

Lightwave Logic, Inc.  
Form DEF 14A  
April 12, 2019

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

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**LIGHTWAVE LOGIC, INC.**

*(Name of Registrant as Specified In Its Charter)*

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*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

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- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
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369 Inverness Parkway, Suite 350

Englewood, CO 80112

April 12, 2019

Dear Fellow Shareholder:

The 2019 Annual Meeting of Shareholders (the **Annual Meeting**) of Lightwave Logic, Inc. (the **Company**) will be held at 10:00 a.m. (Mountain Time) on Thursday, May 16, 2019 at the Hilton Denver Inverness, 200 Inverness Drive West, Englewood, Colorado 80112. I hope you will be able to attend.

The attached Notice of Annual Meeting and Proxy Statement describe the matters that we expect to be acted upon at the Annual Meeting. Management will be available to answer any questions you may have immediately after the Annual Meeting.

Please sign, date and return the enclosed Proxy without delay. The Company's Annual Report on Form 10-K (including audited financial statements) for the fiscal year ended December 31, 2018 accompanies the Proxy Statement. The proxy materials and Annual Report included in this package are also available on the internet under the **Investors** page of the Company's website at [www.lightwavelogic.com](http://www.lightwavelogic.com).

All shares represented by Proxies will be voted at the Annual Meeting in accordance with the specifications marked thereon, or if no specifications are made, (i) as to Proposal 1, the Proxy confers authority to vote **FOR** the three (3) persons listed as nominees for a position on the Board of Directors; (ii) as to Proposal 2, the Proxy confers authority to vote **FOR** the approval of the amendment to increase the number of shares of common stock available for issuance under the Company's 2016 Equity Incentive Plan from 3,000,000 to 8,000,000; (iii) as to Proposal 3, the Proxy confers

authority to vote FOR the ratification of Morison Cogen LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019; and (iv) as to any other business which comes before the Annual Meeting, the Proxy confers authority to vote in the Proxy holder's discretion.

The Company's Board of Directors believes that a favorable vote for each nominee for a position on the Board of Directors and for all other matters described in the attached Notice of Annual Meeting of Shareholders and Proxy Statement is in the best interest of the Company and its shareholders and recommends a vote FOR all nominees and FOR Proposals 2 and 3. Accordingly, we urge you to review the accompanying material carefully and to return the enclosed Proxy promptly.

**Your vote is important, and all shareholders are cordially invited to attend the annual meeting in person. Whether or not you expect to attend the annual meeting, we urge you to complete, date, sign and return the enclosed proxy card or the enclosed voting instruction card as promptly as possible, or to vote by Internet or by telephone, to ensure your representation at the Annual Meeting. Internet or telephonic voting is available by following the instructions provided on the proxy card or the voting instruction card.**

Thank you for your investment and continued interest in Lightwave Logic, Inc.

Sincerely,

/s/ Thomas E. Zelibor

Thomas E. Zelibor

Chair of the Board

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**LIGHTWAVE LOGIC, INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD THURSDAY, MAY 16, 2019**

To Our Shareholders:

Notice is hereby given that the 2019 Annual Meeting of Shareholders (the **Annual Meeting**) of Lightwave Logic, Inc. (the **Company**) will be held at 10:00 a.m. (Mountain Time) on Thursday, May 16, 2019 at the Hilton Denver Inverness, 200 Inverness Drive West, Englewood, Colorado 80112, for the following purposes:

1. To elect three (3) Directors to the Board of Directors to serve until the 2022 Annual Meeting of Shareholders or until their successors have been duly elected or appointed and qualified;
2. To approve an amendment to increase the number of shares of common stock available for issuance under the Company's 2016 Equity Incentive Plan from 3,000,000 to 8,000,000;
3. To ratify the appointment of Morison Cogen LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019; and
4. To consider and take action upon such other business as may properly come before the Annual Meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on April 5, 2019, as the Record Date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof.

For a period of 10 days prior to the Annual Meeting, a shareholder list will be kept at the Company's office and shall be available for inspection by shareholders during usual business hours. A shareholder list will also be available for inspection at the Annual Meeting.

Your attention is directed to the accompanying Proxy Statement for further information regarding each proposal to be made.

**Whether or not you plan to attend the Annual Meeting, please sign and return the enclosed proxy card as promptly as possible in the envelope enclosed for your convenience, or please vote via the Internet or by telephone. If you receive more than one proxy card because your shares are registered in different names and addresses, each proxy card should be signed and returned to assure that all of your shares are represented at the Annual Meeting. Proxies forwarded by or for banks, brokers or other nominees should be returned as requested by them. The prompt return of proxies will save the expense involved in further communication.**

By Order of the Board of Directors

/s/ Thomas E. Zelibor

Thomas E. Zelibor

Chair of the Board

April 12, 2019

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## PROXY STATEMENT

### 2019 ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished in connection with the solicitation by and on behalf of the Board of Directors (the **Board of Directors** or **Board**) of Lightwave Logic, Inc. of proxies to be voted at the 2019 Annual Meeting of Shareholders (the **Annual Meeting**) that will be held at 10:00 a.m. (Mountain Time) on Thursday, May 16, 2019 at the Hilton Denver Inverness, 200 Inverness Drive West, Englewood, Colorado 80112 and at any adjournments thereof (the **Annual Meeting**). In this Proxy Statement, Lightwave Logic, Inc. is referred to as **we, us, our, Company** or **Lightwave Logic** unless the context indicates otherwise. The Annual Meeting has been called to consider and take action on the following proposals: (i) to elect three (3) Directors to the Board of Directors; (ii) to approve an amendment to increase the number of shares of common stock available for issuance under the Company's 2016 Equity Incentive Plan from 3,000,000 to 8,000,000; (iii) to ratify the appointment of Morison Cogen LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019; and (iv) to consider and take action upon such other business as may properly come before the Annual Meeting or any adjournments thereof.

The Board of Directors knows of no other matters to be presented for action at the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the persons named in the proxy will vote on such other matters and/or for other nominees in accordance with their best judgment. **The Company's Board of Directors recommends that the shareholders vote FOR all nominees and FOR Proposals 2 and 3.** Only holders of record of common stock of the Company at the close of business on April 5, 2019 (the **Record Date**) will be entitled to vote at the Annual Meeting.

The principal executive offices of our Company are located at 369 Inverness Parkway, Suite 350, Englewood, CO 80112, and our telephone number is 720-340-4949. The approximate date on which this Proxy Statement, the proxy card or a voting instruction card and any other accompanying materials are first being sent or given to shareholders is April 12, 2019. A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (**Annual Report**) is enclosed with these materials but should not be considered proxy solicitation material.

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Additionally, the proxy materials and Annual Report included in this package are also available on the internet under the **Investors** page of the Company's website at [www.lightwavelogic.com](http://www.lightwavelogic.com).



## INFORMATION CONCERNING SOLICITATION AND VOTING

### **Why did I receive this Proxy Statement?**

Our Board of Directors is soliciting your proxy to vote at the Annual Meeting because you were a shareholder of record at the close of business on April 5, 2019 (the **Record Date** ) and are entitled to vote at the meeting. The Company has delivered to you by mail beginning on or about April 12, 2019, the Proxy Statement and the Annual Report, along with either a proxy card or a voting instruction card. This Proxy Statement summarizes the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares.

### **Who is entitled to vote?**

Shareholders as of the close of business on the Record Date are entitled to vote. Each shareholder is entitled to one vote for each share of common stock held on the Record Date. Shareholders are not entitled to cumulative voting.

### **Who can attend the Annual Meeting?**

All shareholders as of the Record Date, or their duly appointed proxies, may attend.

### **What do I need to be admitted to the Annual Meeting?**

In order to be admitted to the Annual Meeting, a shareholder must present proof of ownership of Lightwave Logic stock on the Record Date. Any holder of a proxy from a shareholder must present the proxy card, properly executed. If your shares are held in the name of a bank, broker or other holder of record, you must present proof of your ownership, such as a bank or brokerage account statement, to be admitted to the meeting. All shareholders must also present a form of personal identification in order to be admitted to the meeting.

### **What am I being asked to vote on at the meeting?**

We are asking our shareholders to elect directors, approve an amendment to our Company's 2016 Equity Incentive Plan and ratify the appointment of our independent registered public accounting firm.

**How many votes are needed for approval of each item?**

Proposal Number 1. Directors will be elected by a plurality of the votes cast in person or by proxy, meaning the three nominees receiving the most votes will be elected as directors. A "withhold" vote with respect to any nominee will have no effect on the election of that nominee. Shareholders are not entitled to cumulative voting with respect to the election of directors.

Proposal Number 2. The amendment to our Company's 2016 Equity Incentive Plan will be approved if a majority of the votes present in person or by proxy and entitled to vote on the matter vote in favor of the proposal. Abstentions will have the same effect as a vote "against" this proposal, and broker non-votes will have no effect on the vote for this proposal.

Proposal Number 3. The appointment of our independent registered public accounting firm will be ratified if a majority of the votes present in person or by proxy and entitled to vote on the matter vote in favor of the proposal. Abstentions will have the same effect as a vote "against" this proposal, and broker non-votes will have no effect on the vote for this proposal.

Unless a contrary choice is indicated, all duly executed proxies will be voted in accordance with the instructions set forth on the proxy card.

**What constitutes a quorum?**

As of the Record Date, 81,726,880 shares of our common stock were issued and outstanding. The presence, either in person or by proxy, of the holders of thirty-three and one-third percent (33.3%) of these outstanding shares is necessary to constitute a quorum for the Annual Meeting. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.



## How do I vote?

### Record Holders:

1. Vote by Internet. Follow the VOTE BY INTERNET instructions on your proxy card.
2. Vote by phone. Follow the VOTE BY PHONE instructions on your proxy card.
3. Vote by mail. Follow the VOTE BY MAIL instructions on your proxy card (a postage-paid envelope is provided for mailing in the United States).
4. Vote in person. Attend and vote at the Annual Meeting.

If you vote by phone or Internet, please DO NOT mail your proxy card.

### Beneficial Owners (Holding Shares in Street Name):

1. Vote by Internet. Follow the VOTE BY INTERNET instructions on the enclosed vote instruction form.
2. Vote by phone. Follow the VOTE BY PHONE instructions on the enclosed vote instruction form.
3. Vote by mail. Follow the VOTE BY MAIL instructions on the enclosed vote instruction form (a postage-paid envelope is provided for mailing in the United States).
4. Vote in person. Obtain a valid legal proxy from the organization that holds your shares and attend and vote at the Annual Meeting.

If you vote by phone or Internet, please DO NOT mail your proxy card.

## **What is the difference between being a record holder and holding shares in street name?**

Most shareholders of the Company hold their shares in a stock brokerage account or through a nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Record Holders: If your shares are registered directly in your name with our Company's transfer agent, Broadridge, you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent

directly to you by the Company. As the shareholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use.

