UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

____

FORM 10-Q

____

(Mark One)

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

For the quarterly period ended March 31, 2018

OR

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

For the transition period from _____________to _____________

Commission File Number 0-52567

Lightwave Logic, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**82-049-7368**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1831 Lefthand Circle, Suite C	
Longmont, CO	**80501**
(Address of principal executive offices)	(Zip Code)

(720) 340-4949

(Registrant s telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act:

Large accelerated filer ¨	Accelerated filer þ
Non-accelerated filer ¨ *(Do not check if a smaller reporting company)*	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ¨ No þ

The number of shares of the registrant s Common Stock outstanding as of May 9, 2018 was 75,515,193.

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Forward-Looking Statements

This report on Form 10-Q contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," continuing, ongoing, "strategy," "future," "likely," "may," "should," could, "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding expected operating results, such as anticipated revenue; anticipated levels of capital expenditures for our current fiscal year; our belief that we have sufficient liquidity to fund our business operations during the next 12 months; strategy for gaining customers, growth, product development, market position, financial results and reserves.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: lack of available funding; general economic and business conditions; competition from third parties; intellectual property rights of third parties; regulatory constraints; changes in technology and methods of marketing; delays in completing various engineering and manufacturing programs; changes in customer order patterns; changes in product mix; success in technological advances and delivering technological innovations; shortages in components; production delays due to performance quality issues with outsourced components; and other factors beyond the Company's control.

The ultimate correctness of these forward-looking statements depends upon a number of known and unknown risks and events. We discuss our known material risks under Item 1.A Risk Factors contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2017. Many factors could cause our actual results to differ materially from the forward-looking statements. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

PART I FINANCIAL INFORMATION

Item 1

Financial Statements

LIGHTWAVE LOGIC, INC.

FINANCIAL STATEMENTS

MARCH 31, 2018

(UNAUDITED)

LIGHTWAVE LOGIC, INC.

BALANCE SHEETS

		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	2,810,761	$	3,482,327
Prepaid expenses and other current assets		566,959		584,919
		3,377,720		4,067,246
PROPERTY AND EQUIPMENT - NET		1,632,395		1,176,749
OTHER ASSETS				
Intangible assets - net		615,559		605,775
TOTAL ASSETS	$	5,625,674	$	5,849,770
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable including current portion of equipment purchase	$	663,515	$	547,805
Accounts payable and accrued expenses - related parties		34,139		8,770
Accrued expenses		90,733		92,186
		788,387		648,761
LONG TERM EQUIPMENT PURCHASE - NET OF CURRENT PORTION		101,165		184,294
TOTAL LIABILITIES	$	889,552	$	833,055
STOCKHOLDERS' EQUITY				
Preferred stock, $0.001 par value, 1,000,000 authorized, No shares issued or outstanding				
Common stock $0.001 par value, 250,000,000 authorized, 75,000,557 and 74,068,259 issued and outstanding at March 31, 2018 and December 31, 2017		75,001		74,068
Additional paid-in-capital		57,930,531		56,698,658
Accumulated deficit		(53,269,410)		(51,756,011)
TOTAL STOCKHOLDERS' EQUITY		4,736,122		5,016,715
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	5,625,674	$	5,849,770

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDING MARCH 31, 2018 AND 2017

(UNAUDITED)

	For the Three Months Ending March 31,	
	2018	**2017**
NET SALES	$	$
COST AND EXPENSE		
Research and development	901,672	728,514
General and administrative	574,595	460,413
	1,476,267	1,188,927
LOSS FROM OPERATIONS	(1,476,267)	(1,188,927)
OTHER INCOME (EXPENSE)		
Interest income	62	62
Commitment fee	(37,194)	(24,754)
NET LOSS	$ (1,513,399)	$ (1,213,619)
Basic and Diluted Loss per Share	$ (0.02)	$ (0.02)
Basic and Diluted Weighted Average Number of Shares	74,543,897	68,948,694

