days; (iv) a breach by the Obligor of its representations and warranties under Section 5 of this promissory note; or (v) a breach by the Obligor of any of its material covenants and agreements under this promissory note, including, without limitation, its obligations under Section 7 hereof, which breaches are not cured within ten (10) business days after the Obligor has received written notice thereof from the Holder.

(b) Upon the occurrence of any Event of Default, the entire principal sum outstanding, together with all accrued and unpaid interest and any and all other obligations owing under this promissory note, shall immediately become due and payable at the option of the Holder upon written notice to the Obligor. In the event any payments of principal or interest or any other sums then owing by the Obligor to the Holder have not been not paid, following the expiration of any applicable grace periods for the payment of such amounts as set forth herein, interest on such amounts shall accrue at the rate of twelve percent (12%) per annum from the date such payment was due and payable through but not including the date payment is made in satisfaction thereof.

(c) For the purposes of this promissory note, "business day" shall mean any day other than Saturday, Sunday or any other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

6. Security. To secure the full and punctual payment and performance of the obligations of the Obligor under the Notes in accordance with the terms thereof, the Obligor grants to the Holder (and to the other holders of the Notes), for its and their benefit, a continuing security interest all of the collateral described on Exhibit A hereto now owned or hereafter owned or acquired by the Obligor (the "Collateral"). The Obligor will, from time to time, at the Obligor's expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any filings of financing or continuation statements under the Uniform Commercial Code of the applicable jurisdiction) that the Holder may reasonably request in order to create, preserve, upgrade in rank, perfect, confirm or validate the security interests or to enable the Holder to obtain the full benefits of this Section 6, or to enable the Holder to execute and file financing statements, financing statement amendments, or continuation statements without the Obligor's signature appearing thereon. The Obligor agrees that a carbon, photographic, photostatic or other reproduction of this Note is sufficient as evidence of its authorization for the Holder to file financing statements (or amendments thereto) to perfect its security interest in the Collateral. The Obligor covenants and agrees that it will not enter into any agreement for the purpose of frustrating, limiting or otherwise impairing any of the rights of the Holder under this Section 6. Upon the indefeasible payment in full of all amounts due under this promissory, all obligations of the Obligor under this Section 6 and all of the security interests in the Collateral granted pursuant to this Section 6 shall terminate.

7. Successors and Assigns. This promissory note shall be binding upon the Obligor and its successors and assigns, but the obligations of the Obligor under this promissory note may not be assigned without the prior written consent of the Holder.

8. Waivers; Jurisdiction. The Obligor hereby waives demand, presentment, notice of dishonor, diligence, protest, notice of protest and all other notices or demands relating to this promissory note. The Obligor also (a) acknowledges and agrees that, in any suit, action, or proceeding under this promissory note, the courts of the State of New York in the borough of Manhattan, The City of New York, or the courts of the United States District Court for the Southern District of New York shall have the exclusive jurisdiction thereof, (b) consents to the jurisdiction of such courts and (c) consents to and waives any objection which the Obligor now has or may hereafter have to proper venue existing in any of such courts. **THE UNDERSIGNED AGREES THAT ANY SUIT, ACTION OR PROCEEDING, WHETHER CLAIM OR COUNTERCLAIM, ON OR WITH RESPECT TO THIS NOTE, SHALL BE TRIED ONLY BY A COURT AND NOT BY A JURY. THE UNDERSIGNED HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING.**

9. Modifications. This promissory note cannot be changed, amended, or modified orally but can only be changed, amended or modified by a writing signed by both the Obligor and the Holder, and only with the consent of the holders of a majority (based on outstanding principal) of the Notes. This writing is intended by the Obligor and the initial Holder as a final expression of this promissory note and also is intended as a complete and exclusive statement of the terms of this promissory note. No course of prior dealing between the Obligor and initial Holder or their respective affiliates, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement or modify any term hereof, nor are there any conditions to the full effectiveness of this promissory note.

10. Governing Law. This promissory note and any and all matters arising directly or indirectly herefrom shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the choice or conflict of laws principles thereof.

11. Warrants. Simultaneously with the delivery of this Note, the Company is issuing and delivering to the Holder a warrant to purchase 24,000 shares of the Company's common stock at a price per share of \$0.20, which shall be exercisable for a period of five (5) years following the Issue Date.

[Signature Page Follows.]

IN WITNESS WHEREOF, the Obligor has duly executed this promissory note as of the date first above written.

OBLIGOR:

MANHATTAN PHARMACEUTICALS, INC.