If you hold your shares in street name : If your shares are held in a stock brokerage account or by a nominee, you are considered the beneficial owner of the shares which are held in street name and these proxy materials are being forwarded to you by your nominee, who is considered the shareholder of record with respect to these shares. As the beneficial owner, you have the right to direct your nominee on how to vote and are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the Annual Meeting unless you request, complete and deliver a legal proxy from your nominee. Your nominee has enclosed a voting instruction card for you to use in directing the nominee how to vote your shares.

**What happens if I return my signed proxy card but forget to indicate how I want my shares of common stock voted?**

If you sign, date and return your proxy and do not mark how you want to vote, your proxy will be counted as a vote FOR all of the nominees for directors and FOR all of the other proposals.

**What happens if I do not instruct my broker how to vote or if I mark `abstain` or `withhold authority` on the proxy?**

If you mark your proxy `abstain` your vote will have the same effect as a vote against the proposal. A `withhold` vote with respect to any director nominee will have no effect on the election of that nominee. If you do not instruct your broker how to vote, your broker may vote for you on `routine` proposals but not on `non-routine` proposals. The ratification of our auditor is considered a routine matter, but all other proposals are considered non-routine matters. Therefore, if you do not vote on the non-routine matters or provide voting instructions, your broker will not be allowed to vote your shares on those matters and your broker will return your proxy card with no vote (the `non-vote` ) on the non-routine matter. Broker non-votes with respect to a matter will not be considered as present and entitled to vote with respect to that matter and thus will have no effect on the vote for that matter.

**Can I revoke or change my voting instructions before the meeting?**

For shares that are held in "street name", the shareholder must follow the directions provided by its bank, broker or other intermediary for revoking or modifying voting instructions. For shares that are registered in the shareholder's own name, the proxy may be revoked by written notification to the Company Secretary prior to its exercise and providing relevant name and account information, submitting a new proxy card with a later date (which will override the earlier proxy) or voting in person at the Annual Meeting.

**Who will count the vote?**

A Broadridge representative will tabulate the votes and act as inspector of election at the Annual Meeting.

**Where can I find the voting results of the Annual Meeting?**

We intend to publish the final results in a current report on Form 8-K within four business days after the end of the Annual Meeting.

**What does it mean if I get more than one proxy card?**

It means that you hold shares registered in more than one account. You must return all proxies to ensure that all of your shares are voted.

**How many copies of the Proxy Statement or Annual Report to Shareholders will I receive if I share my mailing address with another security holder?**

Unless we have been instructed otherwise, we are delivering only one Proxy Statement or Annual Report to Shareholders to multiple security holders sharing the same address. This is commonly referred to as householding. We will however, deliver promptly a separate copy of the Proxy Statement or Annual Report to Shareholders to a security holder at a shared address to which a single copy of such documents was delivered, on written or oral request. Requests for copies of the Proxy Statement or Annual Report to Shareholders or requests to cease householding in the future should be directed to: Secretary, Lightwave Logic, Inc., 369 Inverness Parkway, Suite 350, Englewood, CO 80112. Telephone 720-340-4949. If you share an address with another shareholder and wish to receive a single copy of these documents, instead of multiple copies, you may direct this request to us at the address or telephone number listed above. Shareholders who hold shares in street name may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

**How can I obtain additional proxy materials or other Company materials?**

The proxy materials and Annual Report included in this package, along with the Company's other SEC filings, are available on the internet under the **Investors** page of the Company's website at [www.lightwavelogic.com](http://www.lightwavelogic.com). Any shareholder desiring additional proxy materials, a copy of any other document incorporated by reference in this Proxy Statement, or a copy of the Company's bylaws should contact the Company's Secretary. Requests should be directed to: Secretary, Lightwave Logic, Inc., 369 Inverness Parkway, Suite 350, Englewood, CO 80112. Telephone 720-340-4949.

**Who pays for the cost of this proxy solicitation?**

The Company pays for the cost of soliciting proxies on behalf of the Board of Directors. We have retained Morrow Sodali LLC, 470 West Ave., Stamford, Connecticut 06902, to aid in the solicitation of proxy materials for the estimated fee of \$7,500 plus expenses. The Company also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy material to beneficial owners. Proxies may be solicited by mail, telephone, other electronic means or in person. Directors, officers and regular, full-time employees of the Company, none of whom will receive any additional compensation for their services, may solicit proxies.

**Who are the largest principal shareholders?**

See *Security Ownership of Certain Beneficial Owners* elsewhere in this Proxy Statement for a table setting forth each owner of greater than 5% of the Company's common stock as of the Record Date.

**What percentages of stock do the directors and officers own?**

Together, they own approximately 7.8% of our Company common stock as of the Record Date. For information regarding the ownership of our common stock by management, see the section entitled *Security Ownership of Management* elsewhere in this Proxy Statement.

**Do I have dissenters' rights of appraisal?**

Under Nevada Revised Statutes, our shareholders are not entitled to appraisal rights with respect to any of the items proposed to be voted upon at the Annual Meeting.

**Where can I find general information about the Company?**



General information about us can be found on our website at [www.lightwavelogic.com](http://www.lightwavelogic.com). The information on our website is for informational purposes only and should not be relied upon for investment purposes. The information on our website is not incorporated by reference into this Proxy Statement and should not be considered part of this or any other report that we file with the Securities and Exchange Commission ( **SEC** ). We make available free of charge, either by direct access on our website or a link to the SEC's website, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act** ), as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Our reports filed with, or furnished to, the SEC are also available directly at the SEC's website at [www.sec.gov](http://www.sec.gov).

**ALL PROXIES RECEIVED WILL BE VOTED IN ACCORDANCE WITH THE CHOICES SPECIFIED ON SUCH PROXIES. PROXIES WILL BE VOTED IN FAVOR OF EACH DIRECTOR NOMINEE AND FOR A PROPOSAL IF NO CONTRARY SPECIFICATION IS MADE. ALL VALID PROXIES OBTAINED WILL BE VOTED AT THE DISCRETION OF THE PERSONS NAMED IN THE PROXY WITH RESPECT TO ANY OTHER BUSINESS THAT MAY COME BEFORE THE ANNUAL MEETING.**

**INFORMATION REGARDING DIRECTORS, EXECUTIVE  
OFFICERS AND CORPORATE GOVERNANCE**

**BOARD OF DIRECTORS**

Our bylaws provide that the number of directors who constitute our Board of Directors is determined by resolution of the Board of Directors, but the total number of directors constituting the entire Board of Directors shall not be less than three or more than nine. Our Board of Directors currently consists of seven directors. Our Board of Directors is divided into three classes, as nearly equal in number as possible, designated: Class I, Class II and Class III, with staggered terms of office and with each director serving for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided that the term of each director shall continue until the election and qualification of a successor and be subject to such director's earlier death, resignation or removal.

The names of our directors, including the two nominees to be elected at the Annual Meeting, and certain information about each of them are set forth below.

**Identity of directors, executive officers and significant employees**

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Director Class/ Term</b>
Michael S. Leppy	58	Director; Chief Executive Officer	Class II Expires 2019
James S. Marcelli	71	Director; President; Chief Operating Officer, Secretary	Class III Expires 2020
Thomas E. Zelibor	64	Chair of the Board	Class III Expires 2020
Joseph A. Miller	77	Director	Class II Expires 2019
Ronald A. Bucchi	64	Director	Class II Expires 2019
Siraj Nour El-Ahmadi	54	Director	Class I Expires 2021
Frederick J. Leonberger	71	Director	Class I Expires 2021

**Business experience of directors, executive officers, and significant employees**

*Dr. Michael Leppy.* Dr. Leppy has served as our Chief Executive Officer since May 1, 2017 and as a director of our Company since August 26, 2015. He also previously served a member of our Operations Committee until April 30,

2017. Dr. Leppy is in charge of the overall general management of the Company and supervision of Company policies, setting the Company's strategies, formulating and overseeing the Company's business plan, raising capital, expanding the Company's management team and the general promotion of the Company. From June 2013 to 2015, Dr. Leppy has served as President and CEO of OneChip Photonics, Inc., a privately held company headquartered in Ottawa, Canada, that is a leading provider of low-cost, small-footprint, high-performance indium phosphide (InP)-based photonic integrated circuits (PICs) and PIC-based optical sub-assemblies (OSAs) for the Data Center markets. Also, from 2013 to 2015 Dr. Leppy presently served as part-time full professor, and chair of optoelectronics at Glyndwr University in Wales, UK, to bring forward advanced materials, device, and integrated photonics based technologies for the datacenter and high performance computing markets. During the period 2014 to 2016, Dr. Leppy focused on a foundry based model for InP-based photonic integrated circuits (PICs) and optoelectronic integrated circuits (OEICs) in the datacenter segment and was instrumental in assembling California's proposal (via USC) to the Federal Government for an integrated photonics manufacturing institute. Dr. Leppy holds a Doctor of Engineering, a Ph.D., a MBA and a bachelor's degree, all from the University of Bradford, United Kingdom. Dr. Leppy has well over 200 issued utility patents with the USPTO. This number expands to over 450 if international derivative patents are included.

*Mr. James S. Marcelli.* Mr. Marcelli has served as an officer and director of our Company since August 2008. Since May 2012, Mr. Marcelli has served as our Company's President and Chief Operating Officer, and he was named our Secretary in March 2018. Previously, from August 2008 to April 2012, Mr. Marcelli served as our President and Chief Executive Officer. Mr. Marcelli is in charge of the day-to-day operations of our Company and its movement to a fully functioning commercial corporation, and also serves as our Company's principal financial officer. Since 2000, Mr. Marcelli has served as the president and chief executive officer of Marcelli Associates, a consulting company that offers senior management consulting, mentoring, and business development services to start-up and growth companies. Business segments Mr. Marcelli has worked with included an Internet networking gaming center, high-speed custom gaming computers, high tech manufacturing businesses and business service companies.

*Thomas E. Zelibor, Rear Admiral, USN (Ret).* RADM Zelibor has served as our Chair of the Board of Directors (non-executive) since May 1, 2017. Previously, has served as our Chief Executive Officer and Chair of the Board of Directors (executive) from May 2012 to April 30, 2017. Mr. Zelibor also previously served as Chair of the Board of Directors (non-executive) of our Company since October 2011 and has served as a director of our Company since July 2008. He also previously served on our Operation Committee. Mr. Zelibor is currently the Chief Executive Officer of the Space Foundation and a director of Nuvectra Corp. Mr. Zelibor previously served as the Chief Executive Officer and President of Zelibor & Associates, LLC, a management-consulting firm and as the Chief Executive Officer and President of Flatirons Solutions Corp. Prior to that time, Mr. Zelibor served in the U.S. Navy in a number of positions, including as the Dean of the College of Operational and Strategic Leadership at the United States Naval War College where he was responsible for the adoption of a corporate approach to leadership development; Director of Global Operations, United States Strategic Command; Director, Space, Information Warfare, Command and Control on the Navy staff; Department of the Navy, Deputy Chief Information Officer (CIO), Navy; Commander, Carrier Group Three and Commander, Naval Space Command. Mr. Zelibor earned his bachelor's degree from the United States Naval Academy and has been a participant in the Senior Leader in Residence Program and a visiting scholar for the Zell Center for Risk Research at the Kellogg School of Management, Northwestern University.

