

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

July 17, 2009

Date of Report (Date of earliest event reported)

SAFESTITCH MEDICAL, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State of Other Jurisdiction
of Incorporation)

0-19437
(Commission File Number)

11-2962080
(I.R.S. Employer
Identification Number)

4400 Biscayne Boulevard, Suite A-100, Miami, Florida 33137
(Address of principal executive offices) (Zip Code)

(305) 575-6000
(Registrant's telephone number, including area code)

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 (see General Instruction A.2. below):

- 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 (17CFR 240.13e-4(c))
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Item 1.01	Entry Into a Material Definitive Agreement.
Item 3.02	Unregistered Sales of Equity Securities.
Item 3.03	Material Modification to Rights of Security Holders.
Item 5.03	Amendment to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On July 21, 2009, SafeStitch Medical, Inc., a Delaware corporation (the “Company”), entered into a securities purchase agreement (the “Current Purchase Agreement”) with a private investor (the “Current Investor”), pursuant to which the Current Investor agreed to purchase an aggregate of up to 2,000,000 shares (the “Current Shares”) of the Company’s newly-designated 10.0% Series A Cumulative Convertible Preferred Stock, par value \$0.01 per share (“Series A Preferred Stock”), at a purchase price of \$1.00 per share. On July 22, 2009, the Company closed on the issuance of 2,000,000 Current Shares under the Current Purchase Agreement for aggregate consideration of \$2.0 million.

The Company issued the Current Shares in reliance upon the exemption from registration under Section 4(2) of the Securities Act of 1933, as amended (the “Act”). The Current Investor represented to the Company that such person was an “accredited investor” as defined in Rule 501(a) of the Act and that the Current Shares were being acquired for investment purposes. The Current Shares have not been registered under the Act and are “restricted securities” as that term is defined by Rule 144 under the Act. The Company has not undertaken to register the Current Shares, and no registration rights have been granted to the Current Investor in respect of the Current Shares.

Additionally, on July 21, 2009, the Company entered into a second securities purchase agreement (the “Future Purchase Agreement”) with certain other private investors (the “Future Investors”), pursuant to which the Future Investors agreed to purchase an aggregate of up to 2,000,000 shares of Series A Preferred Stock (the “Future Shares”) at a purchase price of \$1.00 per share. The Company is not obligated to consummate the sale of the Future Shares under the Future Purchase Agreement, and the Company may elect, in its sole discretion, to consummate such sale on any date on or prior to June 30, 2010, subject to providing the Future Investors ten days written notice of such closing date. Among the Future Investors who have obligated themselves to potentially acquire a portion of the Future Shares are Hsu Gamma Investment, L.P., an entity of which Dr. Jane Hsiao, the Company’s Chairman of the Board, is general partner, Jeffrey G. Spragens, the Company’s Chief Executive Officer, President and a director, and Frost Gamma Investments Trust, a trust controlled by Dr. Phillip Frost, who is the largest beneficial owner of the Company’s outstanding common stock (collectively, the “Related Party Investors”). Each of the Related Party Investors is the beneficial owner of more than 10% of the Company’s common stock.

On July 17, 2009, the Company filed with the Secretary of State of the State of Delaware a Certificate of Designation of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of 10.0% Series A Cumulative Convertible Preferred Stock, and Qualifications, Limitations and Restrictions Thereof (the “Certificate of Designation”). A summary of the Certificate of Designation is set forth below:

Dividends

Holders of the Series A Preferred Stock are entitled to receive, when, as and if declared by the Company’s Board of Directors, dividends on each share of Series A Preferred Stock at a rate per annum equal to 10.0% of the sum of (a) \$1.00, plus (b) any and all declared and unpaid and accrued dividends thereon, subject to adjustment for any stock split, combination, recapitalization or other similar corporate action (the “Liquidation Amount”).

Voting

The Holders of Series A Preferred Stock have the right to receive notice of any meeting of holders of the Company's common stock, par value \$0.001 per share ("Common Stock"), or Series A Preferred Stock and to vote (on an as-converted into Common Stock basis) upon any matter submitted to a vote of the holders of Common Stock or Series A Preferred Stock. Except as otherwise expressly set forth in the Company's Restated Certificate of Incorporation, as amended from time to time, the holders of Series A Preferred Stock will vote on each matter submitted to them with the holders of Common Stock and all other classes and series of the Company's capital stock entitled to vote on such matter, taken together as a single class.

Rank

With respect to dividend distributions and distributions upon liquidation, winding up or dissolution of the Company, the Series A Preferred Stock ranks senior to all classes of Common Stock and to each other class of the Company's capital stock existing now or hereafter created that are not specifically designated as ranking senior to or *pari passu* with the Series A Preferred Stock. The Company may not issue any capital stock that is senior to or *pari passu* with the Series A Preferred Stock unless such issuance is approved by the holders of at least 66 2/3% of the issued and outstanding Series A Preferred Stock voting separately as a class.

Liquidation Preference

Upon the occurrence of a Liquidation Event (as defined in the Certificate of Designation), holders of Series A Preferred Stock are entitled to be paid, subject to applicable law, out of the assets of the Company available for distribution to its stockholders, an amount in cash (the "Liquidation Payment") for each share of Series A Preferred Stock equal to the greater of (x) the Liquidation Amount for each share of Series A Preferred Stock outstanding, or (y) the amount for each share of Series A Preferred Stock the holders would be entitled to receive pursuant to the Liquidation Event if all of the shares of Series A Preferred Stock had been converted into Common Stock as of the date immediately prior to the date fixed for determination of stockholders entitled to receive a distribution in such Liquidation Event. Such Liquidation Payment will be paid before any cash distribution will be made or any other assets distributed in respect of any class of securities junior to the Series A Preferred Stock, including, without limitation, Common Stock.

Conversion

The holder of any share of Series A Preferred Stock may at any time and from time to time convert such share into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (A) the Liquidation Amount of the share by (B) the conversion price, which is initially \$1.00, subject to adjustment as provided in the Certificate of Designation.

Redemption

To the extent it is lawfully able to do so, the Company may redeem all of the then outstanding shares of Series A Preferred Stock by paying in cash an amount per share equal to \$1.00 plus all declared or accrued unpaid dividends on such shares, subject to adjustment for any stock dividends or distributions, splits, subdivisions, combinations, reclassifications, stock issuances or similar events with respect to the Common Stock.

The foregoing description of the Current Purchase Agreement, Future Purchase Agreement and the Certificate of Designation is only a summary and is qualified in its entirety by reference to the full text of the form of Current Purchase Agreement, the form of Future Purchase Agreement and the Certificate of Designation, which are filed as Exhibit 10.1, Exhibit 10.2 and Exhibit 3.1, respectively, to this Current Report on Form 8-K, and each of which is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On July 23, 2009, the Company issued a press release announcing the entry into the Current Purchase Agreement and the Future Purchase Agreement and the issuance of the Current Shares. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in this Item 7.01.

The press release attached as an exhibit to this report contains various “forward looking statements” within the meaning of Section 27A of the Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which represent the Company’s expectations or beliefs concerning future events. When used in the press release and this report, the terms “anticipate,” “believe,” “estimate,” “expect” and “intend” and words or phrases of similar import, as they relate to the Company or its subsidiaries or its management, are intended to identify forward-looking statements. These forward-looking statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, the Company’s ability to protect its intellectual property, dedication of substantial resources towards research and development efforts, product liability risks and the effects of governmental regulation. Results actually achieved may differ materially from expected results included in these statements as a result of these or other factors, including those factors discussed under “Risk Factors” set forth in Item 1A to the Company’s Annual Report on Form 10-K, as amended, for the year ended December 31, 2008. The Company undertakes no obligation to update, and the Company does not have a policy of updating or revising, these forward-looking statements.

The information in this report will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD. The furnishing of this information is not intended to, and does not, constitute a determination or admission by the Company that such information is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

The information contained in Item 7.01 to this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing by the Company under the Act.

Item 9.01 Financial Statements and Exhibits.

Exhibit Number	Description
3.1	Certificate of Designation of Series A Preferred Stock.
3.2	Restated Certificate of Incorporation, as amended, filed as Annex A to our Definitive Information Statement on Schedule 14C filed with the SEC on December 7, 2007 and incorporated by reference herein.
4.1	Certificate of Designation of Series A Preferred Stock. (Filed herewith as Exhibit 3.1).
4.2	Specimen Certificate for Series A Preferred Stock.
10.1	Form of Current Purchase Agreement.
10.2	Form of Future Purchase Agreement.
99.1	Press Release dated July 23, 2009.

SIGNATURES

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

SAFESTITCH MEDICAL, INC.

By: /s/ Adam S. Jackson

Name: Adam S. Jackson

Title: Chief Financial Officer

Date: July 23, 2009

Exhibit Index

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4.1	Certificate of Designation of Series A Preferred Stock. (Filed herewith as Exhibit 3.1).
4.2	Specimen Certificate for Series A Preferred Stock.
10.1	Form of Current Securities Purchase Agreement.
10.2	Form of Future Securities Purchase Agreement.
99.1	Press Release dated July 23, 2009.

**CERTIFICATE OF DESIGNATION OF THE POWERS,
PREFERENCES AND RELATIVE, PARTICIPATING,
OPTIONAL AND OTHER SPECIAL RIGHTS OF 10.0%
SERIES A CUMULATIVE
CONVERTIBLE PREFERRED STOCK, AND
QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS THEREOF**

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

SafeStitch Medical, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the board of directors of the Corporation (the "Board of Directors") by its Amended and Restated Certificate of Incorporation (hereinafter referred to, including as it may be amended from time to time, as the "Certificate of Incorporation"), and pursuant to the provisions of Section 151 of the DGCL, said Board of Directors, on June 25, 2009, duly approved and adopted the following resolution (the "Resolution"):

RESOLVED, that, pursuant to the authority vested in the Board of Directors by the Corporation's Certificate of Incorporation, the Board of Directors does hereby create, authorize and provide for the issuance of 10.0% Series A Cumulative Convertible Preferred Stock, par value \$0.01 per share, with an initial stated value of \$1.00 per share, consisting of 4,000,000 shares, having the designations, preferences, relative, participating, optional and other special rights and the qualifications, limitations and restrictions thereof that are set forth in the Certificate of Incorporation and in this Resolution as follows:

(a) Designation. There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock designated as the "10.0% Series A Cumulative Convertible Preferred Stock." The number of shares constituting such series shall be 4,000,000 and such shares are referred to herein as the "Series A Preferred Stock." The liquidation preference of the Series A Preferred Stock shall be \$1.00 per share as adjusted for each stock combination, stock split, recapitalization, or similar corporate action that is the functional equivalent of any of the foregoing, with respect to such share, plus any and all declared and accrued unpaid dividends thereon (the "Liquidation Amount").

(b) Rank. The Series A Preferred Stock shall, with respect to dividend distributions and distributions upon liquidation, winding up or dissolution of the Corporation, rank (i) senior to all classes of Common Stock and to each other class of Capital Stock of the Corporation or series of Preferred Stock of the Corporation existing or hereafter created that are not Senior Securities or Parity Securities (collectively referred to, together with all classes of Common Stock, as "Junior Securities"); (ii) on a parity with any class of Capital Stock of the Corporation or series of Preferred Stock of the Corporation hereafter created, the terms of which expressly provide that such class or series will rank on a parity with the Series A Preferred Stock as to dividend distributions and distributions upon liquidation, winding-up or dissolution (collectively referred to as "Parity Securities"), provided that any such hereafter created Parity Securities that were not approved by the Holders in accordance with paragraph (f)(i) hereof shall be deemed to be Junior Securities and not Parity Securities; and (iii) junior to each other class of Capital Stock of the Corporation or series of Preferred Stock of the Corporation hereafter created, the terms of which expressly provide that such class or series will rank senior to the Series A Preferred Stock as to dividend distributions and distributions upon liquidation, winding-up or dissolution of the Corporation (collectively referred to as "Senior Securities"), provided that any such Senior Securities that were not approved by the Holders in accordance with paragraph (f)(ii) hereof shall be deemed to be Junior Securities and not Senior Securities.

(c) Dividends.