By: _____

Name:

Title:

Signature Page to Secured Promissory Note

Exhibit A

“Collateral” means only the following specific items of personal property of Debtor, and no other property, right or interest:

1. Rent deposit, in the amount of approximately \$44,000, held by Metropolitan 810 7th Avenue LLC (“Metropolitan”) pursuant to a lease for approximately 4,000 square feet of office space on the 4th floor of 810 Seventh Avenue, New York, New York 10021 between the Debtor, as lessee, and Metropolitan, as lessor, expiring on September 30, 2008 (expected to be received by October 31, 2008).

2. Refund of prepayment in the amount of \$10,000 from Dow Pharmaceutical Sciences, Inc. (“Dow”) pursuant to Task 1 of the Master Services Agreement dated March 14, 2007 between Dow and the Debtor (expected to be received by September 15, 2008).

3. Company income tax refund anticipated to be received by November 30, 2008, from the State of New York and the City of New York.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW. THIS WARRANT AND SUCH SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE PLEDGED, TRANSFERRED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION OR DELIVERY OF AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE WITH THE ACT OR UNLESS SOLD IN FULL COMPLIANCE WITH RULE 144 UNDER THE ACT.

MANHATTAN PHARMACEUTICALS, INC.

*Warrant for the Purchase of Shares of
Common Stock*

Issuance Date: [], 2008
No. 2008-[]

_____ Shares

FOR VALUE RECEIVED, MANHATTAN PHARMACEUTICALS, INC., a Delaware corporation (the "**Company**"), hereby certifies that [_____] , its designee or its permitted assigns is entitled to purchase from the Company, at any time or from time to time commencing on September 11, 2008 and prior to 5:00 P.M., New York City time, on September 10, 2013 (the "**Exercise Period**"), [] fully paid and non-assessable shares of common stock, \$0.001 par value per share, of the Company for a purchase price per share of \$0.20. Hereinafter, (i) said common stock, \$0.001 par value per share, of the Company, is referred to as the "**Common Stock**"; (ii) the shares of the Common Stock (subject to adjustment as set forth herein) purchasable hereunder or under any other Warrant (as hereinafter defined) are referred to as the "**Warrant Shares**"; (iii) the aggregate purchase price payable for the Warrant Shares purchasable hereunder is referred to as the "**Aggregate Warrant Price**"; (iv) the price payable (initially \$0.20 per share subject to adjustment as set forth herein) for each of the Warrant Shares hereunder is referred to as the "**Per Share Warrant Price**"; (v) this Warrant, all similar Warrants issued on the date hereof and all warrants hereafter issued in exchange or substitution for this Warrant or such similar Warrants are referred to as the "**Warrants**"; (vi) the registered holder of this Warrant is referred to as the "**Holder**" and the holder of this Warrant and all other Warrants and Warrant Shares are referred to as the "**Holder**" and Holders of at least two-thirds of the Warrant Shares then issuable upon exercise of then outstanding Warrants are referred to as the "**Majority of the Holders**") and (vii) the then Current Market Price per share of the Common Stock (the "**Current Market Price**") shall be deemed to be the last reported sale price of the Common Stock on the Trading Day (as defined below) immediately 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 per share sale price for the Common Stock in the over-the-counter market as reported by the OTC Bulletin Board or another over-the-counter market, or if not so available, the fair market value of the Common Stock as determined in good faith by the Company's Board of Directors. A "**Trading Day**" shall mean any day on which such principal exchange or market is open for trading, or if there is no such exchange or market, then any day except Saturdays, Sundays or federal holidays. The Aggregate Warrant Price is not subject to adjustment.

This Warrant is one in a series of related warrants constituting in the aggregate Warrants to purchase 140,000 Warrant Shares, which were originally issued pursuant to a series of secured promissory notes (each, a “**Subscription Agreement**”) between the Company and certain of the Company’s directors, officers and an employee on September 11, 2008.

1. Exercise of Warrant .

(a) Exercise for Cash . This Warrant may be exercised in whole at any time, or in part from time to time, by the Holder during the Exercise Period by the surrender of this Warrant (with the subscription form at the end hereof duly executed) at the address set forth in subsection 10(a) hereof, together with proper payment of the Aggregate Warrant Price, or the proportionate part thereof if this Warrant is exercised in part, with payment for the Warrant Shares made by certified or official bank check payable to the order of, or wire transfer of immediately available funds to, the Company; or

(b) Cashless Exercise.