*Dr. Joseph A. Miller, Jr.* Dr. Miller has served as a director of our Company since May 10, 2011. From 2002 to May 2012, Dr. Miller served as Executive Vice President and Chief Technology Officer of Corning Incorporated, having joined Corning Incorporated in 2001 as Senior Vice President and Chief Technology Officer. Prior to joining Corning Incorporated, Dr. Miller was with E.I. DuPont de Nemours, Inc., where he served as Chief Technology Officer and Senior Vice President for Research and Development since 1994. Dr. Miller began his career with DuPont in 1966. Dr. Miller previously served as a director and Non-executive Chairman of Nuvectra Corp., and as a director for Greatbatch, Inc. He holds a doctorate degree in Chemistry from Penn State University.

*Mr. Ronald A. Bucchi.* Mr. Ronald A. Bucchi has served as a director of our Company since June 11, 2012, and he currently serves as the Chair of our Audit Committee. Mr. Bucchi is currently a self-employed C.P.A., CGMA with a specialized practice that concentrates in CEO consulting, strategic planning, mergers, acquisitions, business sales and tax. He works with domestic and international companies. Mr. Bucchi is a former member of the board of directors of First Connecticut Bancorp, Inc., having served as Lead Director, Chair of the Audit Committee, Governance Chairman and a member of the Asset Liability Committee and Loan Committee. The Bank sold in September of 2018. He is currently a member of the Advisory Board of Baker Street Scientific, Inc., the Treasurer and a member of the Board of Directors of the Petit Family Foundation, Inc. and the Farmington Bank Foundation, Inc. He has served on numerous other community boards and is past Chairman of the Wheeler Clinic and the Wheeler YMCA. He is a member of the Connecticut Society of Certified Public Accountants, American Institute of Certified Public Accountants, Chartered Global Management Accountant and the National Association of Corporate Directors. Mr. Bucchi is a graduate of the Harvard Business School Executive Education program with completed course studies in general board governance, audit and compensation and a graduate of Central Connecticut State University where he received his B.S. in Accounting.

*Mr. Siraj Nour El-Ahmadi.* Mr. El-Ahmadi has served as a director of our Company since October 2, 2013, and he currently serves a member of our Audit Committee. Since 2004, Mr. El-Ahmadi has served as Founder, President and

Chief Executive Officer of Menara Networks, a developer of innovative products and solutions that simplify layered optical transport networks. Mr. El-Ahmadi has over 17 years of experience in optical transmission in particular and the telecom industry in general. Prior to founding Menara, Mr. El-Ahmadi served as Vice President-Marketing & Product Management at Nortel where he was responsible for the OPTera LH 4000 ULR product (acquired from Qtera) that achieved over \$200M in revenues in its first two years. Prior to that, Mr. El-Ahmadi was the Product Architect & Vice President of Product Management at Qtera Corporation, a successful technology start-up acquired by Nortel in 2000 for \$3.25 billion. Mr. El-Ahmadi also held a Senior Manager position at Bell Northern Research and worked as a Transmission Engineer at WilTel (WorldCom) where he evaluated and deployed the world first bidirectional EDFA and bi-directional WDM transmission. Mr. El-Ahmadi holds a BS and MS in Electrical Engineering from the University of Oklahoma, is a member of Eta Kappa Nu and is the inventor of 11 patents, issued or pending, in the area of optical communications. He has authored a number of publications and is a frequent speaker at telecom and optical networking events and conferences.

*Dr. Frederick J. Leonberger.* Dr. Leonberger has served as a director of our Company since April 1, 2017. Since 2010, Dr. Leonberger has served as the Principal of EOvation Advisors LLC, a private technology and business advisory firm and presently serves as a board member for various private photonics companies. Dr. Leonberger is a widely known technologist and industry leader in the field of photonics and fiber optics. For nearly 40 years he has been a leading contributor to the development of a variety of important optical devices, company leadership, product and business strategy, and commercialization. The integrated optical modulator technology he and his colleagues pioneered has been used pervasively for over 20 years to encode data at multi-Gb/s rates in long-haul fiber optic networks (the Internet "superhighways"). He previously served as senior vice president and chief technology officer of JDS Uniphase Corporation (JDSU, now Lumentum), a leading optical components company, from 1995 until his retirement in 2003, where he played a lead role in technology strategy, mergers and acquisitions and intellectual property activities. Prior to JDSU, he was co-founder and general manager of United Technologies Photonics (UTP), a high-speed optical modulator company, and held research management positions at United Technologies Research Center (UTRC) and MIT Lincoln Laboratory. He is a member of the National Academy of Engineering and the recipient of several industry awards.

The Board of Directors believes that each of the Directors named above has the necessary qualifications to be a member of the Board of Directors. Each Director has exhibited during his prior service as a director the ability to operate cohesively with the other members of the Board of Directors. Moreover, the Board of Directors believes that each director brings a strong background and skill set to the Board of Directors, giving the Board of Directors as a whole competence and experience in diverse areas, including corporate governance and board service, finance, management and industry experience.

### **Transactions with Related Persons**

Dr. Frederick J. Leonberger, through EOvation Advisors LLC, has served as a senior advisor to our Company since December 2011, with emphasis on modulator/technology development. In December 2017, the Company extended five separate warrants it previously issued to Dr. Leonberger, each for a period of five additional years. Additional information regarding Dr. Leonberger's warrants is described in the section entitled *Security Ownership of Management* elsewhere in this Proxy Statement.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater-than-ten percent stockholders are required by SEC regulations to furnish us with all Section 16(a) forms they file. To the best of our knowledge, based solely upon a review of Forms 3 and 4 and amendments thereto furnished to our Company during its most recent fiscal year and

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Forms 5 and amendments thereto furnished to our Company with respect to its most recent fiscal year, and any written representation referred to in paragraph (b)(1) of Item 405 of Regulation S-K, all of our executive officers, directors and greater-than-ten percent stockholders complied with all Section 16(a) filing requirements.

## CORPORATE GOVERNANCE

### Code of Ethics

Our Company has adopted a Code of Ethics and Business Conduct that applies to all of the Company's employees, including its principal executive officer and principal financial officer. A copy of our Code of Ethics and Business Conduct is available for review on the Investors - Governance page of our Company's website [www.lightwavelogic.com](http://www.lightwavelogic.com). The Company intends to disclose any changes in or waivers from its Code of Ethics and Business Conduct by posting such information on its website.

### Audit Committee

Our Company has in place a separately designated standing audit committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Our audit committee is governed by an audit committee charter. A copy of our Audit Committee Charter is available for review on the Investors - Governance page of our Company's website [www.lightwavelogic.com](http://www.lightwavelogic.com).

Our audit committee has reviewed and discussed the audited financial statements with management and has discussed with its independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The audit committee has received the written disclosures and the letter from its independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and has discussed with its independent accountant the independent accountant's independence. Based on the review and discussions described above, the audit committee recommended to the Board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission. This Audit Committee Report has been furnished by the following directors who comprise the Audit Committee of the Board of Directors: Ronald A. Bucchi and Siraj Nour El-Ahmadi.

Our audit committee is comprised of Ronald A. Bucchi and Siraj Nour El-Ahmadi, each of whom is an independent director, as defined below in Director Independence. Mr. Bucchi serves as our audit committee financial expert as that term is defined by the rules promulgated by the Securities and Exchange Commission. During our last fiscal year, our Audit Committee held four (4) meetings.



## **Compensation Committee**

Our entire Board of Directors serves as our compensation committee. Our Board of Directors does not have a standing compensation committee or committee performing similar functions. This is due to our development stage and the small number of executive officers involved with our Company. Our entire Board of Directors currently participates in the consideration of executive officer and director compensation. We do not have a compensation committee charter. Our Board of Directors is responsible for reviewing, recommending and approving our compensation policies and benefits, including the compensation of all of our executive officers and directors. Our Board of Directors also has the principal responsibility for the administration of our employee stock plan. Our Board of Directors will continue to evaluate, from time to time, whether it should appoint a standing compensation committee.

Executive officers who are also directors participate in determining or recommending the amount or form of executive and director compensation, but the independent directors ultimately determine the executive compensation. During 2018, Michael S. Leby and James S. Marcelli served as both executive officers and directors of our Company. Neither the Board of Directors nor management utilizes compensation consultants in determining or recommending the amount or form of executive and director compensation.

## **Nominating Committee**

Our Board of Directors does not have a nominating committee. This is due to our development stage and smaller sized Board of Directors. We do not have a nominating committee charter. Instead of having such a committee, our Board of Directors historically has searched for and evaluated qualified individuals to become nominees for membership on our Board of Directors. The directors recommend candidates for nomination for election or reelection for each annual meeting of shareholders and, as necessary, to fill vacancies and newly created directorships.

All of our director nominees have expressed their willingness to continue to serve as our directors. When new candidates for our Board of Directors are sought, all of our directors evaluate each candidate for nomination as director within the context of the needs and the composition of the board as a whole. The Board of Directors conducts any appropriate and necessary inquiries into the backgrounds and qualifications of candidates. When evaluating director nominees, our Board of Directors generally seeks to identify individuals with diverse, yet complementary backgrounds. Our directors consider both the personal characteristics and experience of director nominees, including each nominee's independence, diversity, age, skills, expertise, time availability and industry background in the context of the needs of the Board of Directors and the Company. The Board of Directors believes that director nominees should exhibit proven leadership capabilities and experience at a high level of responsibility within their chosen fields, and have the experience and ability to analyze business and/or scientific issues facing our Company. In addition to business expertise, the Board of Directors requires that director nominees have the highest personal and professional ethics, integrity and values and, above all, are committed to representing the long-term interests of our shareholders and other stakeholders. To date, all new candidates have been identified by members of our Board of Directors, and we have not paid any fee to a third party to assist in the process of identifying or evaluating director candidates.

Our directors will consider candidates for nomination as director who are recommended by a shareholder and will not evaluate any candidate for nomination for director differently because the candidate was recommended by a shareholder. To date, we have not received or rejected any suggestions for a director candidate recommended by any shareholder or group of shareholders owning more than 5% of our common stock.