(i) From the Issue Date, (A) the Holders shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, dividends on each share of Series A Preferred Stock at a rate per annum equal to 10.0% of the Liquidation Amount per share of the Series A Preferred Stock, and (B) in the event that the Corporation shall declare and pay or make a dividend or any other distribution (including, without limitation, in cash, in Capital Stock (which shall include, without limitation, any options, warrants, convertible securities or other rights to acquire Capital Stock of the Corporation, whether or not pursuant to a shareholder rights plan, "poison pill" or similar arrangement), evidence of indebtedness issued by the Corporation or other Persons or other property or assets) on or with respect to shares of any class of Common Stock of the Corporation, then the Board of Directors shall declare, and the Holders shall be entitled to receive in respect of each share of Series A Preferred Stock, a dividend or distribution in an amount equal to the amount of such dividend or distribution received by a holder of the number of shares of Common Stock for which such share of Series A Preferred Stock is convertible on the date of the payment of such dividend or distribution to holders of Common Stock. All dividends provided for in clause (A) above shall be cumulative, whether or not earned or declared, accruing on an annual basis from the Issue Date.

In the event that the Corporation shall not have funds legally available for, or is otherwise prohibited by the DGCL, or any other applicable law, from paying any amounts under this paragraph (c)(i), the obligation to pay such amounts shall be carried forward and fulfilled when such funds are legally available and the Corporation is permitted to do so under the DGCL or any other applicable law.

Each dividend shall be payable to the Holders of record as they appear on the stock books of the Corporation on the applicable record date therefor; provided that any dividend or distribution payable pursuant to clause (B) above of the first paragraph of this paragraph (c)(i) shall be paid to the Holders of shares of record as they appear on the stock books of the Corporation on the record date applicable to holders of Common Stock and shall be paid to the Holders at the same time such dividend or distribution is made to holders of Common Stock, provided that such payment to all holders of Common Stock is not then prohibited under the DGCL or any other applicable law.

(ii) All dividends paid with respect to shares of the Series A Preferred Stock pursuant to paragraph (c)(i) shall be paid pro rata to the Holders entitled thereto.

(iii) (A) No full dividends shall be declared by the Board of Directors or paid or set apart for payment by the Corporation on any Parity Securities for any period unless full cumulative dividends have been or contemporaneously are declared and paid in full, or declared and a sum in cash set apart sufficient for such payment, on the Series A Preferred Stock for all periods terminating on or prior to the date of payment of such full dividends on such Parity Securities. If any dividends are not so paid in full, all partial dividends declared upon shares of the Series A Preferred Stock and any Parity Securities shall be declared pro rata so that the amount of dividends declared per share on the Series A Preferred Stock and such Parity Securities shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A Preferred Stock and such Parity Securities bear to each other.

(B) So long as any share of the Series A Preferred Stock is outstanding, the Corporation shall not declare, pay or set apart for payment any dividend on any of the Junior Securities, or make any payment on account of, or set apart for payment money for a sinking or other similar fund for, the purchase, redemption or other retirement of, any of the Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any of the Junior Securities, whether in cash, obligations or shares of the Corporation or other property, and shall not permit any corporation or other entity directly or indirectly controlled by the Corporation to purchase or redeem any of the Junior Securities or any such warrants, rights, calls or options (other than in exchange for Junior Securities) unless (1) full cumulative dividends determined in accordance herewith on the Series A Preferred Stock have been paid in full for all periods ended prior to the date of such payment and (2) such payment is in compliance with paragraph (f)(ii) hereof.

(C) So long as any share of the Series A Preferred Stock is outstanding, the Corporation shall not (except with respect to dividends as permitted by paragraph (c)(iii)(A)) make any payment on account of, or set apart for payment money for a sinking or other similar fund for, the purchase, redemption or other retirement of, any of the Parity Securities or any warrants, rights, calls or options exercisable for or convertible into any of the Parity Securities, whether in cash, obligations or shares of the Corporation or other property, and shall not permit any corporation or other entity directly or indirectly controlled by the Corporation to purchase or redeem any of the Parity Securities or any such warrants, rights, calls or options.

(iv) Dividends payable on the Series A Preferred Stock for any period less than a year shall be computed on the basis of a 360-day year of twelve 30-day months and, for periods not involving a full calendar month, the actual number of days elapsed (not to exceed 30 days).

(v) The Corporation may, at its option, pay declared or accrued dividends on the Series A Preferred Stock in Common Stock valued at the lower of the Current Market Price or the Reference Issue Price on the date such dividend is declared by the Board of Directors.

(d) Liquidation Preference.

(i) Upon the occurrence of a Liquidation Event, the Holders shall be entitled to be paid (provided that such cash payment is not then prohibited under the DGCL, or any other applicable law) out of the assets of the Corporation available for distribution to its stockholders an amount in cash for each share of Series A Preferred Stock equal to the greater of (x) the sum of the Liquidation Amount for each share of Series A Preferred Stock outstanding, including an amount in cash equal to all declared and accrued unpaid dividends thereon to the date of such Liquidation Event, or (y) the amount for each share of Series A Preferred Stock the Holders would be entitled to receive pursuant to the Liquidation Event if all of the shares of Series A Preferred Stock had been converted into Common Stock as of the date immediately prior to the date fixed for determination of stockholders entitled to receive a distribution in such Liquidation Event, before any cash distribution shall be made or any other assets distributed in respect of Junior Securities to the holders of any Junior Securities including, without limitation, Common Stock of the Corporation (the "Liquidation Payment").

(ii) If upon any Liquidation Event, the amounts payable with respect to the Series A Preferred Stock under paragraph (d)(i)(x) above are not paid in full, the Holders and the holders of Parity Securities will share equally and ratably in any distribution of assets of the Corporation in proportion to the full amount to which each is entitled upon a Liquidation Event.

(iii) As used herein, a "Liquidation Event" shall include (A) the closing of the sale, transfer, license, or other disposition of all or substantially all of the Corporation's assets, (B) the consummation of a merger or consolidation of the Corporation with or into another entity (except a merger or consolidation in which the holders of capital stock of the Corporation immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Corporation or the surviving or acquiring entity), (C) the acquisition, in one transaction or a series of related transactions occurring after the Issue Date, by a Person (other than an underwriter of the Corporation's securities) or group of Persons acting in concert, of 50% or more of the outstanding voting stock of the Corporation, or (D) a liquidation, dissolution or winding up of the affairs of the Corporation. For purposes of this definition, the sale or conveyance (by lease, assignment, transfer or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more subsidiaries of the Corporation, the Capital Stock of which constitutes all or substantially all of the Corporation's assets, shall be deemed to be the transfer of all or substantially all of the assets of the Corporation. The treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the written consent of the Holders of a majority of the outstanding Series A Preferred Stock.

(e) Conversion and Anti-Dilution Provisions.

(i) Holder's Right to Convert. The Holder of any share of Series A Preferred Stock may at any time and from time to time convert such share into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (A) the Liquidation Amount of the share by (B) the Conversion Price. Such conversion right shall be exercised by the surrender of the shares to be converted to the Corporation, accompanied by written notice to the Corporation of such Holder's election to convert in the form of Annex A hereto.

(ii) **Corporation's Right to Convert.** The Corporation may, at any time, after September 5, 2009, convert the outstanding Series A Preferred Stock in whole but not in part, with each Share of Series A Preferred Stock converting into such number of fully paid and non-assessable shares of Common Stock as determined by dividing (A) the Liquidation Amount of the shares by (B) the Conversion Price then in effect, if the aggregate market value of the Common Stock (as determined by multiplying (a) the number of shares of Common Stock outstanding (excluding (x) the shares of Common Stock issuable upon the exercise of all outstanding warrants and other convertible securities or instruments issued by the Corporation, (y) all shares of capital stock issued, issuable or reserved for issuance pursuant to or under any and all issued and outstanding options and warrants of the Corporation and (z) the shares of Common Stock issuable upon conversion of the Series A Preferred Stock), by (b) the closing sale price of a share of Common Stock, as reported on the over-the-counter bulletin board, or, if the Common Stock has been admitted to trading on a nationally recognized stock exchange or market quotation system (including, without limitation, the AMEX Equities), as reported on such exchange or market quotation system) shall, during any forty-five (45) trading days within any consecutive ninety (90) day period, equal or exceed One Hundred Fifty Million Dollars (\$150,000,000.00).

(iii) **Method of Holder Initiated Conversion.** To convert a share of Series A Preferred Stock into shares of Common Stock pursuant to subparagraph (e)(i), the Holder of such share of Series A Preferred Stock must surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred Stock, and give written notice to the Corporation at its principal corporate office of the election to convert such shares, and, if desired, the name of such Holder's nominee in which the certificates for Common Stock issued upon such conversion are to be issued; provided, however, that a Holder may make its conversion contingent upon the consummation of one or more events and such Holder's shares of Series A Preferred Stock shall not be deemed to be converted until immediately prior to the consummation of such event(s) (but solely for purposes of determining any record date for the stockholders of the Corporation entitled to participate in such event(s), such conversion shall be deemed to have occurred immediately prior to such record date). The Corporation shall, as soon as practicable after such surrender (and following the effectiveness of such conversion, in the case of a conditional conversion), issue and deliver at such office to such Holder, or to the nominee or nominees of such Holder, a certificate or certificates for the number of shares of Common Stock to which such Holder is entitled as a result of such conversion. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date notice of conversion is received by the Corporation, and upon the effectiveness of such conversion on such date, all rights of the Holder of such shares of Series A Preferred Stock as a Holder of such shares shall cease at such time, and the Person(s) in whose name(s) the certificates for such shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder(s) thereof at such time; provided, however, that if a Holder shall have elected to make its conversion contingent upon the consummation of one or more events, such conversion shall not be effective until immediately prior to the consummation of such event(s) (but solely for purposes of determining any record date for the stockholders of the Corporation entitled to participate in such event(s), such conversion shall be deemed to have occurred immediately prior to such record date), it being understood that if such event(s) is/are not consummated in accordance with the terms of such conditional conversion then such conversion shall not be effective unless consented to in writing by such Holder. Notwithstanding the foregoing, if the Holder's stock certificates have been lost, stolen, or destroyed, then in lieu of delivering such certificates pursuant to this subparagraph(e)(iii), such Holder may notify the Corporation or its transfer agent to such effect and deliver an executed agreement, reasonably satisfactory to the Corporation, to indemnify the Corporation from any loss incurred by it in connection with such lost, stolen, or destroyed certificates.

(iv) Method of Corporation Initiated Conversion. In the event of a conversion pursuant to subparagraph (e)(ii), immediately prior to the close of business on the date of receipt of notice by each Holder from the Corporation of its election to convert all of the outstanding shares of Series A Preferred Stock, the outstanding shares of Series A Preferred Stock shall be converted automatically without any further action by the Holders of such shares or any other Person and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, whereupon all rights of the Holders of such shares of Series A Preferred Stock as Holders of such shares shall cease, and the Person(s) in whose name(s) the certificates representing the underlying shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder(s) thereof; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series A Preferred Stock are either delivered to the Corporation or its transfer agent, as provided below, or the Holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such conversion of Series A Preferred Stock, the Holders shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series A Preferred Stock or provide an indemnity agreement as described above. Thereupon, there shall be issued and delivered to such Holder promptly at such office and in its name as shown on such surrendered certificate or certificates (or as contemplated by such indemnity agreement), a certificate or certificates for the number of shares of Common Stock into which the shares of Series A Preferred Stock surrendered were convertible on the date on which such conversion occurred.

(v) Adjustments to Number of Shares and Conversion Price. The number of shares of Common Stock issuable upon conversion of each share of Series A Preferred Stock shall be adjusted from time to time as follows:

(A) If, after the Issue Date, the Corporation (I) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock, (II) subdivides its outstanding shares of Common Stock into a greater number of shares, (III) combines its outstanding shares of Common Stock into a smaller number of shares, or (IV) issues by reclassification of its shares of Common Stock any shares of Capital Stock of the Corporation (including any reclassification in connection with a merger or consolidation in which the Corporation is the surviving corporation), then the number of shares of Common Stock issuable upon conversion of each share of Series A Preferred Stock shall be adjusted so that the Holder of any share of the Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number and kind of shares of Capital Stock that such Holder would have owned immediately following such action had such share of Series A Preferred Stock been converted immediately prior thereto, and the Conversion Price shall be appropriately adjusted to reflect any such event. An adjustment made pursuant to this subparagraph (e)(v)(A) shall become effective immediately after 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. Such adjustment shall be made successively whenever any event described above shall occur.