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

STATEMENT OF STOCKHOLDERS EQUITY

MARCH 31, 2018

	Number of Shares		**Common Stock**		**Additional Paid-in Capital**		**Accumulated Deficit**		**Total**
BALANCE AT DECEMBER 31, 2017, Audited	74,068,259	$	74,068	$	56,698,658	$	(51,756,011)	$	5,016,715
Common stock issued to institutional investor	900,000		900		992,800				993,700
Common stock issued for additional commitment shares	32,298		33		37,161				37,194
Options issued for services					176,575				176,575
Warrants issued for services					25,337				25,337
Net loss for the three months ending March 31, 2018							(1,513,399)		(1,513,399)
BALANCE AT MARCH 31, 2018, Unaudited	75,000,557	$	75,001	$	57,930,531	$	(53,269,410)	$	4,736,122

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

STATEMENTS OF CASH FLOW

(UNAUDITED)

	For the Three Months Ending March 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,513,399)	$ (1,213,619)
Adjustment to reconcile net loss to net cash used in operating activities		
Warrants issued for services	25,337	122,470
Stock options issued for services	176,575	113,520
Common stock issued for services and fees	37,194	30,753
Depreciation and amortization of patents	58,372	48,851
Gain on disposal of property and equipment	(2,500)	
Loss on asset write off	12,584	
Decrease in assets		
Prepaid expenses and other current assets	17,960	1,038
Increase (decrease) in liabilities		
Accounts payable	115,710	11,527
Accounts payable and accrued expenses-related parties	25,369	19,709
Accrued expenses	(1,453)	45,698
Net cash used in operating activities	(1,048,251)	(820,053)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cost of intangibles	(21,527)	(12,310)
Purchase of equipment, furniture and leasehold improvements	(514,859)	(14,010)
Sale of property and equipment	2,500	
Net cash used in investing activities	(533,886)	(26,320)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock, institutional investor	993,700	1,072,160
Repayment of equipment purchased	(83,129)	
Net cash provided by financing activities	910,571	1,072,160
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(671,566)	225,787
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	3,482,327	1,956,844

CASH AND CASH EQUIVALENTS - END OF PERIOD	$	2,810,761	$	2,182,631

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 1   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements

The accompanying unaudited financial statements have been prepared by Lightwave Logic, Inc. (the Company). These statements include all adjustments (consisting only of its normal recurring adjustments) which management believes necessary for a fair presentation of the statements and have been prepared on a consistent basis using the accounting polices described in the Summary of Accounting Policies included in the 2017 Annual Report. Certain financial information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although the Company firmly believes that the accompanying disclosures are adequate to make the information presented not misleading. The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission. The interim operating results for the three months ending March 31, 2018 may not be indicative of operating results expected for the full year.

History and Nature of Business

Lightwave Logic, Inc. is a technology company focused on the development of next generation photonic devices and non-linear optical polymer materials systems for applications in high speed fiber-optic data communications and optical computing markets. Currently the Company is in various stages of photonic device and materials development and evaluation with potential customers and strategic partners. The Company expects to obtain a revenue stream from datacom and telecom devices, sales of non-linear optical polymers, and product development agreements prior to moving into full-scale production.

The Company s current development activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize the Company s technology now under development.

Stock-based Payments

The Company accounts for stock-based compensation under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, "Compensation - Stock Compensation", which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors based on estimated fair values on the grant date. The Company estimates the fair value of stock-based awards on the date of grant using the Black-Scholes model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the shorter of the vesting period or the requisite service periods using the straight-line method. The Company accounts for stock-based compensation awards to nonemployees in accordance with FASB ASC 505-50, "Equity-Based Payments to Non-Employees (ASC 505-50). Under ASC 505-50, the Company determines the fair value of the warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. All issuances of stock options or other equity instruments to non-employees as consideration for goods or services received by the Company are accounted for based on the fair value of the equity instruments issued. Any stock options issued to non-employees are recorded as an expense and additional paid in capital in stockholders equity over the applicable service periods. Non-employee equity based payments are recorded as an expense over the service period, as if the Company had paid cash for the services. At the end of each financial reporting period, prior to vesting or prior to the completion of the services, the fair value of the equity based payments will be re-measured and the non-cash expense recognized during the period will be adjusted accordingly. Since the fair value of equity based payments granted to non-employees is subject to change in the future, the amount of the future expense will include fair value re-measurements until the equity based payments are fully vested or the service completed.