When submitting candidates for nomination to be elected at our annual meeting of shareholders, shareholders should follow the following notice procedures and comply with applicable provisions of our bylaws. To consider a candidate recommended by a shareholder for nomination at the 2020 Annual Meeting of Shareholders, the recommendation must be delivered or mailed to and received by our Secretary within the time periods discussed elsewhere in this Proxy Statement under the heading Shareholder Proposals for 2020 Annual Meeting. The recommendation must include the information specified in our bylaws for shareholder nominees to be considered at an annual meeting, along with the following:

- The shareholder's name and address and the beneficial owner, if any, on whose behalf the nomination is proposed;
- The shareholder's reason for making the nomination at the annual meeting, and the signed consent of the nominee to serve if elected;
- The number of shares owned by, and any material interest of, the record owner and the beneficial owner, if any, on whose behalf the record owner is proposing the nominee;
- A description of any arrangements or understandings between the shareholder, the nominee and any other person regarding the nomination; and
- Information regarding the nominee that would be required to be included in our Proxy Statement by the rules of the Securities and Exchange Commission, including the nominee's age, business experience for the past five years and any other directorships held by the nominee.

The information listed above is not a complete list of requisite information. The Secretary will forward any timely recommendations containing the required information to our independent directors for consideration.

No material changes to the procedures by which our shareholders may recommend nominees to our Board of Directors has occurred since we last provided disclosure regarding these procedures in our Definitive Schedule 14A filed on April 13, 2018.

### **Operations Committee**

Our Board of Directors has established an Operations Committee in order to utilize the talent of its members of the Board of Directors on a temporary basis for various short-term Company projects. Dr. Frederick Leonberger became a director of our Company on April 1, 2017 and was appointed to serve on the Company's Operations Committee at that time. The Operations Committee Charter is available to shareholders on our website at [www.lightwavelogic.com](http://www.lightwavelogic.com). During our last fiscal year, our Operations Committee held no meetings.

## **Director Independence**

Although we are currently traded on the OTCQB Market, our Board of Directors has reviewed each of the Directors relationships with the Company in conjunction with NASDAQ Listing Rule 5605(a)(2) that provides that an independent director is a person other than an executive officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board of Directors has affirmatively determined that the following directors, Dr. Joseph A. Miller, Jr., Ronald A. Bucchi, Siraj Nour El-Ahmadi and William C. Pickett, III (served as a director from 2008 to August 15, 2018) are/were independent directors in that they are/were independent of management and free of any relationship that would interfere with their independent judgment as members of our Board of Directors. In making such determination, our Board of Directors considered the relationships that each such non-employee director has with our Company and all other facts and circumstances that our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. The following members of our Board of Directors, Thomas E. Zelibor, Dr. Michael S. Lebbby, James S. Marcelli and Dr. Frederick J. Leonberger are not independent directors pursuant to the standards described above.

Our Company does not have a separately designated nominating or compensation committee or committee performing similar functions; therefore, our full Board of Directors currently serves in these capacities.

## **Policies and Procedures for Related-Party Transactions**

Our Company does not have any formal written policies or procedures for related party transactions, however in practice, our Board of Directors reviews and approves all related party transactions and other matters pertaining to the integrity of management, including potential conflicts of interest, trading in our securities, or adherence to standards of business conduct.

## **Board Leadership Structure**

Our bylaws provide the Board of Directors with flexibility to combine or separate the positions of Chair of the Board and Principal Executive Officer in accordance with its determination that utilizing one or the other structure is in the best interests of our Company. Our current structure is that of separate Principal Executive Officer and Chair of the Board of Directors. Dr. Michael S. Lebbby serves as our Principal Executive Officer and is responsible for the overall general management of the Company and supervision of Company policies, setting the Company's strategies, formulating and overseeing the Company's business plan, raising capital, expanding the Company's management team

and the general promotion of the Company. Thomas E. Zelibor serves as our Chair of the Board of Directors, which is a non-executive position, and is responsible for performing a variety of functions related to our corporate leadership and governance, including steering the direction of the Company, coordinating board activities, setting relevant items on the agenda, leading the Board's review of our Chief Executive Officer and ensuring adequate communication between the Board of Directors and management, which he does in conjunction with the independent directors. Mr. Zelibor is not considered an independent director. Our Board of Directors has determined that this leadership structure is appropriate for the size of our Company.

Our Board is comprised of five outside directors and two inside directors, three of which are independent and four of which are non-independent. William C. Pickett, III, who served as a director from 2008 to August 15, 2018, was an independent director. Our Board of Directors has determined that maintaining the independence of a majority of our directors helps maintain its independent oversight of management and it hopes to name an additional candidate to the Board who can be affirmatively determined to be an independent director.

### **Risk Oversight**

The Board of Directors is actively involved in the oversight of risks, including strategic, operational and other risks, which could affect our business. The Board of Directors does not have a standing risk management committee, but administers this oversight function directly through the Board of Directors as a whole, which oversee risks relevant to their respective functions. The Board of Directors considers strategic risks and opportunities and administers its respective risk oversight function by evaluating management's monitoring, assessment and management of risks, including steps taken to limit our exposure to known risks, through regular interaction with our senior management and in Board and committee deliberations that are closed to members of management. The interaction with management occurs not only at formal Board and committee meetings but also through periodic and other written and oral communications. Our Audit Committee is responsible for oversight of our Company's accounting and financial reporting processes and also discusses with management the Company's financial statements, internal controls and other accounting and related matters.

### **Shareholder Communications with the Board**

Shareholders who desire to communicate with the Board of Directors, or a specific director, may do so by sending the communication addressed to either the Board of Directors or any director, c/o Lightwave Logic, Inc., 369 Inverness Parkway, Suite 350, Englewood, CO 80112. These communications will be delivered to the Board, or any individual director, as specified.

### **Meetings of the Board and Committees; Meeting Attendance**

During 2018, there were five (5) meetings of the Board of Directors. During fiscal 2018, all of the directors attended over 75% of the Board and committee meetings for which the directors served. The Board of Directors also acted at times by unanimous written consent, as authorized by our bylaws and the Nevada Revised Statutes.

We have no policy regarding the attendance of the members of our Board of Directors at our annual meetings of security holders. Seven of the eight members of our Board of Directors attended our 2018 annual meeting.

## EXECUTIVE OFFICERS

### Identity of Executive Officers and Significant Employees

<b>Name</b>	<b>Age</b>	<b>Position</b>
Michael S. Lebbly	58	Director; Chief Executive Officer
James S. Marcelli	71	Director; President; Chief Operating Officer; Secretary

### Business Experience of Executive Officers and Significant Employees

The business experience of Messrs. Lebbly and Marcelli is described above under the caption Business Experience of Directors.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Company's entire Board of Directors currently participates in the review and determination of the compensation packages of our executive officers because our Board of Directors currently has no standing compensation committee or committee performing similar functions. A discussion of the policies and decisions that shape our executive compensation program, including the specific objectives and elements, is set forth below.

#### *Executive Compensation Objectives and Philosophy*

The objective of our executive compensation program is to attract, retain and motivate talented executives who are critical for the continued growth and success of our Company and to align the interests of these executives with those of our shareholders. To this end, our compensation programs for executive officers are designed to achieve the

following objectives:

.

attract talented and experienced executives to join the company;

.

motivate, reward and retain executives whose knowledge, skills and performance are critical to our success;

.

be “market-based” and reflect the competitive environment for personnel;

.

focus executive behavior on achievement of our corporate mission and long-term corporate objectives and strategy;

.

be affordable, within the context of our operating expense model;

.

be fairly and equitably administered;

.

reflect our values; and

.

align the interests of management and shareholders by providing management with longer-term incentives through equity ownership.

The Board of Directors reviews the allocation of compensation components regularly to help ensure alignment with strategic and operating goals, competitive market practices and our changing business needs. The Board of Directors focuses on simplicity and flexibility wherever possible. The Board of Directors does not apply a specific formula to determine the allocation between cash and non-cash forms of compensation. Certain compensation components, such as base salaries, benefits and perquisites, are intended primarily to attract and retain qualified executives. Other compensation elements, such as long-term incentive opportunities, are designed to motivate and reward our long-term performance and to strongly align named executive officers' interests with those of shareholders.





## Elements of Executive Officer Compensation

The primary elements of our executive officer compensation program are: (i) annual base salary; and (ii) long-term equity incentive compensation in the form of stock option grants, with the objective of aligning the executive officers' long-term interests with those of the shareholders.

In establishing overall executive compensation levels and making specific compensation decisions for the executives in 2018, the Board of Directors considered a number of criteria, including the executive's position, any applicable employment agreement, prior compensation levels, scope of responsibilities, prior and current period performance, attainment of individual and overall company performance objectives and retention concerns. In addition, the Board of Directors considered the results of the advisory vote by shareholders on the "say-on-pay" proposal presented to shareholders at the Company's 2018 Annual Meeting of Shareholders where approximately 96% of the votes cast on the say-on-pay proposal was voted for approval of the 2017 executive compensation. In determining our 2018 executive compensation program, the Board of Directors reviewed the results of the say-on-pay vote and concluded that changes to the program were not desired by our shareholders for 2018. Therefore, our 2018 executive compensation approach was overall generally in line with the executive officer compensation approach previously approved by our shareholders.

The Board of Directors performs a review of compensation for our executive officers annually. As part of this review, the Board of Directors takes into consideration its understanding of external market data, including companies competing in our industry. The Board of Directors does not engage independent consultants to perform an analysis of the current compensation program.

Generally, our Board of Directors reviews and approves compensation arrangements for executive officers annually and in connection with the hiring of new executives. We do not have any formal or informal policy regarding compensation arrangements for executive officers. Instead, the Board of Directors determines what it believes to be the appropriate level and mix of the various compensation components based on recommendations from our chief executive officer, Company performance against stated objectives and individual performance.

In considering compensation of executives, one of the factors the Board of Directors takes into account is the anticipated tax treatment of various components of compensation. Our Board's strategy is to be cost and tax efficient and the Board intends to preserve corporate tax deductions where possible, while maintaining the flexibility in the future to approve arrangements that it deems to be in our best interests and the best interests of our shareholders, even if such arrangements do not always qualify for full tax deductibility. We do not believe Section 162(m) of the Internal Revenue Code, which generally disallows a tax deduction for certain compensation in excess of \$1 million to our named executive officers, will have a material effect on us due to the current compensation levels of named executive officers.

### **Base Salary**

Base salaries are reviewed at least annually by our Board of Directors and may be adjusted from time to time based upon market conditions, individual responsibilities and Company and individual performance. We believe that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance. Base salaries are established in part based on the individual experience, skills and expected contributions of our executives and our executives' performance during the prior year, in addition to affordability within the context of our operating expense model.