(B) If, after the Issue Date, the Corporation issues or sells any shares of Common Stock or is deemed to have issued or sold any shares of its Common Stock (including Common Stock deemed to have been issued or sold pursuant to subparagraph (e)(v)(D)(III) as a result of the issuance of any options, warrants or convertible securities) for consideration of less than the Reference Issue Price, then the Conversion Price shall be reduced so that it shall equal the price determined by multiplying the Conversion Price in effect immediately prior to such date by a fraction (x) the numerator of which shall be the number of shares of Common Stock outstanding on such date plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so issued or sold (or deemed issued or sold) (or the aggregate conversion price or exercise price of the warrants, options or convertible securities so issued or sold (or deemed issued or sold)) would purchase at the Reference Issue Price per share of Common Stock on such date, and (y) the denominator of which shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock issued or sold (or deemed issued or sold) (or into which the warrants, options or convertible securities so issued or sold (or deemed issued or sold) are convertible).

(C) Notwithstanding any of the other provisions of this subparagraph (e)(v), no adjustment shall be made to the Conversion Price pursuant to subparagraph (e)(v)(B) as a result of any of the following:

(I) the grant of Common Stock or options, warrants, or rights to purchase Common Stock to employees, officers, directors or strategic partners of the Corporation and its subsidiaries under compensation plans and agreements approved in good faith by the Board of Directors; provided that, in the case of options, warrants or rights to purchase Common Stock, the exercise price per share of Common Stock shall not be less than the Current Market Price per share of Common Stock on the date such option, warrant or other right is issued;

(II) the issuance or deemed issuance of any Common Stock in connection with the closing of any (i) acquisition or license by the Company of assets of a third party in an arm's-length transaction or (ii) the consummation of a merger or consolidation of the Corporation with or into another entity to the extent such transaction(s) is or are approved by the legally adopted vote or consent of the Board of Directors;

(III) without duplication of clause (I) above, the issuance of securities upon exercise or conversion of options, warrants, rights or other securities that are outstanding on the Issue Date, including the warrants issuable to the Holders of the Series A Preferred; and

(IV) the issuance of securities for which an adjustment is made under another provision of this subparagraph (e)(v).

(D) The following rules shall apply for purposes of this subparagraph (e)(v):

(I) In the case of the issuance or sale (or deemed issuance or sale) of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or the expenses allowed paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(II) In the case of the issuance or sale (or deemed issuance or sale) of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be valued at the Fair Market Value thereof;

(III) In the case of the issuance or sale of options or warrants to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock, or options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of this subparagraph (e)(v):

(a) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options or warrants to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options, warrants, or rights were issued and for consideration equal to the consideration (determined in the manner provided in this subparagraph (e)(v)(D)), if any, received by the Corporation upon the issuance of such options, warrants, or rights plus the minimum exercise price provided in such options, warrants, or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(b) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities or upon the exercise of options or warrants to purchase rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options, warrants, or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities or options, warrants, or rights, plus the minimum additional consideration, if any, to be received by the Corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or upon the exercise of such options, warrants or rights and subsequent conversion or exchange of the underlying convertible or exchangeable securities, as appropriate (the consideration in each case to be determined in the manner provided in this subparagraph (e)(v)(D)).

(c) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon exercise of such options, warrants, or rights with respect to either Common Stock or such convertible or exchangeable securities or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Conversion Price, to the extent in any way affected by or computed using such options, warrants, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options, warrants or rights or the conversion or exchange of such securities.

(d) Upon the expiration of any such options, warrants or rights with respect to either Common Stock or such convertible or exchangeable securities or the termination of any such rights to convert or exchange, the Conversion Price, to the extent in any way affected by or computed using such options, warrants, rights or securities shall be recomputed to reflect the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options, warrants or rights with respect to Common Stock, upon the conversion or exchange of such securities, or the number of shares of Common Stock issuable upon conversion or exchange of the convertible or exchangeable securities that were actually issued upon exercise of options, warrants or rights related to such securities.

(e) The number of shares of Common Stock deemed issued and the consideration deemed paid thereof pursuant to subparagraphs (e)(v)(D)(III)(a) and (b) shall be appropriately adjusted to reflect any change, termination, or expiration of the type described in either subparagraph (e)(v)(D)(III)(c) or (d).

(E) Notwithstanding any of the other provision of this subparagraph (e)(v)(D), no adjustment shall be made to the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock or the Conversion Price as a result of an event for which an adjustment is made under another provision of this paragraph (e).

(F) For purposes of this subparagraph (e)(v), no adjustment of the Conversion Price shall be made in an amount less than 1/100th of one cent per share; provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be taken into account in any subsequent adjustment made.

(vi) Fractional Shares. No fractional shares of Common Stock shall be issued upon the conversion of any share or shares of Series A Preferred Stock but instead, upon conversion, at the option of the exercising Holder, either (i) fractional shares shall be rounded up to the nearest whole share and the exercising Holder shall pay to the Corporation the portion of the Conversion Price per share represented by such fractional share or (ii) the Corporation shall pay to the exercising Holder the portion of the Current Market Price per share of Common Stock represented by such fractional share. If more than one such share of Series A Preferred Stock is surrendered for conversion at the same time by the same Holder, the number of full shares that are issuable upon the conversion thereof shall be computed on the basis of the aggregate number of shares so surrendered.

(vii) Mergers; Etc. If there is (i) any consolidation, merger, or conversion of form of legal entity to which the Corporation is a party, other than a Liquidation Event, or (ii) any other event that causes the holders of Common Stock to receive a different or additional kind or amount of shares of stock or other securities or other property (other than an event for which an adjustment in the kind and amount of shares of stock or other securities or other property for which the Series A Preferred Stock is convertible is otherwise made pursuant to this paragraph (e) and other than a Liquidation Event), then the Holder of each share of Series A Preferred Stock then outstanding shall have the right upon conversion pursuant to the terms hereof to receive the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger or other event by a holder of the number of shares of Common Stock issuable upon conversion of such share immediately prior to such consolidation, merger or other event, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this paragraph (e). The provisions of this subparagraph (e)(vii) shall similarly apply to successive consolidations, mergers and other events.

(viii) Reserves. The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the shares of Series A Preferred Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of shares of Series A Preferred Stock by delivery of shares of Common Stock that are held in the treasury of the Corporation.

(ix) Transfer Taxes. The Corporation shall pay any and all documentary, stamp, issue or transfer taxes, and any other similar taxes payable in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the Holder of the shares of Series A Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

(x) No Adjustment Less than Par Value. No adjustment in the Conversion Price shall reduce the Conversion Price below the then par value of the Common Stock.

(xi) Notice of Adjustment. Whenever the Conversion Price or conversion privilege is adjusted, the Corporation shall promptly mail to Holders a notice of the adjustment briefly stating the facts requiring the adjustment and the manner of computing it.

(xii) Notice of Certain Transactions. In the event that:

(A) the Corporation proposes to take any action which would require an adjustment in the Conversion Price;

(B) the Corporation proposes to consolidate or merge with, or transfer all or substantially all of its property and assets to, another Person and stockholders of the Corporation must approve the transaction; or

(C) there is a proposed Liquidation Event;

the Corporation shall mail to the Holders a notice stating the proposed record or effective date, as the case may be. The Corporation shall mail the notice at least ten days before such record or effective date, whichever is first.

(f) Voting Rights.

(i) Generally. The Holders shall have the right to receive notice of any meeting of holders of Common Stock or Series A Preferred Stock and to vote upon any matter submitted to a vote of the holders of Common Stock or Series A Preferred Stock. Except as otherwise expressly set forth in the Certificate of Incorporation (including this Certificate of Designation and all other Certificates of Designation with respect to other classes or series of securities), the Holders shall vote on each matter submitted to them with the holders of Common Stock and all other classes and series of Capital Stock entitled to vote on such matter, taken together as a single class.

(ii) Special Matters. For so long as at least 66 2/3% of the shares of Series A Preferred Stock that have been issued under this Certificate of Designation as of the applicable record date remain outstanding, the Corporation may not effect any of the following after the Issue Date without the consent and approval of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting or consenting, as the case may be, as one class, separately from the holders of each other class and series of securities of the Corporation, in person or by proxy, either in writing or by resolution adopted at an annual or special meeting.

(1) the authorization or issuance of (or reclassification of any Junior Securities to) any class of (or the amendment of any terms of) Parity Securities;

(2) the authorization or issuance of (or reclassification of any Junior Securities or Parity Securities to) any class of (or the amendment of any terms of) Senior Securities; and

(3) (A) the amendment or waiver of any of the terms of this Certificate of Designation or (B) the amendment or waiver of any other terms of the Certificate of Incorporation so as to affect (whether by merger, consolidation or otherwise) the specified rights, powers, preferences, or voting rights of the Series A Preferred Stock, including, in each case, any action to increase or decrease the number of authorized shares of Series A Preferred Stock.

Notwithstanding the foregoing, without the consent of each Holder, no such amendment or waiver of the Certificate of Incorporation (whether by merger, consolidation or otherwise) may (i) subject any Holder to any additional obligation, (ii) reduce the Liquidation Amount of or dividend rate on the Series A Preferred Stock, (iii) postpone the date fixed for any payment of the Liquidation Amount, or any dividends or other payments in respect of the Series A Preferred Stock, (iv) change the percentage of the shares of Series A Preferred Stock the Holders of which shall be required to consent or take any other action under this paragraph (f) or any other provision of this Certificate of Designation, (v) adversely affect the conversion rights of the Series A Preferred Stock or (vi) adversely affect the ranking of the Series A Preferred Stock.

(iii) Number of Votes. In any case in which the holders of the Series A Preferred Stock shall be entitled to vote pursuant to this Certificate of Designation or pursuant to the DGCL or other applicable law, each Holder entitled to vote with respect to such matter shall be entitled to vote, with respect to each share of such Series A Preferred Stock, the number of votes that equals the number of shares of Common Stock into which such share of Series A Preferred Stock is then convertible.

(g) Conversion or Exchange. The Holders shall not have any rights hereunder to convert shares of the Series A Preferred Stock into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of Capital Stock of the Corporation other than as provided in this Certificate of Designation.

(h) Reissuance of Series A Preferred Stock. Shares of Series A Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable provisions of the DGCL or other applicable law) have the status of authorized and unissued shares of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of Preferred Stock; provided that any issuance of such shares of Preferred Stock must be in compliance with the terms hereof.

(i) Business Day. If any payment, redemption or exchange shall be required by the terms hereof to be made on a day that is not a Business Day, such payment, redemption or exchange shall be made on the immediately succeeding Business Day

(j) Optional Redemption Right of the Corporation. The Corporation shall, to the extent it may lawfully do so, have the right to redeem, upon giving fifteen (15) days' written notice to the Series A Holders (the "Redemption Notice"), all of the then outstanding shares of Series A Preferred Stock by paying in cash therefor a sum per share equal to the Reference Issue Price, plus all declared or accrued unpaid dividends on such shares (the "Redemption Price") on a date (the "Redemption Date") that is no later than thirty (30) days after the date such notice is received by the Holders. If the Redemption Notice shall have been duly given and if, on or before the Redemption Date, all funds necessary for such redemption shall have been set aside by the Corporation in trust for the account of the holders of the Series A Preferred Stock to be redeemed, so as to be available therefore, then, from and after the mailing of the Redemption Notice, notwithstanding that any certificate for shares of Series A Preferred Stock so called for redemption shall not have been surrendered for cancellation, all rights in or with respect to such shares shall terminate except the right of the holder to (i) receive the Redemption Price, without interest, upon compliance with the procedures specified in the Redemption Notice, or (ii) convert such shares of Series A Preferred Stock into Common Stock pursuant to paragraph (e)(i), not later than the fourth business day preceding the Redemption Date.