Loss Per Share

The Company follows FASB ASC 260, Earnings per Share , resulting in the presentation of basic and diluted earnings per share. Because the Company reported a net loss in 2018 and 2017, common stock equivalents, including stock options and warrants were anti-dilutive; therefore, the amounts reported for basic and dilutive loss per share were the same.

LIGHTWAVE LOGIC, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comprehensive Income

The Company follows FASB ASC 220.10, Reporting Comprehensive Income. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income (loss). Since the Company has no items of other comprehensive income, comprehensive income (loss) is equal to net loss.

Recently Adopted Accounting Pronouncements

In May 2014 and April 2016, the FASB issued ASU No. 2014-09 and No. 2016-10, Revenue from Contracts with Customers (Topic 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, which deferred the effective date of Update 2014-09 to annual reporting periods beginning after December 15, 2017. Since the Company is a development stage company with no revenue, the adoption on January 1, 2018 of this amendment had no effect on the financial statements. When the Company begins to recognize revenue, it will adhere to the guidance in the amendment.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of March 31, 2018, there are no recently issued accounting standards not yet adopted which would have a material effect on the Company s financial statements.

NOTE 2 MANAGEMENT S PLANS

As a technology company focusing on the development of the next generation photonic devices and non-linear optical polymer materials systems, substantial net losses have been incurred since inception. The Company has satisfied capital requirements since inception primarily through the issuance and sale of its common stock. As of May 10, 2018, the Company has a cash position of approximately $2,750,000. Based upon the current cash position and expenditures of approximately $485,000 per month and no debt service, management believes the Company has sufficient funds to finance its operations through September 2018. In January 2016, the Company signed a purchase agreement (Purchase Agreement) with an institutional investor to sell up to $20,000,000 of common stock. Under the Purchase Agreement and at Company's sole discretion, the institutional investor has committed to invest up to $20,000,000 in common stock over a 36-month period with the remaining available amount of $11,280,750. The Company has raised $8,268,950 as of March 31, 2018. Since April 1, 2018, the Company has raised an additional $450,300.

NOTE 3 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	March 31, 2018	December 31, 2017
Rent	$ 195,126	$ 254,978
Deposits	210,189	199,338
Insurance	41,504	79,403
Stock award	24,167	30,208
Other	95,973	20,992
	$ 566,959	$ 584,919

LIGHTWAVE LOGIC, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	March 31, 2018	December 31, 2017
Office equipment	$ 78,704	$ 82,453
Lab equipment	2,032,980	1,695,604
Furniture	33,128	32,693
Leasehold Improvements	184,468	231,859
	2,329,280	2,042,609
Less: Accumulated depreciation	696,885	865,860
	$ 1,632,395	$ 1,176,749

Depreciation expense for the three months ending March 31, 2018 and 2017 was $46,629 and $44,878. During the first quarter of 2018, the Company sold equipment for proceeds of $2,500 and a gain of $2,500. During the three months ending March 31, 2018, the Company retired assets and recorded a loss on the retirement of $12,584. During the three months ending March 31, 2017, the Company did not retire property and equipment.

NOTE 5 INTANGIBLE ASSETS

This represents legal fees and patent fees associated with the prosecution of patent applications. The Company has recorded amortization expense on patents granted, which are amortized over the remaining legal life. Maintenance patent fees are paid to a government patent authority to maintain a granted patent in force. Some countries require the payment of maintenance fees for pending patent applications. Maintenance fees paid after a patent is granted are expensed, as these are considered ongoing costs to maintain a patent . Maintenance fees paid prior to a patent grant date are capitalized to patent costs, as these are considered patent application costs . No amortization expense has been recorded on the remaining patent applications since patents have yet to be granted.

Patents consists of the following:

	March 31, 2018	December 31, 2017
Patents	$ 808,931	$ 787,403
Less: Accumulated amortization	193,372	181,628
	$ 615,559	$ 605,775

Amortization expense for the three months ending March 31, 2018 and 2017 was $11,743 and $3,973. There were no patent costs written off for the three months ending March 31, 2018 and 2017.