### **Annual Non-Equity Incentive Compensation**

Annual non-equity incentive compensation is typically not included as part of our named executive compensation given that our Company is in the development stage.

### **Long-term Equity Incentive Compensation**

Long-term incentive compensation allows the executive officers to share in any appreciation in the value of our common stock. The Board of Directors believes that stock option participation aligns executive officers' interests with those of the shareholders. The amounts of the awards are designed to reward past performance, create incentives to meet long-term objectives and ensure that we retain executive talent over a longer period of time. Awards are based upon various factors, including market conditions and incentives given by other companies in our industry.

Stock option awards provide our executive officers with the right to purchase shares of our common stock at a fixed exercise price, and stock option vest over time, subject to continued employment with our company over the vesting period. Stock options generally vest quarterly over a period of one year. All stock options have an exercise price equal to fair market value of our common stock on the date of grant, which is equal to our closing market price on such date.

### **Severance and Change in Control Benefits**

Pursuant to employment agreements we have entered into with our executives and the terms of our 2016 Equity Incentive Plan, our executives are entitled to certain benefits in the event of a change in control of our Company or the termination of their employment under specified circumstances, including termination following a change in control. We believe these benefits help us compete for and retain executive talent and are generally in line with severance packages offered to executives by the companies in our peer group. We also believe that these benefits would serve to minimize the distraction caused by any change in control scenario and reduce the risk that key talent would leave the Company before any such transaction closes, which could reduce the value of the Company if such transaction failed to close.

### **Other Compensation**

Generally, benefits available to executive officers are available to all employees on similar terms and include health and welfare benefits, disability benefits and a 401(k) plan; except that with respect to our Company 401(k) plan, executive officers do not receive the 4% company match provided to other employees.

We provide the benefits above to attract and retain our executive officers by offering compensation that is competitive with other companies similar in size and stage of development. These benefits represent a relatively small portion of their total compensation.

The table below summarizes all compensation awarded to, earned by, or paid to our named executive officers for the fiscal years ended December 31, 2018 and 2017.

**Summary Compensation Table**

Name and Principal Position	Year	Salary	Bonus	Stock	Option	All Other	Total
				Awards	Awards	Compensation	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
(a)	(b)	(c) <sup>1</sup>	(d)	(e) <sup>2</sup>	(f) <sup>2</sup>	(g) <sup>3</sup>	(h)
Dr. Michael S. Lebbby <sup>4</sup>	2018	265,000			38,448	2,840	306,288
CEO; Director	2017	176,667		8,000	305,662	29,893	520,222
James S. Marcelli	2018	250,000				2,355	252,355
President; COO; Sec., Director	2017	241,667				2,282	243,949

1.

The named executive officer's compensation includes the amount for services rendered to the Company in his capacity as both an officer and a director.

2.

The aggregate fair value of awards and options in columns (e) and (f) are computed in accordance with FASB ASC 718. The amounts shown in columns (f) do not reflect dollar amounts actually received by our named executive officers.

3.

The amount in column (g) reflects a salary gross up for long term disability premium payments.

4.

Dr. Lebbby became our Chief Executive Officer on May 1, 2017. The amounts in column (e) and (g) for 2017 include compensation for serving on the Operations Committee of the Board of Directors in the amounts of \$8,000 and \$28,000, respectively. Dr. Lebbby resigned from the Operations Committee of the Board of Directors effective April 30, 2017. The amount in column (g) also includes a salary gross up for long term disability premium payments of \$1,893.



At no time during the last fiscal year was any outstanding option otherwise modified or re-priced, and there was no tandem feature, reload feature, or tax-reimbursement feature associated with any of the stock options we granted to our executive officers or otherwise.

We grant stock awards and stock options to our executive officers based on their level of experience and contributions to our Company. The aggregate fair value of awards and options are computed in accordance with FASB ASC 718 and are reported in the Summary Compensation Table above in the columns (e) and (f).

No plan-based awards were granted to our named executive officers:

The table below summarizes all of the outstanding equity awards for our named executive officers as of December 31, 2018, our latest fiscal year end.

**Outstanding Equity Awards At Fiscal Year-End**

Name	Number of securities underlying unexercised options(#) exercisable	Number of securities underlying unexercised options(#) unexercisable	Option Awards Equity incentive plan awards:	Option exercise price	Option expiration date
			number of securities underlying unexercised unearned options		
(a)	(b)	(c)	(#)	(\$)	(f)
Dr. Michael S. Lebby	200,000			0.69	08/25/25
CEO, Director <sup>1,3</sup>	50,000			0.68	01/28/26
	50,000			0.85	01/16/27
	350,000			0.70	03/19/27
James S. Marcelli	50,000			0.67	08/09/25

President, COO, Sec.,	1,150,000	0.70	06/30/25
Director <sup>2,3</sup>	100,000	1.00	05/16/23

1.

Dr. Lebbly received an option to purchase up to: (i) 200,000 shares of common stock, of which 50,000 shares vested on August 26, 2015 and the remaining shares vest in equal annual installments of 50,000 options per year commencing on August 26, 2016; (ii) 50,000 shares of common stock, of which 20,000 shares vested on February 11, 2016 and the remaining shares vested quarterly in equal installments of 10,000 options per quarter commencing on April 1, 2016; (iii) 50,000 shares of common stock, of which 20,000 shares vested on January 17, 2017 and the remaining shares vested quarterly in equal installments of 10,000 options per quarter commencing on April 1, 2017; (iv) 350,000 shares of common stock, which vest quarterly over one year in equal installments of 87,500 shares per quarter beginning May 1, 2017.

2.

Mr. Marcelli received an option to purchase up to (i) 50,000 shares of common stock, of which 12,500 shares vested on August 10, 2015 and the remaining shares vested quarterly in equal installments of 12,500 shares; (ii) 1,150,000 shares of common stock at an exercise price of \$.70 that vested immediately; and (iii) up to 100,000 shares of common stock, of which 25,000 shares vested on August 1, 2013 and the remaining shares vested quarterly in equal installments of 25,000 shares commencing on October 1, 2013.

3.

In the event of a change in control of our Company, such person's options shall remain exercisable as set forth in their stock option agreement.

### **Option Exercises and Stock Vested**

No stock options, SARs and similar instruments were exercised, and no stock, including restricted stock, restricted stock units and similar instruments vested, by or for any of our named executive officer during the last completed fiscal year.



## **Pension Benefits-Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation**

No pension benefits were paid to any of our named executive officers during the last completed fiscal year. We do not currently sponsor any non-qualified defined contribution plans or non-qualified deferred compensation plans.

## **Employee, Severance, Separation and Change in Control Agreements**

### ***Dr. Michael S. Leiby Employee Agreement- Chief Executive Officer***

On March 20, 2017, we entered into an employment agreement with Dr. Michael S. Leiby (the **Leiby Employment Agreement**). The term of the Leiby Employment Agreement commenced on May 1, 2017 for a period of 24 months, following which time the Leiby Employment Agreement will be renewed for successive 12-month periods at the end of each term upon the written agreement of the parties that shall be delivered by each party to the other not less than 60 days prior to the expiration of the existing term. Pursuant to the Leiby Employment Agreement, Dr. Leiby's 2017 base compensation was \$265,000 per year. Upon entering into the Leiby Employment Agreement, Dr. Leiby was granted (i) 350,000 stock options, which have an exercise price of \$0.70 per share and are fully vested at this time. In the event of a change in control of our Company, Dr. Leiby's options shall remain exercisable as set forth in Dr. Leiby's stock option agreement.

If Dr. Leiby's employment terminates upon the expiration of the term of the Leiby Employment Agreement, and the Company elects for any reason not to renew the Leiby Employment Agreement for an additional 12-month term, then our Company will continue to pay to Dr. Leiby the compensation described in the Leiby Employment Agreement for a period of 9 months after the termination. If Dr. Leiby's employment is terminated by the Company without cause during the term of the Leiby Employment Agreement, the Company will pay to Dr. Leiby the compensation described in the Leiby Employment Agreement for the remainder of the term of Leiby Employment Agreement or 12 months, whichever is longer.

### ***Mr. James S. Marcelli Employee Agreement- President; Chief Operating Officer***

On August 10, 2015, we entered into a new employment agreement with Mr. Marcelli, which was amended during 2015 and 2017 (collectively, the **Marcelli Employment Agreement**), which replaced his previous employment agreement, as amended. The term of the Marcelli Employment Agreement commenced on January 1, 2014 and expires December 31, 2019, following which time the Marcelli Employment Agreement will be renewed for successive 12-month periods at the end of each term upon the written agreement of the parties that shall be delivered

by each party to the other not less than 60 days prior to the expiration of the existing term. Pursuant to the Marcelli Employment Agreement, Mr. Marcelli's 2017 base compensation was \$250,000 per year. Upon entering into the Marcelli Employment Agreement, Mr. Marcelli was granted (i) 50,000 stock options, which have an exercise price of \$0.67 per share and are fully vested at this time. In the event of a change in control of our Company, Mr. Marcelli's options shall remain exercisable as set forth in Mr. Marcelli's stock option agreement.

If Mr. Marcelli's employment terminates upon his death and key man life insurance is in place for Mr. Marcelli, our Company will continue to pay the compensation described in the Marcelli Employment Agreement to his estate through the remainder of the term of the Marcelli Employment Agreement, or 12 months, whichever is longer. If Mr. Marcelli's employment terminates upon the expiration of the term of the Marcelli Employment Agreement, and the Company elects for any reason not to renew the Marcelli Employment Agreement for an additional 12-month term, then our Company will continue to pay to Mr. Marcelli the compensation described in the Marcelli Employment Agreement for a period of 9 months after the termination. If Mr. Marcelli's employment is terminated by the Company without cause during the term of the Marcelli Employment Agreement, the Company will pay to Mr. Marcelli the compensation described in the Marcelli Employment Agreement for the remainder of the term of Marcelli Employment Agreement or 12 months, whichever is longer.

**Compensation of Directors**

Set forth below is a summary of the compensation of our directors during our December 31, 2018 fiscal year.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Non-Qualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Michael Lebby <sup>1</sup>							
Thomas E. Zelibor <sup>2</sup>			34,530				34,530
James S. Marcelli <sup>3</sup>							
William C. Pickett, III <sup>4</sup>			27,586				27,586
Joseph A. Miller <sup>5</sup>			34,530				34,530
Ronald A. Bucchi <sup>6</sup>			34,530				34,530
Siraj Nour El-Ahmadi <sup>7</sup>			34,530				34,530
Frederick Leonberger <sup>8</sup>	\$108,000		57,659				165,659

1.

Dr. Lebby serves as an executive officer and a director but receives no additional compensation for serving as a director.

2.