(i) At any time during the Exercise Period when the resale of the Warrant Shares by the Holder is not registered pursuant to an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “**Securities Act**”), the Holder may, at its option, elect to exercise this Warrant, in whole or in part, on a cashless basis, by surrendering this Warrant, with the form of subscription appended hereto duly executed by or on behalf of the Holder, at the principal office of the Company, or at such other office or agency as the Company may designate, by canceling a portion of this Warrant in payment of the Aggregate Warrant Price (or proportionate payment thereof in this Warrant is exercise in part) payable in respect of the number of Warrant Shares purchased upon such exercise. In the event of an exercise pursuant to this subsection 1(b), the number of Warrant Shares issued to the Holder shall be determined according to the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of Warrant Shares that shall be issued to the Holder;

Y = the number of Warrant Shares for which this Warrant is being exercised (which shall include both the number of Warrant Shares issued to the Registered Holder and the number of Warrant Shares subject to the portion of the Warrant being cancelled in payment of the Purchase Price);

A = the Fair Market Value (as defined below) of one share of Common Stock; and

B = the Per Share Warrant Price then in effect.

(ii) The "Fair Market Value" per share of Common Stock shall be determined as follows:

(1) If the Common Stock is listed on a national securities exchange, including the Nasdaq Global Market or the Nasdaq Capital Market, or another nationally recognized trading system as of the date of exercise, the Fair Market Value per share of Common Stock shall be deemed to be the average of the high and low reported sale prices per share of Common Stock thereon on the trading day immediately preceding the date of exercise (provided that if no such price is reported on such day, the Fair Market Value per share of Common Stock shall be determined pursuant to clause (2) below).

(2) If the Common Stock is not listed on a national securities exchange, including the Nasdaq Global Market or the Nasdaq Capital Market, or another nationally recognized trading system as of the date of exercise, the Fair Market Value per share of Common Stock shall be deemed to be the amount most recently determined by the Board of Directors of the Company (the "**Board**") to represent the fair market value per share of the Common Stock (including without limitation a determination for purposes of granting Common Stock options or issuing Common Stock under any plan, agreement or arrangement with employees of the Company); and, upon request of the Holder, the Board (or a representative thereof) shall, as promptly as reasonably practicable but in any event not later than 10 days after such request, notify the Holder of the Fair Market Value per share of Common Stock and furnish the Holder with reasonable documentation of the Board's determination of such Fair Market Value. Notwithstanding the foregoing, if the Board has not made such a determination within the three-month period prior to the date of exercise, then (A) the Board shall make, and shall provide or cause to be provided to the Holder notice of, a determination of the Fair Market Value per share of the Common Stock within 15 days of a request by the Holder that it do so, and (B) the exercise of this Warrant pursuant to this subsection 1(b) shall be delayed until such determination is made and notice thereof is provided to the Holder.

(c) If this Warrant is exercised in part, this Warrant must be exercised for a number of whole shares of the Common Stock and the Holder is entitled to receive a new Warrant covering the Warrant Shares that have not been exercised and setting forth the proportionate part of the Aggregate Warrant Price applicable to such Warrant Shares. Upon surrender of this Warrant in connection with the exercise of this Warrant pursuant to the terms hereof, the Company will (i) issue a certificate or certificates in the name of the Holder for the largest number of whole shares of the Common Stock to which the Holder shall be entitled upon such exercise and, if this Warrant is exercised in whole, in lieu of any fractional share of the Common Stock to which the Holder shall be entitled, pay to the Holder cash in an amount equal to the Fair Market Value of such fractional share (as determined in accordance with subsection 1(b)), and (ii) deliver the other securities and properties receivable upon the exercise of this Warrant, or the proportionate part thereof, if this Warrant is exercised in part, pursuant to the provisions of this Warrant.

2. **Reservation of Warrant Shares; Listing** . The Company agrees that, prior to the expiration of this Warrant, the Company shall at all times (a) have authorized and in reserve, and shall keep available, solely for issuance and delivery upon the exercise of this Warrant, the shares of the Common Stock and other securities and properties as from time to time shall be receivable upon the exercise of this Warrant, free and clear of all restrictions on sale or transfer, other than under Federal or state securities laws, and free and clear of all preemptive rights and rights of first refusal and (b) as long as the Common Stock is listed on any national securities exchange, use its reasonable best efforts to keep the Warrant Shares authorized for listing on such exchange upon notice of issuance.

3. **Certain Adjustments** .