LIGHTWAVE LOGIC, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 6 COMMITMENTS

On October 30, 2017, the Company entered into a new lease to lease approximately 13,420 square feet of office, laboratory and research and development space located in Colorado for the Company s new principal executive offices and research and development facility. The term of the lease is sixty- one (61) months, beginning on November 1, 2017 and ending on November 30, 2022. The term shall be extended for an additional twenty-four (24) months, subject to certain conditions, waivable solely by Landlord in its sole and absolute discretion. Base rent for the first year of the lease term is approximately $168,824, with an increase in annual base rent of approximately 3% in each subsequent year of the lease term. As specified in the lease, the Company paid the landlord (i) all base rent for the period November 1, 2017 and ending on October 31, 2019, in the sum of $347,045.68; and (ii) the estimated amount of tenant s proportionate share of operating expenses for the same period in the sum of $186,293.04.

Commencing on November 1, 2019, monthly installments of base rent and one-twelfth of landlord s estimate of tenant s proportionate share of annual operating expenses shall be due on the first day of each calendar month. The lease also provides that (i) on November 1, 2019 landlord shall pay the Company for the cost of the cosmetic improvements in the amount of $3.00 per rentable square foot of the premises, and (ii) on or prior to November 1, 2019, the Company shall deposit with Landlord the sum of $36,524.76 as a security deposit which shall be held by landlord to secure the Company s obligations under the lease. On October 30, 2017, the Company entered into an agreement with the tenant leasing the premise from the landlord (Original Lessee) whereby the Original Lessee agreed to pay the Company the sum of $260,000 in consideration of the Company entering into the lease and landlord agreeing to the early termination of the Original Lessee s lease agreement with landlord. The consideration of $260,000 was received on November 1, 2017.

The Company is obligated under an operating lease for office and laboratory space. The aggregate minimum future lease payments under the operating leases are as follows:

YEARS ENDING DECEMBER 31,		AMOUNT
2018	$	42,047
2019		38,739

2020		195,574
2021		201,501
2022		189,837
TOTAL	$	667,698

Rent expense approximating $60,065 and $18,715 is included in research and development and general and administrative expenses for the three months ended March 31, 2018. Rent expense approximating $25,502 and $4,852 is included in research and development and general and administrative expenses for the three months ended March 31, 2017.

NOTE 7 INCOME TAXES

There is no income tax benefit for the losses for the three months ended March 31, 2018 and 2017 since management has determined that the realization of the net deferred tax asset is not assured and has created a valuation allowance for the entire amount of such benefits.

The Company s policy is to record interest and penalties associated with unrecognized tax benefits as additional income taxes in the statement of operations. As of January 1, 2018, the Company had no unrecognized tax benefits, or any tax related interest or penalties. There were no changes in the Company s unrecognized tax benefits during the period ended March 31, 2018. The Company did not recognize any interest or penalties during 2017 related to unrecognized tax benefits. With few exceptions, the U.S. and state income tax returns filed for the tax years ending on December 31, 2014 and thereafter are subject to examination by the relevant taxing authorities.

LIGHTWAVE LOGIC, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 8 STOCKHOLDERS EQUITY

Preferred Stock

Pursuant to the Company s Articles of Incorporation, the Company s board of directors is empowered, without stockholder approval, to issue series of preferred stock with any designations, rights and preferences as they may from time to time determine. The rights and preferences of this preferred stock may be superior to the rights and preferences of the Company s common stock; consequently, preferred stock, if issued could have dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the common stock. Additionally, preferred stock, if issued, could be utilized, under special circumstances, as a method of discouraging, delaying or preventing a change in control of the Company s business or a takeover from a third party.

Common Stock Options and Warrants

In January 2016, the Company signed a Purchase Agreement with an institutional investor to sell up to $20,000,000 of common stock. The Company also entered into a registration rights agreement with the institutional investor whereby the Company agreed to file a registration statement related to the transaction with the U.S. Securities and Exchange Commission registering 5,000,000 shares of the Company s common stock. The registration statement was filed on March 25, 2016. The registration statement became effective April 7, 2016. The Company registered an additional 5,000,000 shares pursuant to a registration statement filed on April 19, 2017 which became effective June 15, 2017. Under the Purchase Agreement and at Company's sole discretion, the institutional investor has committed to invest up to $20,000,000 in common stock over a 36-month period. The Company issued 350,000 shares of restricted common stock to the institutional investor as an initial commitment fee valued at $237,965, fair value, and 650,000 shares of common stock are reserved for additional commitment fees to the institutional investor in accordance with the terms of the Purchase Agreement. During the period August 2016 through March 31, 2018, the institutional investor purchased 8,600,000 shares of common stock for proceeds of $8,268,950 and the Company issued 268,753 shares of common stock as additional commitment fee, valued at $297,207, fair value, leaving 381,247 in reserve for additional commitment fees. During the three month period ending March 31, 2018, the institutional investor purchased 900,000 shares of common stock for proceeds of $993,700 and the Company issued 32,298 shares of common stock as additional commitment fee, valued at $37,194, fair value. During April 2018, the institutional investor purchased 400,000 shares of common stock for proceeds of $450,300 and the Company issued 14,636 shares of common stock as additional commitment fee, valued at $17,062, fair value, leaving 366,611 in reserve for additional commitment fees.

NOTE 9 STOCK BASED COMPENSATION

During 2007, the Board of Directors of the Company adopted the 2007 Employee Stock Plan (2007 Plan) that was approved by the shareholders. Under the Plan, the Company is authorized to grant options to purchase up to 10,000,000 shares of common stock to directors, officers, employees and consultants who provide services to the Company. The Plan is intended to permit stock options granted to employees under the 2007 Plan to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (Incentive Stock Options). All options granted under the 2007 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be non-qualified options (Non-Statutory Stock Options). Effective June 24, 2016, the 2007 Plan was terminated. As of March 31, 2018, options to purchase 4,695,000 shares of common stock have been issued and are outstanding.

During 2016, the Board of Directors of the Company adopted the 2016 Equity Incentive Plan (2016 Plan) that was approved by the shareholders at the 2016 annual meeting of shareholders on May 20, 2016. Under the 2016 Plan, the Company is authorized to grant awards of incentive and non-qualified stock options and restricted stock to purchase up to 3,000,000 shares of common stock to employees, directors and consultants. As of March 31, 2018, options to purchase 1,935,000 shares of common stock have been issued and are outstanding and 1,065,000 shares of common stock remain available for grants under the 2016 Plan.

LIGHTWAVE LOGIC, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 9 STOCK BASED COMPENSATION (CONTINUED)

Both plans are administered by the Board of Directors or its compensation committee which determines the persons to whom awards will be granted, the number of awards to be granted, and the specific terms of each grant. Subject to the provisions regarding Ten Percent Shareholders, the exercise price per share of each option cannot be less than 100% of the fair market value of a share of common stock on the date of grant. Options granted under the 2016 Plan are generally exercisable for a period of 10 years from the date of grant and may vest on the grant date, another specified date or over a period of time.

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award, with the following assumptions for 2018: no dividend yield in all years, expected volatility, based on the Company s historical volatility, 63% to 65%, risk-free interest rate between 1.89% to 2.65% and expected option life of 5.0 to 5.56 years. The expected life is based on the estimated average of the life of options using the "simplified" method, as prescribed in FASB ASC 718, due to insufficient historical exercise activity during recent years.

As of March 31, 2018, there was $224,208 of unrecognized compensation expense related to non-vested market-based share awards that is expected to be recognized through March 31, 2020.

Share-based compensation was recognized as follows:

	For the Three Months Ending March 31,			
		2018		2017
2007 Employee Stock Option Plan	$	5,803	$	(12,029)
2016 Equity Incentive Plan		170,772		125,549
Warrants		25,337		122,470
Total share-based compensation	$	201,912	$	235,990

The following tables summarize all stock option and warrant activity of the Company during the three months ended March 31, 2018:

	Non-Qualified Stock Options and Warrants Outstanding and Exercisable				
	Number of Shares		Exercise Price		Weighted Average Exercise Price
Outstanding, December 31, 2017	18,629,867	$	0.57 - $1.69	$	0.90
Granted	310,000	$	1.07 - $1.22		1.22
Outstanding, March 31, 2018	18,939,867	$	0.57 - $1.69	$	0.90
Exercisable, March 31, 2018	18,434,867				