On January 22, 2018, Mr. Zelibor received an option to purchase up to up to 50,000 shares of common stock at an exercise price of \$1.22 that vest pursuant to the following schedule: 20,000 shares vested immediately; and the remaining options vest in 3 equal quarterly installments of 10,000 options per year commencing on April 1, 2018.

3.

Mr. Marcelli serves as an executive officer and a director but receives no additional compensation for serving as a director.

4.

Mr. Pickett served as a director until August 15, 2018. On January 22, 2018, Mr. Pickett received an option to purchase up to 50,000 shares of common stock at an exercise price of \$1.22 that vest pursuant to the following schedule: 20,000 shares vested immediately; and the remaining options vest in 3 equal quarterly installments of 10,000 options per year commencing on April 1, 2018.

5.

On January 22, 2018, Dr. Miller received an option to purchase up to up to 50,000 shares of common stock at an exercise price of \$1.22 that vest pursuant to the following schedule: 20,000 shares vested immediately; and the remaining options vest in 3 equal quarterly installments of 10,000 options per year commencing on April 1, 2018.

6.

On January 22, 2018, Mr. Bucchi received an option to purchase up to up to 50,000 shares of common stock at an exercise price of \$1.22 that vest pursuant to the following schedule: 20,000 shares vested immediately; and the remaining options vest in 3 equal quarterly installments of 10,000 options per year commencing on April 1, 2018.

7.

On January 22, 2018, Mr. El-Ahmadi received an option to purchase up to up to 50,000 shares of common stock at an exercise price of \$1.22 that vest pursuant to the following schedule: 20,000 shares vested immediately; and the remaining options vest in 3 equal quarterly installments of 10,000 options per year commencing on April 1, 2018.

8.

During 2018, Dr. Leonberger received \$108,000 in cash compensation for serving on our Operations Committee. On January 22, 2018, Dr. Leonberger received an option to purchase up to up to 50,000 shares of common stock at an exercise price of \$1.22 that vest pursuant to the following schedule: 20,000 shares vested immediately; and the remaining options vest in 3 equal quarterly installments of 10,000 options per year commencing on April 1, 2018.

In the event of a change in control of our Company, all of the above person's options become fully vested and/or exercisable, as the case may be, immediately prior to such change in control, and shall remain exercisable as set forth in their stock option agreement.

### **Compensation Policies and Practices as They Relate to Our Risk Management**

No risks arise from our Company's compensation policies and practices for our employees that are reasonably likely to have a material adverse effect on our Company.

**Securities Authorized for Issuance under Equity Compensation Plans**

Equity Compensation Plans as of December 31, 2018.

**Equity Compensation Plan Information**

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders (1)	6,755,000 (1)	\$0.86	765,000
Equity compensation plans not approved by security holders (2)	1,677,500	\$0.80	0
<b>Total</b>	<b>8,432,500</b>	<b>\$0.85</b>	<b>765,000</b>

- (1) Reflects shares of common stock to be issued pursuant to our 2016 Equity Incentive Plan and our 2007 Employee Stock Plan, both of which are for the benefit of our directors, officers, employees and consultants. We have reserved 3,000,000 shares of common stock for such persons pursuant to our 2016 Equity Incentive Plan. We terminated our 2007 Employee Stock Plan in June 2016 and no additional awards are made under that plan.
- (2) Comprised of common stock purchase warrants we issued for services.

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As of the Record Date, we had outstanding 81,726,880 shares of common stock. Each share of our common stock is entitled to one vote with respect to each matter on which it is entitled to vote.

The following table sets forth, as of the Record Date, the names, addresses, amount and nature of beneficial ownership and percent of such ownership of each person or group known to our Company to be the beneficial owner of more than five percent (5%) of our common stock:

**Security Ownership of Certain Beneficial Owners**

Name and Address of Beneficial Owner <sup>1</sup>	Amount and Nature of Beneficial Ownership <sup>2</sup>	% of Class Owned <sup>3</sup>
Mary Goetz	4,517,306	5.5%

1.

In care of our Company at 369 Inverness Parkway, Suite 350, Englewood, CO 80112.

2.

To our best knowledge, as of the date hereof, such holders had the sole voting and investment power with respect to the voting securities beneficially owned by them, unless otherwise indicated herein. Includes the person's right to obtain additional shares of common stock within 60 days from the date hereof.

3.

Based on 81,726,880 shares of common stock outstanding on the Record Date. Does not include shares underlying: (i) options to purchase shares of our common stock under our 2007 Employee Stock Plan and our 2016 Equity Incentive Plan; or (ii) outstanding warrants to purchase shares of our common stock.

The following table sets forth, as of the Record Date, the names, addresses, amount and nature of beneficial ownership and percent of such ownership of our common stock of each of our officers and directors, and officers and directors as a group:

**Security Ownership of Management**

<b>Name and Address<sup>1</sup></b>	<b>Amount and Nature of Beneficial Ownership<sup>2</sup></b>	<b>% Owned<sup>3,4</sup></b>
Michael Lebby	712,643 <sup>5</sup>	*
Chief Executive Officer, Principal Executive Officer and Director		
James S. Marcelli	1,553,400 <sup>6</sup>	1.9%
President, Chief Operating Officer, Principal Financial Officer, Secretary and Director		
Thomas E. Zelibor	1,401,824 <sup>7</sup>	1.7%
Chair of the Board of Directors		
Joseph A. Miller, Jr.	506,800 <sup>8</sup>	*
Director		
Ronald A. Bucchi	827,400 <sup>9</sup>	1.0%
Director		
Siraj Nour El-Ahmadi	480,000 <sup>10</sup>	*
Director		
Frederick Leonberger	955,000 <sup>11</sup>	1.1%
Director		
Directors and Officers as a Group (7 Persons):	6,437,067	7.8%

\* Less than 1%.

1.

In care of our Company at 369 Inverness Parkway, Suite 350, Englewood, CO 80112.

2.

To our best knowledge, as of the date hereof, such holders had the sole voting and investment power with respect to the voting securities beneficially owned by them, unless otherwise indicated herein. Includes the person's right to obtain additional shares of common stock within 60 days from the Record Date.

3.

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Based on 81,726,880 shares of common stock outstanding on the Record Date. Does not include shares underlying: (i) options to purchase shares of our common stock under our 2007 Employee Stock Plan and our 2016 Equity Incentive Plan and (ii) outstanding warrants to purchase shares of our common stock.



4.

If a person listed on this table has the right to obtain additional shares of common stock within 60 days from the Record Date, the additional shares are deemed to be outstanding for the purpose of computing the percentage of class owned by such person but are not deemed to be outstanding for the purpose of computing the percentage of any other person.

5.

Consists of 62,643 shares of common stock and an option to purchase up to 650,000 shares of common stock exercisable within 60 days from the Record Date.

6.

Consists of 246,700 shares of common stock, an option to purchase up to 1,300,000 shares of common stock exercisable within 60 days from the Record Date, and a warrant to purchase up to 6,700 shares of common stock exercisable within 60 days from the Record Date.

7.

Consists of 50,124 shares of common stock, an option to purchase up to 1,345,000 shares of common stock exercisable within 60 days from the Record Date and a warrant to purchase up to 6,700 shares of common stock exercisable within 60 days from the Record Date.

8.

Consists of 13,400 shares of common stock, options to purchase up to 480,000 shares of common stock exercisable within 60 days from the Record Date and warrants to purchase up to 13,400 shares of common stock exercisable within 60 days from the Record Date.

9.

Consists of 174,000 shares of common stock, an option to purchase up to 640,000 shares of common stock exercisable within 60 days from the Record Date and warrants to purchase up to 13,400 shares of common stock exercisable within 60 days from the Record Date. Mr. Bucchi disclaims beneficial ownership of 53,000 shares held by his spouse.

10.

Consists of an option to purchase up to 480,000 shares of common stock exercisable within 60 days from the Record Date.

11.

Consists of an option to purchase up to 230,000 shares of common stock exercisable within 60 days from the Record Date and warrants to purchase up to 725,000 shares of common stock exercisable within 60 days from the Record Date.

**Change in Control Arrangements**

We are not aware of any arrangements that could result in a change of control.

## **PROPOSAL ONE**

### **ELECTION OF DIRECTORS**

Our Directors hold office until the end of their respective terms or until their successors have been duly elected and qualified, or until their earlier death, resignation, removal or retirement. Our executive officers are appointed by the Board of Directors and serve at the discretion of the Board of Directors.

The Board of Directors is divided into three classes, currently comprised of: (i) two Class I directors, whose terms expire at the 2021 Annual Meeting; (ii) three Class II directors, whose terms expire at the 2019 Annual Meeting; and (iii) two Class III directors, whose terms expire at the 2020 Annual Meeting. The Board believes that a classified Board of Directors provides continuity and stability in pursuing the Company's policies and strategies and reinforces its commitment to long term perspective and value creation.

#### **Nominees for Election as Director**

At the time of the Annual Meeting, our Board of Directors will consist of seven directors: Dr. Michael S. Leiby; James S. Marcelli; Thomas E. Zelibor; Dr. Joseph A. Miller, Jr.; Ronald A. Bucchi; Siraj Nour El-Ahmadi; and Dr. Frederick J. Leonberger. At the Annual Meeting, the shareholders will elect: (i) three Class II directors to serve until the 2022 Annual Meeting or until their successors have been duly elected and qualified, or until their earlier death, resignation, removal or retirement.

The Board proposes that the individuals listed below as Class II nominees be elected as Class II directors. Each nominee has agreed to serve if elected, and our Board of Directors has no reason to believe that any nominee will be unavailable or will decline to serve. In the event, however, that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the current Board of Directors to fill the vacancy.

The names of the Class I nominees are set forth below:

<b>Name</b>	<b>Position(s) with the Company</b>	<b>Term</b>	<b>Year First Elected Director</b>
Michael S. Lebbly	Director, Chief Executive Officer	Class II	2014
Joseph A. Miller, Jr.	Director	Class II	2011
Ronald A. Bucchi	Director	Class II	2012

### **Directors Not Standing for Election**

The names of the Directors who are not standing for election at the Annual Meeting are the following Class I directors, whose terms expire in 2021; and the following Class III directors, whose terms expire in 2020:

<b>Name</b>	<b>Position(s) with the Company</b>	<b>Class</b>	<b>Year First Elected Director</b>
Thomas E. Zelibor	Chair of the Board	Class III	2008
James S. Marcelli	Director, Pres., Chief Operating Officer, Sec.	Class III	2008
Siraj Nour El-Ahmadi	Director	Class I	2012
Frederick J. Leonberger	Director	Class I	2017

### **Vote Required**

Directors will be elected by a plurality of the votes cast at the Annual Meeting. A withhold vote with respect to any nominee will have no effect on the election of that nominee. Each holder of common stock is entitled to one vote for each share held.

### **Recommendation of the Board of Directors**

The Board of Directors recommends a vote **FOR** the election of all of the above Nominees.

## **PROPOSAL TWO**

### **AMENDMENT TO THE COMPANY'S**

### **2016 EQUITY INCENTIVE PLAN**

#### **Purpose of the Proposal**

The Board of Directors of the Company has approved and is recommending to shareholders of the Company an amendment to Company's 2016 Equity Incentive Plan (the **Plan**) to amend Section 4.1 of the Plan to increase the number of shares of common stock available for issuance under the Plan from 3,000,000 to 8,000,000 so that a sufficient amount of awards are available for issuance in the future.

The Board of Directors approved the Plan to ensure that the Company has adequate ways in which to provide stock based compensation to its directors, officers, employees, and consultants. The Board of Directors believes that the ability to grant stock-based compensation is important to the Company's future success. The grant of stock-based compensation, such as stock options, can motivate high levels of performance and provide an effective means of recognizing employee and consultant contributions to the Company's success. In addition, stock-based compensation can be valuable in recruiting and retaining highly qualified technical and other key personnel who are in great demand, as well as rewarding and providing incentives to the Company's current employees, directors and consultants. Our Board of Directors believes that the increase in the number of common shares available for issuance under the Plan is necessary in order to continue to offer stock-based compensation programs that will allow the Company to carry out the purposes of the Plan, including attracting and retaining employees who are critical to the growth and success of the Company.

#### **Information Regarding Options Granted under the Plan, Dilution**

The Plan is our only active equity compensation plan. With respect to our Plan, as of the Record Date:

2,605,000 stock options were outstanding under the Plan

.  
The weighted average exercise price of such options was \$.968

.  
The weighted average remaining term of such options was 8.47 years

.  
The total number of shares available for grant under the Plan was 395,000

.  
81,726,880 shares of our common stock were issued and outstanding

.  
No unvested restricted stock awards were outstanding under the Plan

.  
No unvested shares were issued in lieu of cash compensation

.  
No awards were issued that will be settled solely in cash

.  
No performance-contingent awards were issued

.  
The Plan does not have fungible counting provisions

### **Key Corporate Governance Practices**

The Plan incorporates key corporate governance practices, including the following:

.  
Limits the number of shares available to 3,000,000, which represents approximately 4.5% of our issued and outstanding common shares as of the Record Date. If the amendment to the Plan is approved by the shareholders, the Plan will limit the number of shares available to 8,000,000, which represents approximately 9.7% of our issued and

outstanding common shares as of the Record Date;

.

Discounted stock options are not allowed;

.

No ability of participants to receive dividend payments with respect to restricted stock until the shares are vested;

.

Payment of the exercise price or applicable taxes made by delivery of shares, or withholding of shares, in satisfaction of a participant's obligation, will not result in additional shares becoming available for subsequent awards under the Plan.

**Significant Features of the Plan:**

The following is a summary of certain significant features of the 2016 Equity Incentive Plan. The information which follows is subject to, and qualified in its entirety by reference to, the Plan. We urge you to read the Plan in its entirety.

Awards that may be granted include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, and (c) Restricted Awards. These awards offer the Company's officers, employees, directors and consultants the possibility of future value, depending on the long-term price appreciation of the Company's common stock and the award holder's continuing service with the Company.

Stock options give the option holder the right to acquire from the Company a designated number of shares of common stock at a purchase price that is fixed upon the grant of the option. The exercise price will be not less than the market price of the common stock on the date of grant. Stock options granted may be either tax-qualified stock options (so-called "incentive stock options") or non-qualified stock options.

Restricted shares are shares of common stock awarded to participants at no cost. Restricted shares are in the form of awards of restricted stock, which represent issued and outstanding shares of our common stock subject to vesting criteria. Restricted shares are forfeitable and non-transferable until the shares vest. The vesting date or dates and other conditions for vesting are established when the shares are awarded.

All of the permissible types of awards under the Plan are described in more detail as follows:

**Purposes of Plan:** The purposes of the Plan are to: (a) enable the Company to attract and retain the types of employees, consultants and directors who will contribute to the Company's long range success; (b) provide incentives that align the interests of employees, consultants and directors with those of the shareholders of the Company; and (c) promote the success of the Company's business.

**Administration of the Plan:** The Plan is administered by a committee of one or more members of the Board of Directors appointed by the Board of Directors to administer the Plan or, in the Board's sole discretion, by the Board of Directors (the **Committee**). Among other things, the Committee has the authority to select persons who will receive awards, determine the types of awards and the number of shares to be covered by awards, and to establish the terms, conditions, restrictions and other provisions of awards. The Committee has authority to establish, amend and rescind rules and regulations relating to the Plan.



**Eligible Recipients:** Persons eligible to receive awards under the Plan will be those officers, employees, consultants, and directors of the Company and its subsidiaries (if any) who are selected by the Company's Board of Directors or the Committee of the Board administering the Plan. As of the Record Date, approximately 22 individuals were eligible to participate in the Plan, including 2 employee directors and 5 outside directors.

**Shares Available Under the Plan:** The maximum number of shares of our common stock that may be delivered to participants under the Plan is 3,000,000; subject to adjustment for certain corporate changes affecting the shares, such as stock splits. If the amendment to the Plan is approved by the shareholders, the maximum number of shares of our common stock that may be delivered to participants under the Plan will be 8,000,000; subject to adjustment for certain corporate changes affecting the shares, such as stock splits. Shares subject to an award under the Plan for which the award is canceled, forfeited or expires again become available for grants under the Plan. Shares subject to an award that is settled in cash will not again be made available for grants under the Plan. Payment of the exercise price or applicable taxes made by delivery of shares, or withholding of shares, in satisfaction of a participant's obligation, will not result in additional shares becoming available for subsequent awards under the Plan.

**Stock Options:**

*General.* Subject to the provisions of the Plan, the Committee has the authority to determine all grants of stock options. That determination will include: (i) the number of shares subject to any option; (ii) the exercise price per share; (iii) the expiration date of the option; (iv) the manner, time and date of permitted exercise; (v) other restrictions, if any, on the option or the shares underlying the option; and (vi) any other terms and conditions as the Committee may determine.

*Option Price.* The exercise price for stock options will be determined at the time of grant. Normally, the exercise price will not be less than the fair market value on the date of grant. As a matter of tax law, the exercise price for any incentive stock option awarded may not be less than the fair market value of the shares on the date of grant. However, incentive stock option grants to any person owning 10% or more of the Company's voting stock must have an exercise price of not less than 110% of the fair market value on the grant date.

*Exercise of Options.* An option may be exercised only in accordance with the terms and conditions for the option agreement as established by the Committee at the time of the grant. The option must be exercised by notice to the Company, accompanied by payment of the exercise price. Payments may be made in cash or, at the option of the Committee, by actual or constructive delivery of shares of common stock to the holder of the option based upon the fair market value of the shares on the date of exercise.

*Expiration or Termination.* Options, if not previously exercised, will expire on the expiration date established by the Committee at the time of grant. In the case of incentive stock options, such term cannot exceed ten years provided that in the case of holders of 10% or more of the Company's voting stock, such term cannot exceed five years. Options will terminate before their expiration date if the holder's service with the Company or a subsidiary terminates before the expiration date. The option may remain exercisable for specified periods after certain terminations of employment, including terminations as a result of death, disability or retirement, with the precise period during which the option may be exercised to be established by the Committee and reflected in the grant evidencing the award.

*Incentive and Non-Qualified Options.* As described elsewhere in this summary, an incentive stock option is an option that is intended to qualify under certain provisions of the Internal Revenue Code of 1986, as amended (the **Code**) for more favorable tax treatment than applies to non-qualified stock options. Any option that does not qualify as an incentive stock option will be a non-qualified stock option. Under the Code, certain restrictions apply to incentive stock options. For example, the exercise price for incentive stock options may not be less than the fair market value of the shares on the grant date and the term of the option may not exceed ten years. In addition, an incentive stock option may not be transferred, other than by will or the laws of descent and distribution, and is exercisable during the holder's lifetime only by the holder. In addition, no incentive stock options may be granted to a holder that is first exercisable in a single year if that option, together with all incentive stock options previously granted to the holder that also first become exercisable in that year, relate to shares having an aggregate market value in excess of \$100,000, measured at the grant date.

**Stock Awards:** Stock Awards can also be granted under the Plan. A stock award is a grant of shares of common stock. These awards will be subject to such conditions, restrictions and contingencies as the Committee shall determine at the date of grant, which may include requirements for continuous service.

***Other Material Provisions:*** Awards will be evidenced by a written agreement, in such form as may be approved by the Committee. In the event of various changes to the capitalization of the Company, such as stock splits, stock dividends and similar re-capitalizations, an appropriate adjustment will be made by the Committee to the number of shares covered by outstanding awards or to the exercise price of such awards. The Committee is also permitted to include in the written agreement provisions that provide for certain changes in the award in the event of a change of control of the Company, including acceleration of vesting. Except as otherwise determined by the Committee at the date of grant, awards will not be transferable, other than by will or the laws of descent and distribution. Prior to any award distribution, the Company is permitted to deduct or withhold amounts sufficient to satisfy any employee withholding tax requirements. Our Board also has the authority, at any time, to discontinue the granting of awards. The Board also has the authority to alter or amend the Plan or any outstanding award or may terminate the Plan as to further grants, provided that no amendment will, without the approval of the Company's shareholders, to the extent that such approval is required by law or the rules of an applicable exchange, increase the number of shares available under the Plan, change the persons eligible for awards under the Plan, extend the time within which awards may be made, or amend the provisions of the Plan related to amendments. No amendment that would adversely affect any outstanding award made under the Plan can be made without the consent of the holder of such award.

***Federal Income Tax Consequences of Awards:*** The following is based on current laws, regulations and interpretations, all of which are subject to change. It does not purport to be complete and does not describe the state, local or foreign tax considerations or the consequences for any particular individual.

***Stock Options.*** In general, the grant of a stock option will not be a taxable event to the recipient and will not result in a tax deduction to the Company. The tax consequences resulting from an exercise of a stock option and the subsequent disposition of the shares acquired upon the exercise depends, in part, on whether the option is an incentive stock option or a non-qualified stock option.

Upon the exercise of a non-qualified stock option, the holder will recognize ordinary compensation income in an amount equal to the excess of the fair market value of the shares received upon exercise over the exercise price (the spread). The Company will be able to claim a tax deduction for this spread, provided it satisfies compensation reporting requirements under the Code and is not otherwise precluded from taking a deduction because of Section 162(m) deduction limitations described below. Any gain or loss upon the subsequent sale or exchange of the shares by the holder will be capital gain or loss, long term or short term, depending upon the holding period for the shares.

Upon the exercise of an incentive stock option, a holder will generally not recognize taxable income at the time of exercise and no tax deduction will be available to the Company, provided the option is exercised when the holder is an employee of the Company or, in certain circumstances, within a limited time thereafter. The difference between the exercise price and the fair market value of the shares on the date of exercise is treated by the holder as an item of adjustment for purposes of the alternative minimum tax. If the shares acquired upon an exercise of an incentive stock option are subsequently sold by the holder and such sale takes place after the statutory holding period (which is the later of two years from the date of grant or one year after the date of exercise), the gain or loss realized will be the difference between the sales price and the exercise price and will be treated as a long term capital gain or loss. If the sale takes place prior to expiration of the holding period, the holder of the shares will recognize ordinary income at the time of sale equal to the spread and the Company will be entitled to a tax deduction in equal amount. The remaining gain to the holder, if any, will be capital gain, either long term or short term.

*Restricted Shares.* An award of restricted shares, like the grant of an option, is not taxable to the recipient. The holder of restricted shares generally will recognize ordinary compensation income at the time the restrictions on the shares lapse, which is the vesting date thereof, based on the fair market value of the Company's shares on that date. Subject to the Section 162(m) limitations, this amount is deductible for federal income tax purposes by the Company. Dividends paid with respect to restricted shares prior to vesting will be taxable as ordinary compensation income to the holder (not as qualifying dividends) and will be deductible by the Company. A holder of restricted shares may elect under Section 83(b) of the Code, in lieu of the treatment described above, to take immediate recognition of income at the time the shares are received. In that event, the holder will recognize ordinary compensation income equal to the fair market value of the shares at the date of grant, which amount will be deductible by the Company, and dividends subsequently paid to the holder with respect to the shares will be taxable to the holder as qualifying dividends and will not be deductible by the Company.

*Potential Limitation on Company Deductions.* The Company will generally be entitled to a tax deduction in connection with awards in an amount equal to the ordinary income recognized by a recipient and at the time the recipient realizes such income, subject to Section 162(m) limitations of the Code.

*Recognition of Compensation Expense.* In accordance with Statement of Financial Accounting Standards No.123R, Share-Based Payment, the Company is required to recognize compensation expense in its income statement for the grant-date fair value of stock options and other equity-based compensation issued to its employees and directors, the amount of which can only be determined at the time of grant.

**Automatic Option Grants:**

Effective January 2019, pursuant to a resolution of our Board of Directors, all of our non-employee directors automatically receive an annual grant of non-qualified stock options on January 14 of each calendar year at a price based upon the closing price of our common stock on the day before grant. This automatic grant was adopted by our Board of Directors in order to attract and retain qualified individuals to serve on our Board and to provide a consistent mechanism for compensating our Directors.

<b>Annual Grants</b>	
Each Director	60,000 options
Chair of the Board	Additional 50,000 options
Chair of a Committee	Additional 20,000 options
Member of a Committee	No additional options

The options vest as follows: 25% of the options granted vest immediately, and the remaining options vest in three equal quarterly installments of 25% of the options granted commencing on April 1 of each calendar year of the grant, subject to continued service with the Company. All options expire ten years from their grant date.

### Copy of Plan and Proposed Amendment

Set forth below is where you can find a complete copy of the Company's 2016 Equity Incentive Plan, along with the proposed amendment:

2016 Equity Incentive Plan  
Proposed Amendment

Appendix A to Schedule 14A filed on April 20, 2016  
Appendix A to this Schedule 14A

### Vote Required

The vote required to approve the proposed amendment to the 2016 Equity Incentive Plan is the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting entitled to vote on the matter. Each holder of common stock is entitled to one vote for each share held.

### Recommendation of the Board of Directors

The Board of Directors recommends that the shareholders vote **FOR** approval of the amendment to the 2016 Equity Incentive Plan.

**PROPOSAL THREE**

**RATIFICATION OF INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM FOR 2019**

We are asking shareholders to ratify the appointment of Morison Cogen LLP to serve as our Company's independent registered public accounting firm for the fiscal year ending December 31, 2019. Morison Cogen LLP was our independent registered public accounting firm for our fiscal years ended December 31, 2018 and 2017. A representative of Morison Cogen, LLP is expected to be present at the Annual Meeting and they will have the opportunity to make a statement if they desire to do so, and they are expected to be available to respond to appropriate questions.

The aggregate fees billed for professional services by Morison Cogen, LLP during 2018 and 2017 were as follows:

	<b>2018</b>	<b>2017</b>
Audit Fees	\$ 81,000	\$ 56,675
Audit-Related Fees		
Tax Fees	6,000	6,000
All Other Fees		

*Audit Fees* are the fees billed during the years ended December 31, 2018 and December 31, 2017 for professional services rendered by Morison Cogen, LLP for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-Q or services that are normally provided by Morison Cogen, LLP in connection with statutory and regulatory filings or engagements.

*Audit-Related Fees* are the aggregate fees billed during the years ended December 31, 2018 and December 31, 2017 for assurance and related services rendered by Morison Cogen, LLP that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under the category Audit Fees described above.

*Tax Fees* are the fees billed during the years ended December 31, 2018 and December 31, 2017 for tax compliance services rendered by Morison Cogen, LLP.

*All Other Fees* are the aggregate fees billed for products and services provided during the years ended December 31, 2018 and December 31, 2017 by Morison Cogen, LLP, other than the services reported in the above categories.

Audit Committee Pre-Approval Policies.

The Company's audit committee currently does not have any pre-approval policies or procedures concerning services performed by Morison Cogen, LLP. All the services performed by Morison Cogen, LLP that are described above were pre-approved by the Company's audit committee.

None of the hours expended on Morison Cogen, LLP's engagement to audit the Company's financial statements for the years ended December 31, 2018 and December 31, 2017 were attributed to work performed by persons other than Morison Cogen, LLP's full-time, permanent employees.

**Vote Required**

The vote required to ratify the appointment of Morison Cogen LLP to serve as our Company's independent registered public accounting firm for the fiscal year ending December 31, 2019 is the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting entitled to vote on the matter. Each holder of common stock is entitled to one vote for each share held.

**Recommendation of the Board of Directors**

The Board of Directors recommends that the shareholders vote **FOR** the proposal to ratify the appointment of Morison Cogen LLP to serve as our Company's independent registered public accounting firm for the fiscal year ending December 31, 2019.





## **SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING**

In order for shareholder proposals to be included in our proxy statement for the 2020 Annual Meeting, we must receive them at our principal executive offices, 369 Inverness Parkway, Suite 350, Englewood, CO 80112, by December 14, 2019, being 120 days prior to the date of the first anniversary of the date of our proxy statement for the 2019 Annual Meeting of Shareholders. All other shareholder proposals, including nominations for directors, in order to be voted on at the 2020 Annual Meeting, must be received by us not earlier than January 17, 2020 and not later than February 17, 2020 being, respectively, 120 days and 90 days prior to the date of the first anniversary of the 2019 Annual Meeting of Shareholders. In the event that the 2020 Annual Meeting is called for a date that is not within 30 days before or after the anniversary date of the 2019 Annual Meeting of Shareholders, notice by a shareholder in order to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the 2020 Annual Meeting is mailed or such public disclosure of the date of the 2020 Annual Meeting is made, whichever first occurs.

## **OTHER MATTERS**

Our Board of Directors knows of no other matters to be presented for shareholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting or any adjournments or postponements thereof, our Board of Directors intends that the persons named in the proxies will vote upon such matters in accordance with the best judgment of the proxy holders.

Whether or not you intend to be present at the meeting, you are urged to fill out, sign, date and return the enclosed proxy at your earliest convenience.

Englewood, CO

April 12, 2019



**Amendment No. 1**

**to**

**Lightwave Logic, Inc. 2016 Equity Incentive Plan**

The Lightwave Logic, Inc. 2016 Equity Incentive Plan (the **Plan**) is hereby amended as follows (capitalized terms used herein and not defined herein shall have the respective meaning ascribed to such terms in the Plan):

1.

Section 4.1 of the Plan shall be deleted in its entirety and replaced with the following:

4.1

Subject to adjustment in accordance with Section 11, a total of 8,000,000 shares of Common Stock shall be available for the grant of Awards under the Plan; *provided that*, no more than 600,000 shares of Common Stock may be granted as Incentive Stock Options. Any shares of Common Stock granted in connection with Awards shall be counted against this limit as one (1) share for every one (1) share of Common Stock granted in connection with such Award. During the terms of the Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards.

2.

All other provisions of the Plan remain in full force and effect, other than any provision that conflicts with the terms and spirit of this amendment.

Adopted by the Board of Directors on March 14, 2019

Adopted by the Shareholders on \_\_\_\_\_

A-1

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**LIGHTWAVE LOGIC, INC.**

**C/O BROADRIDGE**

**PO BOX 1342**

**BRENTWOOD, NY 11717**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:ý

KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

DETACH AND RETURN THIS PORTION ONLY

**LIGHTWAVE LOGIC, INC.**

**The Board of Directors recommends you vote FOR the following:**

	<b>For</b>	<b>Withhold</b>	<b>For All</b>	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
1. Election of Directors <b>Nominees:</b>	..	..	..	

- 01) Dr. Michael S. Leby
- 02) Dr. Joseph A. Miller, Jr.
- 03) Ronald A. Bucchi

**The Board of Directors recommends you vote FOR proposals 2 and 3**

**For Against Abstain**

- |   |    |    |    |
|---|----|----|----|
| 2. Ratification of the appointment of Morison Cogen LLP to serve as the Company's Independent Registered Public Accounting firm for fiscal year 2019. | .. | .. | .. |
| 3. Approval of the Amendment to the Company's 2016 Equity Incentive Plan.   | .. | .. | .. |

**NOTE:** In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN  
WITHIN BOX] \_\_\_\_\_ Date \_\_\_\_\_

Signature (Joint Date  
Owners) \_\_\_\_\_

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**  
The Notice & Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

**LIGHTWAVE LOGIC, INC.**



**Annual Meeting of Shareholders**  
**May 16, 2019 10:00 A.M.**  
**This proxy is solicited by the Board of Directors**

The undersigned hereby appoint(s) Dr. Michael S. Lebby and/or James S. Marcelli with the power of substitution and resubstitution to vote any and all shares of capital stock of Lightwave Logic, Inc. (the "Company") which the undersigned would be entitled to vote as fully as the undersigned could do if personally present at the Annual Meeting of the Company, to be held on Thursday, May 16, 2019 at 10:00 A.M. Local Time, and at any adjournments thereof, hereby revoking any prior proxies to vote said stock, upon the following items more fully described in the notice of the Proxy Statement for the Annual Meeting (receipt of which is hereby acknowledged).

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**