(a) In case the Company shall hereafter (i) pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares, (iii) combine or reverse-split its outstanding shares of Common Stock into a smaller number of shares or (iv) issue by reclassification of its Common Stock any shares of capital stock of the Company, then the Per Share Warrant Price and the number of Warrant Shares shall forthwith be proportionately decreased and increased, respectively, in the case of a subdivision, distribution or stock dividend, or proportionately increased and decreased, respectively, in the case of a combination or reverse stock split. The Aggregate Warrant Price payable for the then total number of Warrant Shares available for exercise under this Warrant shall remain the same. Adjustments made pursuant to this subsection 3(a) shall become effective on the record date in the case of a dividend or distribution, and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If such dividend, distribution, subdivision or combination is not consummated in full, the Per Share Warrant Price and Warrant Shares shall be readjusted accordingly.

(b) In case of any capital reorganization or reclassification, or any consolidation or merger to which the Company is a party other than a merger or consolidation in which the Company is the continuing corporation, or in case of any sale or conveyance to another entity of all or substantially all of the assets of the Company, or in the case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Company but excluding any exchange of securities or merger with another corporation in which the Company is a continuing corporation and that does not result in any reclassification of or similar change in the Common Stock), the Holder of this Warrant shall have the right thereafter to receive on the exercise of this Warrant the kind and amount of securities, cash or other property which the Holder would have owned or have been entitled to receive immediately after such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance had this Warrant been exercised immediately prior to the effective date of such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and in any such case, if necessary, appropriate adjustment shall be made in the application of the provisions set forth in this Section 3 with respect to the rights and interests thereafter of the Holder of this Warrant to the end that the provisions set forth in this Section 3 shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant. The above provisions of this subsection 3(b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, statutory exchanges, sales or conveyances. The Company shall require the issuer of any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant to be responsible for all of the agreements and obligations of the Company hereunder. Notice of any such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and of said provisions so proposed to be made, shall be mailed to the Holders of the Warrants not less than twenty (20) days prior to such event. A sale of all or substantially all of the assets of the Company for a consideration consisting primarily of securities shall be deemed a consolidation or merger for the foregoing purposes.

(c) No adjustment in the Per Share Warrant Price shall be required unless such adjustment would require an increase or decrease of at least \$0.01 per share of Common Stock; provided, however, that any adjustments which by reason of this subsection 3(c) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; provided, further, however, that adjustments shall be required and made in accordance with the provisions of this Section 3 (other than this subsection 3(c)) not later than such time as may be required in order to preserve the tax-free nature of a distribution, if any, to the Holder of this Warrant or Common Stock issuable upon the exercise hereof. All calculations under this Section 3 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be. Anything in this Section 3 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Per Share Warrant Price, in addition to those required by this Section 3, as it in its discretion shall deem to be advisable in order that any stock dividend, subdivision of shares or distribution of rights to purchase stock or securities convertible or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

(d) Whenever the Per Share Warrant Price or the number of Warrant Shares is adjusted as provided in this Section 3 and upon any modification of the rights of a Holder of Warrants in accordance with this Section 3, the Company shall promptly prepare a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holders of the Warrants. The Company may, but shall not be obligated to unless requested by a Majority of the Holders, obtain, at its expense, a certificate of a firm of independent public accountants of recognized standing selected by the Board of Directors (who may be the regular auditors of the Company) setting forth the Per Share Warrant Price and the number of Warrant Shares in effect after such adjustment or the effect of such modification, a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holders of the Warrants.

(e) If the Board of Directors of the Company shall declare any dividend or other distribution with respect to the Common Stock other than a cash distribution out of earned surplus, the Company shall mail notice thereof to the Holders of the Warrants not less than ten (10) days prior to the record date fixed for determining stockholders entitled to participate in such dividend or other distribution.

(f) If, as a result of an adjustment made pursuant to this Section 3, the Holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock or shares of Common Stock and other capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a written notice to the Holder of any Warrant promptly after such adjustment) shall determine, in good faith, the allocation of the adjusted Per Share Warrant Price between or among shares or such classes of capital stock or shares of Common Stock and other capital stock.