(k) Notices. Unless otherwise provided in this Certificate of Designation or by applicable law, all notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be personally delivered, delivered by facsimile or courier service, or mailed, certified with first class postage prepaid, or emailed, to its address set forth on the books of the Corporation, in the case of communications to a stockholder, and to the registered office of the Corporation in the State of Delaware with a copy to the chief executive officer of the Corporation at 4400 Biscayne Boulevard, Miami, Florida 33137, Attention: Jeffrey G. Spragens, for all communications to the Corporation. Each such notice, request, demand, or other communication shall be deemed to have been given and received (whether actually received or not) on the date of actual delivery thereof, if personally delivered or delivered by facsimile transmission (if receipt is confirmed at the time of such transmission by telephone), or on the third day following the date of mailing, if mailed in accordance with this paragraph (k), or on the day specified for delivery to the courier service (if such day is one on which the courier service will give normal assurances that such specified delivery will be made); provided that no email communications shall be deemed to have been received unless the intended recipient thereof shall reply confirming receipt. Any notice, request, demand, or other communication given otherwise than in accordance with this paragraph (k) shall be deemed to have been given on the date actually received. Any stockholder may change its address for purposes of this paragraph (k) by giving written notice of such change to the Corporation in the manner hereinabove provided. Whenever any notice is required to be given by law or by this Certificate of Designation, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of notice.

(l) Definitions. As used in this Certificate of Designation, the following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

"Affiliate" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise. For purposes of this definition, a Person shall be deemed to be "controlled by" a Person if such latter Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors of such former Person.

“Board of Directors” shall have the meaning provided in the first paragraph of this Certificate of Designation.

“Business Day” means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

“Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interest in (however designated) capital stock.

“Certificate of Designation” means this Certificate of Designation creating the Series A Preferred Stock.

“Certificate of Incorporation” shall have the meaning provided in the first paragraph of this Certificate of Designation.

“closing bid price”: with respect to the Common Stock on any trading day, shall mean (A) if the Common Stock is listed or admitted to trading on any securities exchange, the closing price, regular way, on such day on the principal exchange on which the Common Stock is traded, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, (B) if the Common Stock is not then listed or admitted to trading on any securities exchange, the last reported sale price on such day, or if there is no such last reported sale price on such day, the average of the closing bid and the asked prices on such day, as reported by a reputable quotation source designated by the Corporation or (C) if neither clause (A) nor (B) is applicable, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City of New York, customarily published on each trading day, in each case designated by the Corporation. If there are no such prices on a trading day, then the closing bid price shall not be determinable for such trading day.

“Commission” means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act or, if at any time after the Issue Date such Commission is not existing and performing the duties now assigned to it under the Exchange Act, the body performing such duties at such time.

“Common Stock” means the Corporation’s Common Stock, par value \$0.001 per share.

“Conversion Price” means \$1.00 and shall be subject to adjustment as provided in subparagraph (e)(v) hereof.

“Corporation” shall have the meaning provided in the first paragraph of this Certificate of Designation.

“Current Market Price” per share of Common Stock on any date means:

if the Common Stock is not registered under the Exchange Act, the value of the Common Stock determined by (A) the legally adopted vote or consent of the Board of Directors and certified in a board resolution, or (B) if the Board of Directors is unable or unwilling to determine such value within a period of 30 days, an Independent Financial Advisor, or

if the Common Stock is registered under the Exchange Act, the average of the daily closing bid prices of the Common Stock for the 20 consecutive trading days preceding such date, but only if the Common Stock shall have been listed on a national securities exchange or traded through an automated quotation system during such entire 20 trading day period. If the Common Stock shall have not been so listed or traded for such entire 20 trading day period, the Current Market Price per share of Common Stock shall be determined as if the Common Stock was not registered under the Exchange Act.

“DGCL” means the General Corporation Law of the State of Delaware.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Fair Market Value” means, with respect to any asset or property, the price which would be negotiated in an arm’s-length transaction, for cash, between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined (A) by the legally adopted vote or consent of the Board of Directors and certified in a Board Resolution, or (B) if the Board of Directors is unable or unwilling to determine such value within a period of thirty (30) days, the Fair Market Value shall be determined by an Independent Financial Advisor.

“Holder” means a holder of shares of Series A Preferred Stock as reflected in the register maintained by the Corporation or the transfer agent for the Series A Preferred Stock.

“Independent,” as applied to a Person, means that such Person (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Corporation or any of its subsidiaries, or in any Affiliate of the Corporation or any of its subsidiaries (other than as a result of holding securities of the Corporation in trading accounts) and (iii) is not an officer, employee, promoter, trustee, partner, director or Person performing similar functions for the Corporation or any of its subsidiaries or any Affiliate of the Corporation or any of its subsidiaries.

“Independent Financial Advisor” means a reputable accounting, appraisal or investment banking firm that is, in the reasonable judgment of the Board of Directors, qualified to perform the task for which such firm has been engaged as contemplated hereunder, nationally recognized, disinterested and Independent with respect to the Corporation (including its subsidiaries) and its Affiliates and reasonably acceptable to the Required Holders.

“Issue Date” means the first date on which shares of the Series A Preferred Stock are issued.

“Junior Securities” shall have the meaning provided in paragraph (b).

“Liquidation Amount” shall have the meaning provided in paragraph (a).

“Liquidation Event” shall have the meaning provided in paragraph (d)(iii).

“Liquidation Payment” shall have the meaning provided in paragraph (d)(i).

“Parity Securities” shall have the meaning provided in paragraph (b).

“Person” means an individual, corporation, partnership, limited liability company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, court or governmental unit or any agency or subdivision thereof, or any other legally recognizable entity.

“Preferred Stock” means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over Capital Stock of any other class of such Person.

“Reference Issue Price” means \$1.00 per share of Common Stock (including Common Stock deemed to have been issued or sold pursuant to subparagraph (e)(v)(C)(III) as a result of the issuance of any options, warrants or convertible securities), as such amount shall be appropriately adjusted under paragraph (e)(v) hereof for any stock dividends or distributions, splits, subdivisions, combinations, reclassifications, stock issuances or similar events with respect to such Common Stock occurring after the Issue Date.

“Required Holders” means the Holders of a majority of the then outstanding shares of Series A Preferred Stock.

“Resolution” shall have the meaning provided in the first paragraph of this Certificate of Designation.

“Redemption Date” shall have the meaning provided in paragraph (j).

“Redemption Notice” shall have the meaning provided in paragraph (j)

“Redemption Price” shall have the meaning provided in paragraph (j)

“Senior Securities” shall have the meaning provided in paragraph (b).

“Series A Preferred Stock” shall have the meaning provided in paragraph (a).

IN WITNESS WHEREOF, said Corporation has caused this Certificate of Designation to be signed by Adam S. Jackson, its Chief Financial Officer, this 17th day of July, 2009.

SAFESTITCH MEDICAL, INC.

By: /s/ Adam S. Jackson

Name: Adam S. Jackson

Title: Chief Financial Officer

ANNEX A

**NOTICE OF CONVERSION
(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT
SHARES OF SERIES A PREFERRED STOCK)**

The undersigned hereby elects to convert the number of shares of Series A Preferred Stock indicated below into shares of common stock, par value \$0.001 per share (the "Common Stock"), of SafeStitch Medical, Inc., a Delaware corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation or its transfer agent. No fee will be charged to the holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Series A Preferred Stock owned: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Address for Delivery: _____

HOLDER

By: _____

Name:

Title:

SAFESTITCH MEDICAL, INC.

Certificate

No 00

For _____ Shares

From whom transferred

Received Certificate No _____

Issued to _____

Dated _____

20

For _____

Shares

NO. OF ORIGINAL
CERTIFICATE

NO. OF ORIGINAL
SHARES

NO. OF SHARES
TRANSFERRED

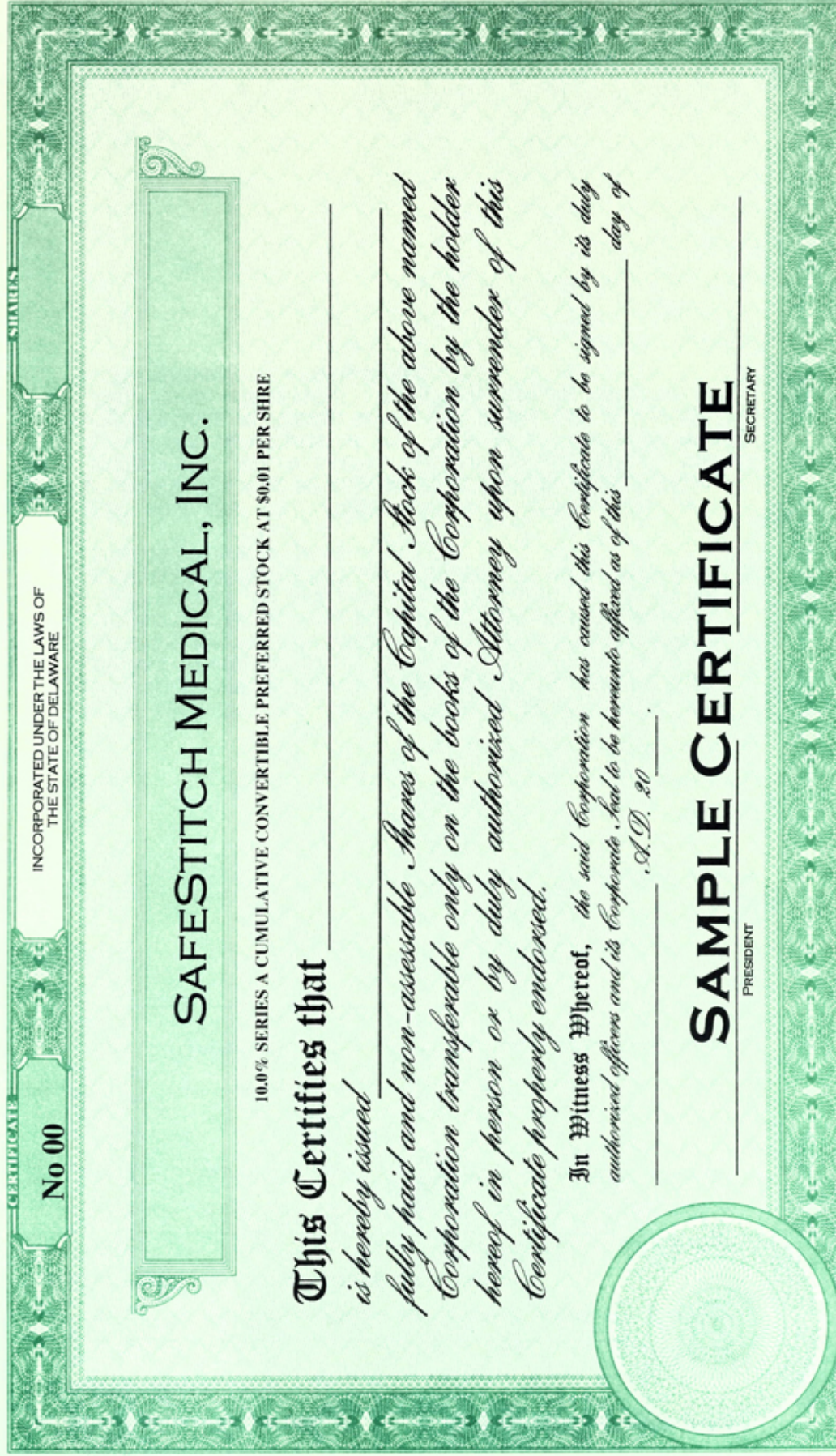
20

on _____

20

Dated _____

20



INCORPORATED UNDER THE LAWS OF
THE STATE OF DELAWARE

CERTIFICATE
No 00

SAFESTITCH MEDICAL, INC.

10.0% SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK AT \$0.01 PER SHARE

This Certifies that _____

is hereby issued _____

fully paid and non-assessable Shares of the Capital Stock of the above named Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed as of this _____ day of _____, A.D. 20 _____.



SAMPLE CERTIFICATE

PRESIDENT

SECRETARY

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

For Value Received, _____ hereby sell, assign and transfer unto _____ Shares represented by the within certificate and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said Shares on the books of the within named Corporation with full power of substitution in the premises. Dated _____ 20 _____ In presence of _____

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF REGISTRATION UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO SAFESTITCH MEDICAL, INC., A DELAWARE CORPORATION (THE "COMPANY"), AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED. THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL, AND OTHER SPECIAL RIGHTS OF THE 10.0% SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK, PAR VALUE \$0.01 PER SHARE, AND THE QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS.

SECURITIES PURCHASE AGREEMENT

dated as of July 21, 2009

by and among

SAFESTITCH MEDICAL, INC.

AND

**THE PURCHASERS SET FORTH ON
THE SIGNATURE PAGES HERETO**

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is dated as of July 21, 2009, by and between SafeStitch Medical, Inc. (the "Company"), a corporation organized under the laws of the State of Delaware, with its principal offices at 4400 Biscayne Boulevard, Suite A-100, Miami, Florida 33137 (the "Principal Office"), and the purchasers whose names and addresses are set forth on the signature pages hereto (the "Purchasers"). Certain capitalized terms used but not defined herein shall have the respective meanings set forth on Schedule 1 attached hereto.

IN CONSIDERATION of the mutual covenants contained in this Agreement, and intending to be legally bound hereby, the Company and the Purchasers agree as follows:

SECTION 1. Authorization of Sale of the Shares. Subject to the terms and conditions of this Agreement, and the filing with the Secretary of State of the State of Delaware of the Certificate of Designation of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of the 10.0% Series A Cumulative Convertible Preferred Stock, and Qualifications, Limitations and Restrictions Thereof, substantially in the form attached hereto as Exhibit A (the "Certificate of Designation"), the Company has authorized the issuance and sale to the Purchasers in a private placement of up to an aggregate of 2,000,000 shares of 10.0% Series A Cumulative Convertible Preferred Stock, par value \$0.01 per share, of the Company (each, a "Share").

SECTION 2. Agreement to Sell and Purchase the Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined in Section 3), the Company shall issue and sell to each Purchaser, and such Purchaser shall buy from the Company, the number of Shares set forth on such Purchaser's signature page hereto for an aggregate purchase price equal to the number of such Shares purchased by such Purchaser *multiplied* by the per-Share purchase price of \$1.00 (the "Purchase Price").

SECTION 3. Closing

3.1 Delivery of the Shares at the Closing. The completion of the purchase and sale of Two Million (2,000,000) Shares (the "Closing") shall occur at the Principal Office as soon as practicable and as agreed to by the parties hereto, on the date of and concurrently with the execution of this Agreement, or on such later date or at such different location as the parties hereto shall mutually agree, but not prior to the date on which the Closing Conditions (as defined below) have been satisfied or waived (the "Closing Date").

3.2 Closing Deliverables. At the Closing, the Company shall deliver to each Purchaser one or more stock certificates registered in the name of such Purchaser, or, if so indicated on such Purchaser's Stock Certificate Questionnaire, the form of which is attached hereto as Appendix I (the "Stock Certificate Questionnaire"), in such other name(s) as designated by such Purchaser, evidencing the number of Shares set forth on such Purchaser's signature page attached hereto, each bearing a restrictive legend, substantially in the form set forth in Section 6.2.

3.3 Conditions to the Company's Obligations. The Company's obligation to complete the sale of the Shares at the Closing is subject to the fulfillment, at or prior to the Closing, of each of the following conditions, unless otherwise waived ("Company Closing Conditions"):

- (a) receipt by the Company of immediately available funds in the full amount of the aggregate purchase price for all Shares being purchased at the Closing;
- (b) each of the representations and warranties of each Purchaser set forth in Section 5 shall be true and correct on the date of the Closing; and
- (c) each Purchaser shall have performed and complied with all covenants, agreements and obligations contained in this Agreement that are required to be performed or complied with by such Purchaser on or prior to the Closing.

3.4 Conditions to Purchasers' Obligations. Each Purchaser's obligation to purchase the Shares at the Closing is subject to the fulfillment, at or prior to the Closing, of each of the following conditions, unless otherwise waived ("Purchaser Closing Conditions" and, together with the Company Closing Conditions, the "Closing Conditions"):

- (a) each of the representations and warranties of the Company set forth in Section 4 that is qualified by materiality or material adverse effect or words of similar effect shall be accurate in all respects on the Closing Date (except to the extent any such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall be accurate as of such date), and each of the representations and warranties of the Company set forth in Section 4 that is not so qualified shall be accurate in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall be accurate in all material respects as of such date);
- (b) the Company shall have performed and complied with all covenants, agreements and obligations contained in this Agreement that are required to be performed or complied with by the Company on or before the Closing; and
- (c) the Certificate of Designation shall have been filed with, and accepted for filing by, the Secretary of State of the State of Delaware.

SECTION 4. Representations, Warranties and Covenants of the Company. The Company hereby represents and warrants to the Purchasers as follows:

4.1 Issuance of Shares. The Company has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and the Company's issuance and sale of the Shares. The Shares, when issued and delivered and paid for as provided herein, will be duly authorized, validly issued, fully paid and nonassessable and will be issued free and clear of any Encumbrances (other than as arising under applicable securities laws or this Agreement). Assuming the accuracy of the representations and warranties of the Purchasers set forth in Section 5 of this Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws.

4.2 Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted and is duly qualified to do business in any other jurisdiction by virtue of the nature of the businesses conducted by it or the ownership or leasing of its properties, except where the failure to be so qualified will not, when taken together with all other such failures, have a Material Adverse Effect on the Company.

4.3 Charter and Bylaws. The Company's Charter and Bylaws, as amended or restated to date, as filed with the SEC, are a complete and correct copy of such documents as in effect on the date hereof.

4.4 Capitalization. As of the date hereof, the Company is authorized to issue 250,000,000 shares of capital stock, consisting of 225,000,000 shares of common stock, par value \$0.001 per share ("Common Stock"), and 25,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock"). As of June 15, 2009, there were (i) 17,962,718 shares of Common Stock issued and outstanding, and (ii) no shares of the Preferred Stock issued or outstanding. All such outstanding shares of Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. Except as disclosed in the SEC Documents, as of the date hereof, there are no outstanding options, warrants, rights to subscribe for, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of any class of capital stock of the Company, or agreements, understandings or arrangements to which the Company is a party, or by which the Company is or may be bound, to issue additional shares of its capital stock or options, warrants or rights to subscribe for, calls or commitment of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, any shares of any class of its capital stock.

4.5 Authorization, Enforceability and Related Matters. (i) The Company has full right, power, authority and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement; (ii) the making and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated herein will not violate any provision of the Company's Charter or Bylaws or, except to the extent that it would not have a Material Adverse Effect on the Company or adversely affect the Company's ability to consummate the transactions contemplated hereby, conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any material agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Company is a party, or any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body, administrative agency or other governmental agency or body applicable to the Company; (iii) no consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental agency or body is required in respect of the Company's execution and delivery of this Agreement or the consummation by the Company of the transactions contemplated by this Agreement; (iv) upon the execution and mutual delivery of this Agreement by the parties hereto, this Agreement shall constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to the enforcement of creditor's rights and the application of equitable principles relating to the availability of remedies, and except as rights to indemnity or contribution may be limited by federal or state securities laws or the public policy underlying such laws; and (v) there is not in effect any order enjoining or restraining the Company from entering into or engaging in any of the transactions contemplated by this Agreement.

4.6 Brokers or Finders. No broker, investment banker, financial advisor or other individual, corporation, general or limited partnership, limited liability company, firm, joint venture, association, enterprise, joint securities company, trust, unincorporated organization or other person or entity is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company or any of its Affiliate.

4.7 SEC Documents. The Company has made available to the Purchasers true and complete copies of all SEC Documents. As of their respective dates (or if amended, as of the date of the last amendment filed prior to the date hereof), the SEC Documents complied in all material respects with the requirements of the 1934 Act, and rules and regulations of the SEC promulgated thereunder, and the SEC Documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.8 Company Financial Statements. The financial statements, together with any notes thereto, included in the Company's Annual Report on Form 10-K as filed with the SEC on March 27, 2009 and the Company's Quarterly Report on Form 10-Q as filed with the SEC on May 13, 2009 fairly present in all material respects, on the basis stated therein and on the date thereof, the financial position of the Company at the respective dates therein specified and its results of operations and cash flows for the periods then ended. Such statements and related notes have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") applied on a consistent basis except as expressly noted therein and subject in the case of the unaudited financial statements to year-end adjustments.

4.9 Material Changes; Undisclosed Events, Liabilities or Developments. Since March 31, 2009, except as specifically disclosed in any SEC Document filed subsequent to March 31, 2009 and prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (ii) the Company has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP; (iii) the Company has not altered its method of accounting; (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock; and (v) the Company has not issued any equity securities to any of its officers, directors or Affiliates. As of the date hereof, except for the issuance of the Shares contemplated by this Agreement, no event, liability or development has occurred or exists with respect to the Company or its subsidiaries or their respective business, properties, operations or financial condition that is required to be disclosed by the Company under applicable securities laws.

4.10 Full Disclosure. No representation or warranty made by the Company in this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein not misleading.

SECTION 5. Representations, Warranties and Covenants of the Purchasers. Each Purchaser severally, and not jointly with any other Purchaser, represents and warrants to the Company that:

5.1 Experience. (i) Such Purchaser is knowledgeable, sophisticated and experienced in financial and business matters, and is making, and is qualified to make, decisions with respect to investments in shares representing an investment decision like that involved in the purchase of the Shares, including investments in securities issued by the Company and/or comparable entities, has the ability to bear the economic risks of an investment in the Shares and has had the opportunity to request, receive, review and consider all information it deems relevant in making an informed decision to purchase the Shares; (ii) such Purchaser is acquiring the number of Shares set forth on such Purchaser's signature page attached hereto for its own account, solely for investment and with no present intention to distribute any of such Shares and is subject to no arrangement or understanding with any other persons regarding the distribution of such Shares; (iii) such Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Shares, except in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations promulgated thereunder (the "Rules and Regulations") and any applicable state securities laws; (iv) such Purchaser has, in connection with its decision to purchase the number of Shares set forth on such Purchaser's signature page attached hereto, relied solely upon the representations and warranties of the Company contained in this Agreement; (v) such Purchaser has had an opportunity to discuss this investment with representatives of the Company and ask questions of them; and (vi) such Purchaser is either a "qualified institutional buyer" as defined by Rule 144A promulgated under the Securities Act or an "accredited investor" as defined by Rule 501(a) of Regulation D promulgated under the Securities Act.

5.2 Reliance on Exemptions. Such Purchaser understands that the Shares and the Common Stock issuable upon conversion of the Shares (the "Conversion Shares" and, together with the Shares, the "Securities") are being offered and sold to in reliance upon specific exemptions from the registration requirements of the Securities Act and state securities laws and that the Company is relying upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warranties, covenants, agreements, acknowledgments and understandings of such Purchaser contained in this Agreement in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Securities.

5.3 Confidentiality. Such Purchaser understands that this Agreement, the information contained in all materials provided to the Purchaser by the Company and its representatives, including any information conveyed orally, in connection with the transactions contemplated hereunder (“Confidential Information”), is strictly confidential and proprietary to the Company and is being provided to such Purchaser solely for such Purchaser’s confidential use in connection with the transactions contemplated hereunder. Such Purchaser agrees to use the Confidential Information solely for the purpose of evaluating a possible investment in the Shares, and such Purchaser acknowledges that it is prohibited from distributing, divulging or discussing any Confidential Information, in whole or in part, with any Person, except to such Purchaser’s financial, investment or legal advisors (such Persons, “Authorized Advisors”), solely to the extent necessary for such Authorized Advisors to assist such Purchaser with its proposed investment in the Shares. To the extent that such Purchaser provides, directly or indirectly, any Confidential Information to any Authorized Advisor, such Purchaser shall ensure that such Authorized Advisor maintain the confidentiality of the Confidential Information to the same extent applicable to such Purchaser as set forth in this Section 5.3. Confidential Information does not include any information that is or becomes publicly available through no fault of such Purchaser, or that such Purchaser is required to disclose pursuant to applicable law, regulation or legal process; provided, however, that if such Purchaser is requested or ordered to disclose any Confidential Information pursuant to any court or other government order or any other applicable legal procedure, it shall provide the Company with prompt notice of any such request or order so that the Company may seek an appropriate protective order.

5.4 Investment Decision. Such Purchaser understands that nothing in this Agreement or any other materials presented to the Purchaser in connection with the purchase and sale of the Shares constitutes legal, tax or investment advice. Such Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Shares.

5.5 Risk of Loss. Such Purchaser understands that its investment in the Shares involves a significant degree of risk, including a risk of total loss of such Purchaser’s investment, and such Purchaser has full cognizance of and understands all of the risk factors related to its purchase of the Shares, including, but not limited to, those set forth in the SEC Documents. The Purchaser understands that no representation is being made as to the future value of the Securities.

5.6 Residency. Such Purchaser’s principal executive offices, or primary residence, as applicable, are in the jurisdiction set forth on such Purchaser’s signature page attached hereto.

5.7 Authorization, Enforceability and Related Matters. (i) Such Purchaser has full right, power, authority and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery and performance of this Agreement; (ii) the making and performance of this Agreement by such Purchaser and the consummation by such Purchaser of the transactions contemplated herein will not violate any provision of the organizational documents of such Purchaser (if not a natural person) or, except to the extent that it would not have a Material Adverse Effect on such Purchaser's ability to consummate the transactions contemplated hereby, conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any material agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which such Purchaser is a party, or any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body; administrative agency or other governmental agency or body applicable to such Purchaser, (iii) no consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental agency or body is required in respect of such Purchaser's execution and delivery of this Agreement or the consummation by such Purchaser of the transactions contemplated by this Agreement; (iv) upon the execution and mutual delivery of this Agreement by the parties hereto, this Agreement shall constitute a legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to the enforcement of creditor's rights and the application of equitable principles relating to the availability of remedies, and except as rights to indemnity or contribution may be limited by federal or state securities laws or the public policy underlying such laws; and (v) there is not in effect any order enjoining or restraining the Purchaser from entering into or engaging in any of the transactions contemplated by this Agreement.

5.8 Brokers or Finders. No broker, investment banker, financial advisor or other individual, corporation, general or limited partnership, limited liability company, firm, joint venture, association, enterprise, joint securities company, trust, unincorporated organization or other person or entity is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Purchaser or of its Affiliates.

SECTION 6. Restrictions on Transfer.

6.1 Restrictions on Transfer. The Securities may be disposed of only in compliance with state and federal securities laws. In connection with any transfer of any Securities other than pursuant to an effective registration statement or Rule 144 under the Securities Act, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement.

6.2 General Legend. Each Purchaser agrees that a restrictive legend, in substantially the following form, shall be imprinted on the Securities:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF REGISTRATION UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO SAFESTITCH MEDICAL, INC., A DELAWARE CORPORATION, AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

SECTION 7. Survival of Representations, Warranties and Agreements. All covenants, representations and warranties made by the Company and the Purchasers herein and in any documents delivered pursuant hereto shall survive for a period of one (1) year following the later of the execution of this Agreement or the Closing.

SECTION 8. Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint (or joint and several) with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser under this Agreement. The decision of a Purchaser to purchase Shares pursuant to this Agreement has been made by such Purchaser independently of any other Purchaser. Nothing contained in this Agreement, and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser acknowledges that no other Purchaser has acted as agent for such Purchaser in connection with making its investment hereunder and that no other Purchaser will be acting as agent of such Purchaser in connection with monitoring its investment in the Securities or enforcing its rights under this Agreement.

SECTION 9. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon delivery to the party to be notified; (ii) when received by confirmed facsimile or (iii) one (1) business day after deposit with a nationally recognized overnight carrier, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the Company and the Purchasers as follows or at such other addresses as the Company or any Purchaser may designate upon ten (10) days' advance written notice to the other party:

(a) if to the Company, to:

SafeStitch Medical, Inc.
4400 Biscayne Boulevard
Suite A-100
Miami, FL 33137
Attn.: Adam S. Jackson

(b) if to a Purchaser, at its address as set forth on such Purchaser's signature page attached hereto.

SECTION 10. Amendments. This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and each of the Purchasers. No waiver of any provision this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

SECTION 11. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

SECTION 12. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

SECTION 13. Governing Law. This Agreement and any disputes or claims arising out of or in connection with its subject matter shall be governed by and construed in accordance with the laws of the State of Florida without regard to the rules of conflict of laws of such state that would cause the laws of another jurisdiction to apply. The parties hereto acknowledge and agree that venue and jurisdiction for any claim, suit or controversy related to or arising out of this Agreement shall lie in the state or federal courts located in Miami-Dade County, Florida. THE PARTIES HEREBY WAIVE THE RIGHT TO JURY TRIAL OF ANY MATTERS ARISING OUT OF THIS AGREEMENT OR THE CONDUCT OF THE RELATIONSHIP BETWEEN THEM.

SECTION 14. Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties. Facsimile or other electronically scanned and transmitted signatures shall be deemed originals for all purposes of this Agreement.

SECTION 15. Entire Agreement. This Agreement (including the Exhibits, Schedules and Appendices attached hereto) and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor any Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters.

SECTION 16. Fees and Expenses. Except as expressly set forth herein, the Company, on the one hand, and each Purchaser, on the other hand, shall pay their respective fees and expenses related to the transactions contemplated by this Agreement.

SECTION 17. Parties. This Agreement is made solely for the benefit of and is binding upon the Purchasers and the Company, and no other person shall acquire or have any right under or by virtue of this Agreement.

SECTION 18. Assignment. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns. This Agreement and the rights of each Purchaser hereunder may be assigned by said Purchaser only with the prior written consent of the Company. The Company may not assign this Agreement without the written consent of each of the Purchasers.

SECTION 19. Further Assurances. Each party agrees to cooperate fully with the other parties hereto and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

SECTION 20. Liability Not Affected by Knowledge or Waiver. The right to recovery of losses or other remedy based upon breach of representations, warranties or covenants will not be affected by any investigation conducted, or knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement, with respect to the accuracy or inaccuracy of or compliance or noncompliance with any such representation, warranty, or covenant.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

COMPANY:

SAFESTITCH MEDICAL, INC.

By: /s/ Adam S. Jackson

Name: Adam S. Jackson

Title: Chief Financial Officer

Company Signature Page to Securities Purchase Agreement

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

PURCHASER(S):

If a corporation or other entity:

UniMed Investment, Inc.

(name of corporation or entity)

By: /s/ William Lu

Name: William Lu

Title: Chairman & CEO

If an individual:

Name:

Name (co-purchaser, if any):

Number of Shares Purchased:

2,000,000 Shares

Contact Information

Address:

Telephone: _____

Facsimile: _____

E-mail: _____

Purchaser Signature Page to Securities Purchase Agreement

STOCK CERTIFICATE QUESTIONNAIRE

Pursuant to Section 3 of the Agreement, please provide us with the following information:

- 1. The exact name that your Shares are to be registered in (this is the name that will appear on your stock certificate(s)). You may use a nominee name if appropriate: _____
- 2. The relationship between the Purchaser of the Shares and the Registered Holder listed in response to item 1 above: _____
- 3. The mailing address of the Registered Holder listed in response to item 1 above: _____

- 4. The Social Security Number or Tax Identification Number of the Registered Holder listed in response to item 1 above: _____

PURCHASER

By: _____
Its: _____

CERTAIN DEFINED TERMS

Definitions. The following terms, whenever used herein, shall have the following respective meanings for all purposes of this Agreement.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended.

“**Affiliate**” means as to any Person (a) any Person which directly or indirectly controls, is controlled by, or is under common control with such Person, and (b) any Person who is a director, officer, partner or principal of such Person or of any Person which directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, “**control**” of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by ownership of voting stock, by contract or otherwise.

“**Bylaws**” means the Amended and Restated Bylaws of the Company, as may be amended from time to time.

“**Charter**” means the Amended and Restated Certificate of Incorporation of the Company, as may be amended from time to time.

“**Encumbrances**” means any and all liens, encumbrances, charges, mortgages, deeds of trust, options, pledges, restrictions on transfer, preemptive rights, rights of first refusal or offer, security interests, hypothecations, easements, rights-of-way or encroachments of any nature whatsoever, whether voluntarily incurred or arising by operation of law.

“**Governmental Authority**” means any nation or country (including but not limited to the United States) and any state, commonwealth, territory or possession thereof and any political subdivision of any of the foregoing, including but not limited to courts, departments, commissions, boards, bureaus, agencies, ministries or other instrumentalities.

“**Material Adverse Effect**” means a material adverse effect on the business, results of operations, properties or assets of a Person; **provided, however,** that “**Material Adverse Effect**” shall not include the impact on such business, results of operations, properties or assets of a Person arising out of or attributable to (i) economic conditions affecting the United States generally, (ii) conditions or effects affecting the capital markets in the United States generally or (iii) effects relating to the announcement of the execution of this Agreement or otherwise to the pendency of the transactions contemplated hereby, except to the extent that the impact of any of the conditions or events described in the foregoing clauses (i), (ii) or (iii) disproportionately affects such Person.

“**Person**” means any individual, corporation (including any not-for-profit corporation), general or limited partnership, limited liability partnership, joint venture, estate, trust, firm, company (including any limited liability company or joint stock company), association, organization, entity or Governmental Authority.

“SEC” means the United States Securities and Exchange Commission.

“SEC Documents” means each form, report, schedule, statement and other document filed or required to be filed by the Company with the SEC pursuant to the 1934 Act through the date hereof, including any filed amendment to such document, whether or not such amendment is required to be so filed. “SEC Documents” does not include any information furnished to the SEC, including, but not limited to, information under Items 2.02, 7.01 or 9.01 of Form 8-K.

SECURITIES PURCHASE AGREEMENT

dated as of July 21, 2009

by and among

SAFESTITCH MEDICAL, INC.

AND

**THE PURCHASERS SET FORTH ON
THE SIGNATURE PAGES HERETO**

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is dated as of July 21, 2009, by and between SafeStitch Medical, Inc. (the "Company"), a corporation organized under the laws of the State of Delaware, with its principal offices at 4400 Biscayne Boulevard, Suite A-100, Miami, Florida 33137 (the "Principal Office"), and the purchasers whose names and addresses are set forth on the signature pages hereto (the "Purchasers"). Certain capitalized terms used but not defined herein shall have the respective meanings set forth on Schedule 1 attached hereto.

IN CONSIDERATION of the mutual covenants contained in this Agreement, and intending to be legally bound hereby, the Company and the Purchasers agree as follows:

SECTION 1. Authorization of Sale of the Shares. Subject to the terms and conditions of this Agreement, and the filing with the Secretary of State of the State of Delaware of the Certificate of Designation of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of the 10.0% Series A Cumulative Convertible Preferred Stock, and Qualifications, Limitations and Restrictions Thereof, substantially in the form attached hereto as Exhibit A (the "Certificate of Designation"), the Company has authorized the issuance and sale to the Purchasers in a private placement of up to an aggregate of 2,000,000 shares of 10.0% Series A Cumulative Convertible Preferred Stock, par value \$0.01 per share, of the Company (each, a "Share").

SECTION 2. Agreement to Sell and Purchase the Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined in Section 3), the Company shall issue and sell to each Purchaser, and such Purchaser shall buy from the Company, the number of Shares set forth on such Purchaser's signature page hereto for an aggregate purchase price equal to the number of such Shares purchased by such Purchaser *multiplied* by the per-Share purchase price of \$1.00 (the "Purchase Price").

SECTION 3. Closing

3.1 Delivery of the Shares at the Closing. The completion of the purchase and sale of Two Million (2,000,000) Shares (the "Closing") shall occur, at the Company's sole election and in its sole discretion, at the Principal Office on any date on or prior to June 30, 2010, provided that: (i) the Company shall have provided to the Purchasers written notice of the Closing, together with a copy of the resolutions of the Board approving the consummation of the Closing (certified by a duly authorized officer of the Company) on or prior to the tenth (10th) calendar day preceding the date of the Closing (the "Closing Date"); and (ii) the Closing Conditions (as defined below) shall have been satisfied or waived on or prior to the Closing Date.

3.2 Closing Deliverables. At the Closing, the Company shall deliver to each Purchaser one or more stock certificates registered in the name of such Purchaser, or, if so indicated on such Purchaser's Stock Certificate Questionnaire, the form of which is attached hereto as Appendix I (the "Stock Certificate Questionnaire"), in such other name(s) as designated by such Purchaser, evidencing the number of Shares set forth on such Purchaser's signature page attached hereto, each bearing a restrictive legend, substantially in the form set forth in Section 6.2.

3.3 Conditions to the Company's Obligations. The Company's obligation to complete the sale of the Shares at the Closing is subject to the fulfillment, at or prior to the Closing, of each of the following conditions, unless otherwise waived ("Company Closing Conditions"):

- (a) receipt by the Company of immediately available funds in the full amount of the aggregate purchase price for all Shares being purchased at the Closing;
- (b) each of the representations and warranties of each Purchaser set forth in Section 5 shall be true and correct on the date of the Closing;
- (c) each Purchaser shall have performed and complied with all covenants, agreements and obligations contained in this Agreement that are required to be performed or complied with by such Purchaser on or prior to the Closing; and
- (d) the Board shall have approved the consummation of the Closing.

3.4 Conditions to Purchasers' Obligations. Each Purchaser's obligation to purchase the Shares at the Closing is subject to the fulfillment, at or prior to the Closing, of each of the following conditions, unless otherwise waived ("Purchaser Closing Conditions" and, together with the Company Closing Conditions, the "Closing Conditions"):

- (a) each of the representations and warranties of the Company set forth in Section 4 that is qualified by materiality or material adverse effect or words of similar effect shall be accurate in all respects on the Closing Date (except to the extent any such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall be accurate as of such date), and each of the representations and warranties of the Company set forth in Section 4 that is not so qualified shall be accurate in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall be accurate in all material respects as of such date);
- (b) the Company shall have performed and complied with all covenants, agreements and obligations contained in this Agreement that are required to be performed or complied with by the Company on or before the Closing;
- (c) the Certificate of Designation shall have been filed with, and accepted for filing by, the Secretary of State of the State of Delaware; and
- (d) the Board shall have approved the consummation of the Closing.

SECTION 4. Representations, Warranties and Covenants of the Company. The Company hereby represents and warrants to the Purchasers as follows:

4.1 Issuance of Shares. The Company has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and the Company's issuance and sale of the Shares. The Shares, when issued and delivered and paid for as provided herein, will be duly authorized, validly issued, fully paid and nonassessable and will be issued free and clear of any Encumbrances (other than as arising under applicable securities laws or this Agreement). Assuming the accuracy of the representations and warranties of the Purchasers set forth in Section 5 of this Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws.

4.2 Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted and is duly qualified to do business in any other jurisdiction by virtue of the nature of the businesses conducted by it or the ownership or leasing of its properties, except where the failure to be so qualified will not, when taken together with all other such failures, have a Material Adverse Effect on the Company.

4.3 Charter and Bylaws. The Company's Charter and Bylaws, as amended or restated to date, as filed with the SEC, are a complete and correct copy of such documents as in effect on the date hereof.

4.4 Capitalization. As of the date hereof, the Company is authorized to issue 250,000,000 shares of capital stock, consisting of 225,000,000 shares of common stock, par value \$0.001 per share ("Common Stock"), and 25,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock"). As of June 15, 2009, there were (i) 17,962,718 shares of Common Stock issued and outstanding, and (ii) no shares of the Preferred Stock issued or outstanding. All such outstanding shares of Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. Except as disclosed in the SEC Documents, as of the date hereof, there are no outstanding options, warrants, rights to subscribe for, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of any class of capital stock of the Company, or agreements, understandings or arrangements to which the Company is a party, or by which the Company is or may be bound, to issue additional shares of its capital stock or options, warrants or rights to subscribe for, calls or commitment of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, any shares of any class of its capital stock.

4.5 Authorization, Enforceability and Related Matters. (i) The Company has full right, power, authority and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement; (ii) the making and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated herein will not violate any provision of the Company's Charter or Bylaws or, except to the extent that it would not have a Material Adverse Effect on the Company or adversely affect the Company's ability to consummate the transactions contemplated hereby, conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any material agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Company is a party, or any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body, administrative agency or other governmental agency or body applicable to the Company; (iii) no consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental agency or body is required in respect of the Company's execution and delivery of this Agreement or the consummation by the Company of the transactions contemplated by this Agreement; (iv) upon the execution and mutual delivery of this Agreement by the parties hereto, this Agreement shall constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to the enforcement of creditor's rights and the application of equitable principles relating to the availability of remedies, and except as rights to indemnity or contribution may be limited by federal or state securities laws or the public policy underlying such laws; and (v) there is not in effect any order enjoining or restraining the Company from entering into or engaging in any of the transactions contemplated by this Agreement.

4.6 Brokers or Finders. No broker, investment banker, financial advisor or other individual, corporation, general or limited partnership, limited liability company, firm, joint venture, association, enterprise, joint securities company, trust, unincorporated organization or other person or entity is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company or any of its Affiliate.

4.7 SEC Documents. The Company has made available to the Purchasers true and complete copies of all SEC Documents. As of their respective dates (or if amended, as of the date of the last amendment filed prior to the date hereof), the SEC Documents complied in all material respects with the requirements of the 1934 Act, and rules and regulations of the SEC promulgated thereunder, and the SEC Documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.8 Company Financial Statements. The financial statements, together with any notes thereto, included in the Company's Annual Report on Form 10-K as filed with the SEC on March 27, 2009 and the Company's Quarterly Report on Form 10-Q as filed with the SEC on May 13, 2009 fairly present in all material respects, on the basis stated therein and on the date thereof, the financial position of the Company at the respective dates therein specified and its results of operations and cash flows for the periods then ended. Such statements and related notes have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") applied on a consistent basis except as expressly noted therein and subject in the case of the unaudited financial statements to year-end adjustments.

4.9 Material Changes; Undisclosed Events, Liabilities or Developments. Since March 31, 2009, except as specifically disclosed in any SEC Document filed subsequent to March 31, 2009 and prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (ii) the Company has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP; (iii) the Company has not altered its method of accounting; (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock; and (v) the Company has not issued any equity securities to any of its officers, directors or Affiliates. As of the date hereof, except for the issuance of the Shares contemplated by this Agreement, no event, liability or development has occurred or exists with respect to the Company or its subsidiaries or their respective business, properties, operations or financial condition that is required to be disclosed by the Company under applicable securities laws.

4.10 Full Disclosure. No representation or warranty made by the Company in this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein not misleading.

SECTION 5. Representations, Warranties and Covenants of the Purchasers. Each Purchaser severally, and not jointly with any other Purchaser, represents and warrants to the Company that:

5.1 Experience. (i) Such Purchaser is knowledgeable, sophisticated and experienced in financial and business matters, and is making, and is qualified to make, decisions with respect to investments in shares representing an investment decision like that involved in the purchase of the Shares, including investments in securities issued by the Company and/or comparable entities, has the ability to bear the economic risks of an investment in the Shares and has had the opportunity to request, receive, review and consider all information it deems relevant in making an informed decision to purchase the Shares; (ii) such Purchaser is acquiring the number of Shares set forth on such Purchaser's signature page attached hereto for its own account, solely for investment and with no present intention to distribute any of such Shares and is subject to no arrangement or understanding with any other persons regarding the distribution of such Shares; (iii) such Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Shares, except in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations promulgated thereunder (the "Rules and Regulations") and any applicable state securities laws; (iv) such Purchaser has, in connection with its decision to purchase the number of Shares set forth on such Purchaser's signature page attached hereto, relied solely upon the representations and warranties of the Company contained in this Agreement; (v) such Purchaser has had an opportunity to discuss this investment with representatives of the Company and ask questions of them; and (vi) such Purchaser is either a "qualified institutional buyer" as defined by Rule 144A promulgated under the Securities Act or an "accredited investor" as defined by Rule 501(a) of Regulation D promulgated under the Securities Act.

5.2 Reliance on Exemptions. Such Purchaser understands that the Shares and the Common Stock issuable upon conversion of the Shares (the “Conversion Shares” and, together with the Shares, the “Securities”) are being offered and sold to in reliance upon specific exemptions from the registration requirements of the Securities Act and state securities laws and that the Company is relying upon the truth and accuracy of, and the Purchaser’s compliance with, the representations, warranties, covenants, agreements, acknowledgments and understandings of such Purchaser contained in this Agreement in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Securities.

5.3 Confidentiality. Such Purchaser understands that this Agreement, the information contained in all materials provided to the Purchaser by the Company and its representatives, including any information conveyed orally, in connection with the transactions contemplated hereunder (“Confidential Information”), is strictly confidential and proprietary to the Company and is being provided to such Purchaser solely for such Purchaser’s confidential use in connection with the transactions contemplated hereunder. Such Purchaser agrees to use the Confidential Information solely for the purpose of evaluating a possible investment in the Shares, and such Purchaser acknowledges that it is prohibited from distributing, divulging or discussing any Confidential Information, in whole or in part, with any Person, except to such Purchaser’s financial, investment or legal advisors (such Persons, “Authorized Advisors”), solely to the extent necessary for such Authorized Advisors to assist such Purchaser with its proposed investment in the Shares. To the extent that such Purchaser provides, directly or indirectly, any Confidential Information to any Authorized Advisor, such Purchaser shall ensure that such Authorized Advisor maintain the confidentiality of the Confidential Information to the same extent applicable to such Purchaser as set forth in this Section 5.3. Confidential Information does not include any information that is or becomes publicly available through no fault of such Purchaser, or that such Purchaser is required to disclose pursuant to applicable law, regulation or legal process; provided, however, that if such Purchaser is requested or ordered to disclose any Confidential Information pursuant to any court or other government order or any other applicable legal procedure, it shall provide the Company with prompt notice of any such request or order so that the Company may seek an appropriate protective order.

5.4 Investment Decision. Such Purchaser understands that nothing in this Agreement or any other materials presented to the Purchaser in connection with the purchase and sale of the Shares constitutes legal, tax or investment advice. Such Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Shares.

5.5 Risk of Loss. Such Purchaser understands that its investment in the Shares involves a significant degree of risk, including a risk of total loss of such Purchaser’s investment, and such Purchaser has full cognizance of and understands all of the risk factors related to its purchase of the Shares, including, but not limited to, those set forth in the SEC Documents. The Purchaser understands that no representation is being made as to the future value of the Securities.

5.6 Residency. Such Purchaser’s principal executive offices, or primary residence, as applicable, are in the jurisdiction set forth on such Purchaser’s signature page attached hereto.

5.7 Authorization, Enforceability and Related Matters. (i) Such Purchaser has full right, power, authority and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery and performance of this Agreement; (ii) the making and performance of this Agreement by such Purchaser and the consummation by such Purchaser of the transactions contemplated herein will not violate any provision of the organizational documents of such Purchaser (if not a natural person) or, except to the extent that it would not have a Material Adverse Effect on such Purchaser's ability to consummate the transactions contemplated hereby, conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any material agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which such Purchaser is a party, or any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body; administrative agency or other governmental agency or body applicable to such Purchaser, (iii) no consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental agency or body is required in respect of such Purchaser's execution and delivery of this Agreement or the consummation by such Purchaser of the transactions contemplated by this Agreement; (iv) upon the execution and mutual delivery of this Agreement by the parties hereto, this Agreement shall constitute a legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to the enforcement of creditor's rights and the application of equitable principles relating to the availability of remedies, and except as rights to indemnity or contribution may be limited by federal or state securities laws or the public policy underlying such laws; and (v) there is not in effect any order enjoining or restraining the Purchaser from entering into or engaging in any of the transactions contemplated by this Agreement.

5.8 Brokers or Finders. No broker, investment banker, financial advisor or other individual, corporation, general or limited partnership, limited liability company, firm, joint venture, association, enterprise, joint securities company, trust, unincorporated organization or other person or entity is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Purchaser or of its Affiliates.

SECTION 6. Restrictions on Transfer.

6.1 Restrictions on Transfer. The Securities may be disposed of only in compliance with state and federal securities laws. In connection with any transfer of any Securities other than pursuant to an effective registration statement or Rule 144 under the Securities Act, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement.

6.2 General Legend. Each Purchaser agrees that a restrictive legend, in substantially the following form, shall be imprinted on the Securities:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF REGISTRATION UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO SAFESTITCH MEDICAL, INC., A DELAWARE CORPORATION, AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

SECTION 7. Survival of Representations, Warranties and Agreements. All covenants, representations and warranties made by the Company and the Purchasers herein and in any documents delivered pursuant hereto shall survive for a period of one (1) year following the later of the execution of this Agreement or the Closing.

SECTION 8. Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint (or joint and several) with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser under this Agreement. The decision of a Purchaser to purchase Shares pursuant to this Agreement has been made by such Purchaser independently of any other Purchaser. Nothing contained in this Agreement, and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser acknowledges that no other Purchaser has acted as agent for such Purchaser in connection with making its investment hereunder and that no other Purchaser will be acting as agent of such Purchaser in connection with monitoring its investment in the Securities or enforcing its rights under this Agreement.

SECTION 9. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon delivery to the party to be notified; (ii) when received by confirmed facsimile or (iii) one (1) business day after deposit with a nationally recognized overnight carrier, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the Company and the Purchasers as follows or at such other addresses as the Company or any Purchaser may designate upon ten (10) days' advance written notice to the other party:

(a) if to the Company, to:

SafeStitch Medical, Inc.
4400 Biscayne Boulevard
Suite A-100

(b) if to a Purchaser, at its address as set forth on such Purchaser's signature page attached hereto.

SECTION 10. Amendments. This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and each of the Purchasers. No waiver of any provision this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

SECTION 11. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

SECTION 12. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

SECTION 13. Governing Law. This Agreement and any disputes or claims arising out of or in connection with its subject matter shall be governed by and construed in accordance with the laws of the State of Florida without regard to the rules of conflict of laws of such state that would cause the laws of another jurisdiction to apply. The parties hereto acknowledge and agree that venue and jurisdiction for any claim, suit or controversy related to or arising out of this Agreement shall lie in the state or federal courts located in Miami-Dade County, Florida. **THE PARTIES HEREBY WAIVE THE RIGHT TO JURY TRIAL OF ANY MATTERS ARISING OUT OF THIS AGREEMENT OR THE CONDUCT OF THE RELATIONSHIP BETWEEN THEM.**

SECTION 14. Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties. Facsimile or other electronically scanned and transmitted signatures shall be deemed originals for all purposes of this Agreement.

SECTION 15. Entire Agreement. This Agreement (including the Exhibits, Schedules and Appendices attached hereto) and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor any Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters.

SECTION 16. Fees and Expenses. Except as expressly set forth herein, the Company, on the one hand, and each Purchaser, on the other hand, shall pay their respective fees and expenses related to the transactions contemplated by this Agreement.

SECTION 17. Parties. This Agreement is made solely for the benefit of and is binding upon the Purchasers and the Company, and no other person shall acquire or have any right under or by virtue of this Agreement.

SECTION 18. Assignment. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns. This Agreement and the rights of each Purchaser hereunder may be assigned by said Purchaser only with the prior written consent of the Company. The Company may not assign this Agreement without the written consent of each of the Purchasers.

SECTION 19. Further Assurances. Each party agrees to cooperate fully with the other parties hereto and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

SECTION 20. Liability Not Affected by Knowledge or Waiver. The right to recovery of losses or other remedy based upon breach of representations, warranties or covenants will not be affected by any investigation conducted, or knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement, with respect to the accuracy or inaccuracy of or compliance or noncompliance with any such representation, warranty, or covenant.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

COMPANY:

SAFESTITCH MEDICAL, INC.

By: /s/ Adam S. Jackson

Name: Adam S. Jackson

Title: Chief Financial Officer

Company Signature Page to Securities Purchase Agreement

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

PURCHASER(S):

If a corporation or other entity:

Brilliant Champion Resources Limited

(name of corporation or entity)

By: /s/ Lee, Chao-Hsiang

Name: Lee, Chao-Hsiang
Title: Director

If an individual:

Name:

Name (co-purchaser, if any):

Number of Shares Purchased:

1,000,000 Shares

Contact Information

Address:

Telephone: _____
Facsimile: _____
E-mail: _____

Purchaser Signature Page to Securities Purchase Agreement

PURCHASER(S):

If a corporation or other entity:

Frost Gamma Investments Trust
(name of corporation or entity)

By: /s/ Phillip Frost, M.D.

Name: Phillip Frost, M.D.

Title: Trustee

If an individual:

Name:

Name (co-purchaser, if any):

Number of Shares Purchased:

447,500 Shares

Contact Information

Address:

Telephone: _____

Facsimile: _____

E-mail: _____

Purchaser Signature Page to Securities Purchase Agreement



PURCHASER(S):

If a corporation or other entity:

Hsu Gamma Investment, L.P.
(name of corporation or entity)

By: /s/ Jane H. Hsiao, Ph.D., MBA
Name: Jane H. Hsiao, Ph.D., MBA
Title: General Partner

If an individual:

Name:

Name (co-purchaser, if any):

Number of Shares Purchased:

447,500 Shares

Contact Information

Address:

Telephone: _____

Facsimile: _____

E-mail: _____

Purchaser Signature Page to Securities Purchase Agreement



PURCHASER(S):

If a corporation or other entity:

(name of corporation or entity)

By: _____

Name: _____

Title: _____

If an individual:

/s/ Jeffrey G. Spragens

Name: Jeffrey G. Spragens

Name (co-purchaser, if any):

Number of Shares Purchased:

100,000 Shares

Contact Information

Address:

Telephone: _____

Facsimile: _____

E-mail: _____

Purchaser Signature Page to Securities Purchase Agreement

PURCHASER(S):

If a corporation or other entity:

(name of corporation or entity)

By: _____

Name: _____

Title: _____

If an individual:

/s/ Aaron Edelstein

Name: Aaron Edelstein

Name (co-purchaser, if any):

Number of Shares Purchased:

5,000 Shares

Contact Information

Address:

Telephone: _____

Facsimile: _____

E-mail: _____

Purchaser Signature Page to Securities Purchase Agreement

STOCK CERTIFICATE QUESTIONNAIRE

Pursuant to Section 3 of the Agreement, please provide us with the following information:

- 1. The exact name that your Shares are to be registered in (this is the name that will appear on your stock certificate(s)). You may use a nominee name if appropriate: _____
- 2. The relationship between the Purchaser of the Shares and the Registered Holder listed in response to item 1 above: _____
- 3. The mailing address of the Registered Holder listed in response to item 1 above: _____

- 4. The Social Security Number or Tax Identification Number of the Registered Holder listed in response to item 1 above: _____

PURCHASER

By: _____

Its: _____

CERTAIN DEFINED TERMS

Definitions. The following terms, whenever used herein, shall have the following respective meanings for all purposes of this Agreement.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended.

“**Affiliate**” means as to any Person (a) any Person which directly or indirectly controls, is controlled by, or is under common control with such Person, and (b) any Person who is a director, officer, partner or principal of such Person or of any Person which directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, “**control**” of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by ownership of voting stock, by contract or otherwise.

“**Bylaws**” means the Amended and Restated Bylaws of the Company, as may be amended from time to time.

“**Charter**” means the Amended and Restated Certificate of Incorporation of the Company, as may be amended from time to time.

“**Encumbrances**” means any and all liens, encumbrances, charges, mortgages, deeds of trust, options, pledges, restrictions on transfer, preemptive rights, rights of first refusal or offer, security interests, hypothecations, easements, rights-of-way or encroachments of any nature whatsoever, whether voluntarily incurred or arising by operation of law.

“**Governmental Authority**” means any nation or country (including but not limited to the United States) and any state, commonwealth, territory or possession thereof and any political subdivision of any of the foregoing, including but not limited to courts, departments, commissions, boards, bureaus, agencies, ministries or other instrumentalities.

“**Material Adverse Effect**” means a material adverse effect on the business, results of operations, properties or assets of a Person; **provided, however,** that “**Material Adverse Effect**” shall not include the impact on such business, results of operations, properties or assets of a Person arising out of or attributable to (i) economic conditions affecting the United States generally, (ii) conditions or effects affecting the capital markets in the United States generally or (iii) effects relating to the announcement of the execution of this Agreement or otherwise to the pendency of the transactions contemplated hereby, except to the extent that the impact of any of the conditions or events described in the foregoing clauses (i), (ii) or (iii) disproportionately affects such Person.

“**Person**” means any individual, corporation (including any not-for-profit corporation), general or limited partnership, limited liability partnership, joint venture, estate, trust, firm, company (including any limited liability company or joint stock company), association, organization, entity or Governmental Authority.

“SEC” means the United States Securities and Exchange Commission.

“SEC Documents” means each form, report, schedule, statement and other document filed or required to be filed by the Company with the SEC pursuant to the 1934 Act through the date hereof, including any filed amendment to such document, whether or not such amendment is required to be so filed. “SEC Documents” does not include any information furnished to the SEC, including, but not limited to, information under Items 2.02, 7.01 or 9.01 of Form 8-K.

SafeStitch Medical Announces \$4 Million Funding Commitment

MIAMI—(BUSINESS WIRE)—SafeStitch Medical, Inc. (OTCBB: SFES - News) today announced that it has entered into two stock purchase agreements with private investors, pursuant to which SafeStitch may issue an aggregate of up to four million shares of the Company's newly-designated 10% Series A Cumulative Convertible Preferred Stock, par value \$0.01, at a price of \$1.00 per share. The Company closed on the sale of two million shares in a private transaction for aggregate proceeds of \$2 million on July 22, 2009, and SafeStitch may elect, in its sole discretion, to issue an additional two million shares on or before June 30, 2010. Shares issued pursuant to the agreements, including the shares of the Company's common stock into which the preferred shares may be converted, are restricted securities, and no registration rights have been granted.

"We are pleased to receive these funds and appreciate the confidence these investors have shown in SafeStitch's future," said Stewart Davis, M.D., SafeStitch's Chief Operating Officer. Dr. Davis noted that "this infusion of capital comes just as we are reaching major milestones in the development of our AMID Hernia Stapler™. We are currently preparing our applications for US and European regulatory approval of this device, and we plan to conduct clinical trials of the stapler this fall." Dr. Charles Filipi, the Company's Medical Director, added that the funds "will also support continued refinement of our endoscopic gastroplasty kit as we make final preparations for human clinical trials, which we expect will begin in 2010."

About the Investors

Among the investors participating in the purchase agreements are UniMed Investment, Inc., Brilliant Champion Resources Limited, Frost Gamma Investments Trust, Hsu Gamma Investment, L.P. and Jeffrey Spragens. For more information, see the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 23, 2009.

UniMed Investment, Inc. and Brilliant Champion Resources Limited are entities controlled by Ruentex Group, a prestigious conglomerate in Taiwan with operations in textiles, construction and development, finance, medical services, retail and education.

Frost Gamma Investments Trust is an entity controlled by Dr. Phillip Frost, the largest beneficial owner of the Company's common stock.

Hsu Gamma Investment, L.P. is an entity controlled by Dr. Jane Hsiao, the Company's Chairman of the Board.

Jeffrey Spragens is the Company's President and CEO, and a member of the Board of Directors.

About SafeStitch Medical, Inc.

Miami-based SafeStitch Medical, Inc. is a medical device company primarily developing endoscopic and minimally invasive surgical devices. SafeStitch's product portfolio includes endoscopic gastroplasty devices for bariatric (obesity) surgery and repair of gastroesophageal reflux disorder (GERD), as well as the AMID Hernia Stapler™, a standard bite block, an airway bite block and the SMART™ Dilator. The Company has also started development of devices for excision and diagnosis of Barrett's esophagus and natural orifice transluminal endoscopic surgery (NOTES). Information about the Company may be found on its website at: www.safestitch.com.

This press release contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning, including statements regarding our product development efforts, our ability to significantly improve clinical outcomes in patients, and our ability to develop a preclinical pipeline of novel agents for ophthalmic diseases, as well as other non-historical statements about our expectations, beliefs or intentions regarding our business, technologies and products, financial condition, strategies or prospects. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described in our filings with the Securities and Exchange Commission, as well as risks inherent in funding, developing and obtaining regulatory approvals of new, commercially-viable and competitive products and treatments. In addition, forward-looking statements may also be adversely affected by general market factors, competitive product development, product availability, federal and state regulations and legislation, the regulatory process for new products and indications, manufacturing issues that may arise, patent positions and litigation, among other factors. The forward-looking statements contained in this press release speak only as of the date the statements were made, and we do not undertake any obligation to update forward-looking statements, except as required under applicable law. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA.

Contact:

SafeStitch Medical, Inc., Miami
Dr. Stewart B. Davis, 305-575-4145