(g) Upon the expiration of any rights, options, warrants or conversion privileges with respect to the issuance of which an adjustment to the Per Share Warrant Price had been made, if such option, right warrant or conversion shall not have been exercised, the number of Warrant Shares purchasable upon exercise of this Warrant, to the extent this Warrant has not then been exercised, shall, upon such expiration, be readjusted and shall thereafter be such as they would have been had they been originally adjusted (or had the original adjustment not been required, as the case may be) on the basis of (A) the fact that Common Stock, if any, actually issued or sold upon the exercise of such rights, options, warrants or conversion privileges, and (B) the fact that such shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise plus the consideration, if any, actually received by the Company for the issuance, sale or grant of all such rights, options, warrants or conversion privileges whether or not exercised; provided, however, that no such readjustment shall have the effect of decreasing the number of Warrant Shares purchasable upon exercise of this Warrant by an amount in excess of the amount of the adjustment initially made in respect of the issuance, sale or grant of such rights, options, warrants or conversion privileges.

(h) In case any event shall occur as to which the other provisions of this Section 3 are not strictly applicable but as to which the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles of the adjustments set forth in this Section 3 then, in each such case, the Board of Directors of the Company shall in good faith determine the adjustment, if any, on a basis consistent with the essential intent and principles established herein, necessary to preserve the purchase rights represented by the Warrants. Upon such determination, the Company will promptly mail a copy thereof to the Holder of this Warrant and shall make the adjustments described therein.

4. Fully Paid Stock; Taxes . The shares of the Common Stock represented by each and every certificate for Warrant Shares delivered on the exercise of this Warrant shall, subject to compliance by the Holder with the terms hereof, at the time of such delivery, be duly authorized, validly issued and outstanding, fully paid and nonassessable, and not subject to preemptive rights or rights of first refusal imposed by any agreement to which the Company is a party, and the Company will take all such actions as may be necessary to assure that the par value, if any, per share of the Common Stock is at all times equal to or less than the then Per Share Warrant Price. The Company shall pay, when due and payable, any and all Federal and state stamp, original issue or similar taxes which may be payable in respect of the issue of any Warrant Share or any certificate thereof to the extent required because of the issuance by the Company of such security.

5. Optional Redemption .

(a) In the event that the closing price of the Common Stock for any thirty (30) consecutive Trading Days on the American Stock Exchange (or upon another national securities exchange or over-the-counter market, if then applicable) is at least 300% of the Per Share Warrant Price (subject to adjustment for any stock splits, combinations, or similar events with respect to the Common Stock after the original issuance date of this Warrant) (the “**Redemption Price**”), the Company shall be entitled to redeem all, but not less than all, of the Warrants at a per Warrant redemption price of \$0.01, at any time after the completion of such thirty (30) consecutive Trading Day period by providing thirty (30) business days’ written notice to the Holders. The Holder agrees to return the certificate representing the redeemed Warrants to the Company upon their redemption (or evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant in accordance with Section 8 hereof).

(b) Notwithstanding Section 7(a) hereof, for so long as any Warrant Shares are not subject to a registration statement declared effective by the SEC or are not otherwise permitted to be immediately sold, in whole, pursuant to an exemption to registration for such resale, including pursuant to Rule 144(k) of the Act, the Company shall not be entitled to exercise its redemption rights pursuant to Section 7(a) above.

6. Loss, etc., of Warrant . Upon receipt of evidence reasonably 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.

7. Warrant Holder Not Stockholder . This Warrant does not confer upon the Holder any right to vote on or consent to or receive notice as a stockholder of the Company, as such, in respect of any matters whatsoever, nor any other rights or liabilities as a stockholder, prior to the exercise hereof; this Warrant does, however, require certain notices to Holders as set forth herein.

8. Communication . No notice or other communication under this Warrant shall be effective or deemed to have been given unless, the same is in writing and is mailed by first-class mail, postage prepaid, or via recognized overnight courier with confirmed receipt, addressed to:

(a) the Company at Manhattan Pharmaceuticals, Inc., 810 Seventh Avenue, 4th Floor, New York, New York 10019, Attn: President, or other such address as the Company has designated in writing to the Holder ; or

(b) the Holder at the address last furnished to the Company in writing by the Holder .

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

10. **Applicable Law** . This Warrant shall be governed by and construed in accordance with the law of the State of New York without giving effect to the principles of conflicts of law thereof.

11. **Amendment, Waiver, etc** . Except as expressly provided herein, neither this Warrant nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought; provided, however, that any provision hereof may be amended, waived, discharged or terminated upon the written consent of the Company and the Majority of the Holders and such amendment, waiver, discharge or termination shall be effective with respect to the Company and all Holders.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by the undersigned duly authorized officer, this 11th day of September, 2008.

MANHATTAN PHARMACEUTICALS, INC.

By: _____

Its: