BLUE NILE INC
Form 4
May 12, 2005

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BELL SUSAN S

(Last) (First) (Middle)

C/O BLUE NILE, INC., 705 FIFTH AVENUE S, STE 900

(Street)

SEATTLE, WA 98104

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BLUE NILE INC [NILE]

3. Date of Earliest Transaction (Month/Day/Year)
05/11/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP Marketing & Merchandising

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock (1)	05/11/2005		S (1)		1,000 (1)	D	$ 30	51,858	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BELL SUSAN S C/O BLUE NILE, INC. 705 FIFTH AVENUE S, STE 900 SEATTLE, WA 98104			VP Marketing & Merchandising	

Signatures

/s/ Susan S. Bell	05/12/2005
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This sale was affected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. style="background-color:#CCFFFF" valign=bottom width=17.467>

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(4,223,449)

(4,223,449)

BALANCE AT DECEMBER 31, 2007 (AUDITED)

33,690,075

33,690

$

10,449,763

$

-

$

(154,667)

$

(58,610)

$

(15,827)

$

(9,601,169)

$

653,180

See accompanying notes to these financial statements.

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LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

STATEMENT OF STOCKHOLDERS EQUITY

FOR THE PERIOD JANUARY 1, 2004 (INCEPTION OF DEVELOPMENT STAGE) TO

JUNE 30, 2008 (CONTINUED)

(UNAUDITED)

	Number of Shares	Common Stock	Paid-in Capital	Subscription Receivable	Deferred Charges	Unrealized Loss Of Securities	Accumulated Deficit	Deficit Accumulated During Development Stage
CE AT IBER 0 0 7 D)	33,690,075	33,690	$ 10,449,763	$ -	$ (154,667)	$ (58,610)	$ (15,827)	$ (9,601,169) $
mmon ued in a t e m e n t 008 at re	690,001	690	413,310	-	-	-	-	-
mmon ued for e s i n 2 0 0 8 , d a t re	100,000	100	74,900	-	-	-	-	-
cise of t s a t re	300,000	300	74,700	-	-	-	-	-
cise of t s a t re	70,000	70	34,930	-	-	-	-	-
r r a n t s l f o r	-	-	18,086	-	-	-	-	-

es in r 2005, rough , lued at re								
rrants l for es in 2007, rough 008, d at re	-	-	10,885	-	-	-	-	-
rrants l for n April ested June ued at re	-	-	121,713	-	-	-	-	-
rrants l for n April ested June ued at re	-	-	48,738	-	-	-	-	-
rrants l for n May ested June ued at re	-	-	31,444	-	-	-	-	-
rrants l for es in r 2007, rough , ued at re	-	-	6,804	-	-	-	-	-
tions l for es in r 2007, rough ,	-	-	173,703	-	-	-	-	-

ued at re									
tions l for es in 2008, rough , lued at re	-	-	18,254	-	-	-	-	-	
rrants future es in 2008, rough , lued at re	-	-	332,000	-	(332,000)	-	-	-	
rrants l for n May ested June ued at re	-	-	976,193	-	-	-	-	-	
ization erred	-	-	-	-	265,335	-	-	-	
ealzed ss) on	-	-	-	-	-	7,951	-	-	
oss for onths ne 30,	-	-	-	-	-	-	-	(2,486,712)	(2
CE AT , 2008 ITED)	34,850,076	$ 34,850	$ 12,785,423	$ -	$ (221,332)	$ (50,659)	$ (15,827)	$ (12,087,881)	$

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDING

JUNE 30, 2008 AND 2007 AND

FOR THE PERIOD JANUARY 1, 2004 (INCEPTION OF DEVELOPMENT STAGE) TO

JUNE 30, 2008

(UNAUDITED)

	Cumulative Since Inception	For the Six Months Ending June 30, 2008	For the Six Months Ending June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (12,087,881)	$ (2,486,712)	$ (1,938,634)
Adjustment to reconcile net loss to net cash used in operating activities			
Amortization of deferred charges	4,171,124	277,730	1,002,834
Warrants issued for services	2,047,825	1,213,863	61,346
Stock options issued for services	1,057,344	191,957	200,749
Common stock issued for services	605,292	75,000	5,292
Depreciation	53,565	8,427	8,220
Realized (gain) loss on investments	(63,079)	108	-
Realized gain on disposal of assets	(637)	-	-
(Increase) decrease in assets			
Receivables	(31,783)	(78)	-
Prepaid expenses	(7,356)	(62)	3,947
Increase (decrease) in liabilities			
Accounts payable	143,611	(47,730)	58,569
Accounts payable - related party	6,593	6,593	(65,339)
Accrued expenses	32,690	(16,460)	3,499
Net cash used in operating activities	(4,072,692)	(777,364)	(659,517)

CASH FLOWS FROM INVESTING ACTIVITIES			
Cost of intangibles	(184,796)	(10,375)	(100,480)
Proceeds from sale of available for sale securities	175,449	62	-
Purchase of available for sale securities	(200,000)	-	-
Purchase of equipment	(85,371)	(10,207)	(42,536)
Net cash used in investing activities	(294,718)	(20,520)	(143,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock, private placement	4,140,524	414,000	1,241,000
Common stock rescinded, private placement	(200,000)	-	-
Issuance of common stock, exercise of warrants	110,000	110,000	-
Repayment of notes payable	(14,970)	-	(2,324)
Proceeds from subscription receivable	6,500	-	-
Advances to stockholders	(4,933)	-	-
Proceeds from convertible notes	529,000	-	-
Advances from officers	1,498	-	-
Net cash provided by financing activities	4,567,619	524,000	1,238,676
NET INCREASE IN CASH AND CASH EQUIVALENTS	200,209	(273,884)	436,143
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	5,358	479,451	528
CASH AND CASH EQUIVALENTS END OF PERIOD	$ 205,567	$ 205,567	$ 436,672

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDING

JUNE 30, 2008 AND 2007 AND

FOR THE PERIOD JANUARY 1, 2004 (INCEPTION OF DEVELOPMENT STAGE) TO

JUNE 30, 2008 (CONTINUED)

(UNAUDITED)

		Cumulative Since Inception		For the Six Months Ending June 30, 2008		For the Six Months Ending June 30, 2007
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION						
CASH PAID DURING THE PERIOD FOR:						
Interest	$	18,681	$	685	$	3,349
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES						
Common stock issued in exchange for deferred charges	$	3,142,400	$	-	$	686,250
Warrants issued in exchange for deferred charges	$	1,581,056	$	332,000	$	288,428
Common stock issued as settlement for accounts payable	$	29,708		-	$	29,708
	$	66,561	$	7,951	$	(16,428)

Increase/(Decrease) in fair value of investment securities						
Accrued interest contributed as capital	$	35,624	$	-	$	-
Common stock issued in the conversion of notes payable	$	529,000	$	-	$	
Acquisition of automobile through loan payable	$	24,643	$	-	$	-
Common stock issued upon exercise of a warrant						
In exchange for receivable	$	75,000	$	-	$	-
Insurance company pay off of note payable	$	9,673	$	-	$	-

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 1- FINANCIAL STATEMENTS

The accompanying unaudited financials 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 2007 Annual Report. Certain financial information and footnote disclosures normally indicated in financial statements prepared in accordance with accounting principals generally accepted in the United States have been condensed or omitted pursuant to those rules and regulations, 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-KSB for the year ended December 31, 2007, as filed with the Securities and Exchange Commission. The interim operating results for the three and six months ending June 30, 2008 may not be indicative of operating results expected for the full year.

Loss per Share

The company follows SFAS 128, Earnings per Share , resulting in the presentation of basic and diluted loss per share. The basic loss per share calculations includes the change in capital structure for all periods presented. Because the Company reported a net loss for each of the three and six months ending June 30, 2008 and 2007, common stock equivalents consisting of options and warrants were anti-dilutive; therefore, the basic and diluted net loss per share for each of these periods was the same.

Recently Issued Accounting Pronouncements

During September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements (SFAS 157), which is effective for fiscal years beginning after November 15, 2007 with earlier adoption encouraged. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position FAS 157-2, Effective Date of FASB Statement No. 157, which delayed the effective date of SFAS 157 for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until January 1, 2009. The Company adopted SFAS 157 on January 1, 2008 for all financial assets and liabilities, but the implementation did not require additional disclosures or have a significant impact on the Company's financial statements. The Company has not yet determined the impact the implementation of SFAS 157 will have on the Company s non-financial assets and liabilities which are not recognized or disclosed on a recurring basis. However, the Company does not anticipate that the full adoption of SFAS 157 will significantly impact their consolidated financial statements.

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LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 1- FINANCIAL STATEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements

During February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115 (SFAS 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The Company has adopted SFAS 159 on January 1, 2008 and has elected not to measure any additional financial assets, liabilities or other items at fair value.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This statement is effective for the Company beginning January 1, 2009 and will change the accounting for business combinations on a prospective basis.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of Accounting Research Bulletin No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This statement is effective for the Company beginning January 1, 2009. This statement is not currently applicable since it has no majority-owned subsidiaries.

In March 2008, the FASB issued Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161), which is effective January 1, 2009. SFAS 161 requires enhanced disclosures about derivative instruments and hedging activities to allow for a better understanding of their effects on an entity s financial position, financial performance, and cash flows. Among other things, SFAS 161 requires disclosures of the fair values of derivative instruments and associated gains and losses in a tabular formant. SFAS 161 is not currently applicable to the Company since the Company does not have derivative investments of hedging activity.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, *The Hierarchy* of *Generally Accepted Accounting Principles* (FAS 162"). This Standard identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles. FAS 162 directs the hierarchy to the entity, rather than the independent auditors, as the entity is responsible for selecting accounting principles for financial statements that are presented in conformity with generally accepted accounting principles. The Standard is effective 60 days following SEC approval of the Public Company Accounting Oversight Board amendments to remove the hierarchy of generally accepted accounting principles from the auditing standards. FAS 162 is not expected to have an impact on the financial statements.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 1- FINANCIAL STATEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

In April 2008, the FASB issued FASB Staff Position (FSP) FAS 142-3, *Determination of the Useful Life of Intangible Assets*, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets.* This Staff Position is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Application of this FSP is not expected to have a significant impact on the financial statements.

In June 2008, the FASB issued FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*. This FSP provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The Company does not currently have any share-based awards that would qualify as participating securities. Therefore, application of this FSP is not expected to have an effect on the Company's financial reporting.

In May 2008, the FASB issued FASB Staff Position (FSP) APB 14-1, *Accounting for Convertible Debt That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* ("FSP 14-1"). FSP 14-1 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The FSP includes guidance that convertible debt instruments that may be settled in cash upon conversion should be separated between the liability and equity components, with each component being accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. This FSP is not currently applicable to the Company.

Reclassifications

Certain reclassifications have been made to the June 30, 2007 financial statements to conform to the June 30, 2008 presentation.

NOTE 2 RESTATEMENT

The accompanying June 30, 2007 financial statements have been restated to reflect the adjusted valuation of warrants issued for management services. Originally the warrant was valued at $288,428 and amortized over the life of the contract, which is one year. The adjusted valuation of the warrant was $348,000. The effect of this restatement was a net increase in the net loss of $14,892 and $19,857 for the three and six months ended June 20, 2007, for the additional amortization expense associated with the adjusted valuation.

NOTE 3 GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred significant losses and experienced negative cash flow during the development stage. These conditions raise substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 3 GOING CONCERN (CONTINUED)

The Company is in the development stage at June 30, 2008. Currently, the Company has funds to maintain its operations through October 2008. The Company s development is proceeding on schedule and management hopes to demonstrate a prototype by August 2008. Successful completion of the Company s prototype could lead to adequate financing to fulfill its development activities and achieve a level of revenue adequate to support the Company s cost structure for the following three years. Management is in the process of developing a business plan that it believes will be attractive enough to investors to raise the necessary capital. However, there can be no assurances that the Company will be able to secure the necessary financing and/or equity investment or achieve an adequate sales level.

NOTE 4 DEFERRED CHARGES

Deferred charges represent the unamortized fair value of the issuance of common stock and warrants for future services to non-employees which was accounted for in accordance with Emerging Issue Task Force No. 96-18, *Accounting for Equity Instruments That Are Issued To Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,* as follows:

		June 30, 2008		December 31, 2007
Common stock	$	2,811,400	$	2,811,400
Warrants		1,581,056		1,249,056
		4,392,456		4,060,456
Less: Accumulated Amortization		4,171,124		3,893,394
		221,332		167,062
Less: Amount reflected as a contra-equity account for management consulting services provided by				

related party		221,332		154,667
	$	-	$	12,395

NOTE 5 NOTE RECEIVABLE

Note Receivable consists of the following:

		June 30, 2008		December 31, 2007
Note Receivable - Theater Xtreme Entertainment Group, Inc., bears interest at 14% per year, matures one year from the date of issue (August 15, 2008) and may be prepaid at any time without penalty. Pursuant to the term of the Note, the Company received warrants to purchase 50,000 shares of common stock at an exercise price of $1.00 per share. The value of the warrant is $3,893 at June 30, 2008 and $2,300 at December 31, 2007. using the Black-Scholes pricing formula. This value is included in the investments.	$	100,000	$	100,000
Total	$	100,000	$	100,000

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LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 6 AVAILABLE FOR SALE SECURITIES

As described in Note 1, the Company partially adopted SFAS No. 157 on January 1, 2008. SFAS No. 157, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. SFAS No. 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, SFAS No. 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1

Observe inputs such as quoted prices in active markets;

Level 2

Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3

Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets measured at fair value on a recurring basis are as follows:

	Fair Value June 30, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available for sale securities				
Related Party	$ 32,861	$ 32,861	$ -	$ -
Other	4,110	217	-	3,893
Total available for sale securities	$ 36,971	$ 33,078	$ -	$ 3,893

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)
Beginning Balance, January 1, 2008	$ 2,300
Total gains or losses (realized/unrealized)	
Included in earnings	-
Included in other comprehensive income	1,593
Purchases, issuance and settlements	-
Ending Balance, June 30, 2008	$ 3,893
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date.	$ -

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 7 EQUIPMENT

Equipment consists of the following:

	June 30, 2008	December 31, 2007
Automobile	$ -	$ -
Office equipment	27,019	23,752
Lab equipment	82,105	75,165
	109,124	98,917
Less: Accumulated depreciation	40,068	31,641
	$ 69,056	$ 67,276

Depreciation expense for the six months ending June 30, 2008 and 2007 was $8,427 and $8,220.

NOTE 8 INTANGIBLE ASSETS

This represents legal fees and patent fees associated with the registration of patents. The Company has not recorded any amortization expenses since the patents have yet to be declared effective. Once issued, the cost of the patents will be amortized over their legal lives, which is generally 20 years.

NOTE 9 INCOME TAXES

There is no income tax benefit for the losses for the six months ended June 30, 2008 and 2007 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, 2007, the Company had no unrecognized tax benefits, or any tax related interest of penalties. There were no changes in the Company s unrecognized tax benefits during the period ended June 30, 2008. The Company did not recognize any interest or penalties during 2008 related to unrecognized tax benefits. Tax years from 2005 through 2007 remain subject to examination by major tax jurisdictions.

NOTE 10 STOCKHOLDERS EQUITY

Preferred Stock

Pursuant to our Company s Articles of Incorporation, our 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 our 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 our business or a takeover from a third party.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 10 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

The stockholders deficit at January 1, 2004 has been retroactively restated for the equivalent number of shares received in the reverse acquisition at July 14, 2004 (Note 1) after giving effect to the difference in par value with the offset to additional paid-in-capital.

In July 2004, the Company issued 1,600,000 shares of its common stock for professional services valued at $256,000, fair value.

In August 2004, the Company issued 637,500 shares of its common stock for professional services valued at $75,000, fair value.

In December 2004, the Company converted a note payable of $30,000 into 187,500 shares of common stock at a conversion price of $0.16 per share.

In April 2005, the Company issued 4,000,000 shares of its common stock in a private placement for proceeds of $1,000,000.

On May 4, 2005, the Company converted the notes payable of $499,000 into 3,118,750 shares of common stock at a conversion price of $0.16 per share. An unpaid note payable in the amount of $6,500 has been reflected as a subscription receivable.

During August 2005, the Company issued 210,000 shares of common stock for professional services rendered valued at $585,500, fair value. Consulting expense of $375,500 was recognized during 2005, and at December 31, 2005, the remaining balance of $210,000 is reflected as a deferred charge on the balance sheet. During 2006, consulting expense of $210,000 was recognized. This agreement ended in May 2006.

In August 2005, in conjunction with a management services contract, the Company issued 200,000 shares of common stock valued at $584,000. Management expense of $265,455 was recognized during 2005, and at December 31, 2005, the remaining balance of $318,545 is reflected as a deferred charge in a contra-equity account. During 2006, management expense of $318,545 was recognized. This agreement ended in June 2006.

During May 2005, the Company issued Stock Purchase Warrants to purchase 100,000 shares of common stock at an exercise price of $2.10 in exchange for consulting services. The warrants are exercisable until May 2008 and vest as follows: 50,000 shares during the first year of the agreement, 25,000 shares during the second year of the agreement, and 25,000 shares during the third year. In accordance with the fair value method, the Company used the Black-Scholes model to calculate the grant-date fair value, with the following assumptions: no dividend yield, expected volatility of 60%, risk-free interest rate of 3.8% and expected life of option of three years. The fair market value of the warrants was $113,250. In accordance with the fair value method as described in accounting requirements of SFAS No. 123, the Company recognized consulting expense of $37,000 in 2005. This warrant was cancelled during 2006.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 10 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

During September 2005, the Company issued Stock Purchase Warrants to purchase 100,000 shares of common stock at an exercise price of $2.00 in exchange for consulting services. The warrants expire in September 2008 and vest as follows: 50,000 shares during the first year of the agreement, 25,000 shares during the second year of the agreement, and 25,000 shares during the third year of the agreement. In accordance with the fair value method, the Company used the Black-Scholes model to calculate the grant-date fair value, with the following assumptions: no dividend yield, expected volatility of 60%, risk-free interest rate of 3.8% and expected life of option of three years. The fair market value of the warrants was $145,100. The Company recognized consulting expense of $36,370, $66,500 and $24,200 for the years ended December 31, 2007, 2006 and 2005 in conjunction with this agreement. For the six months ending June 30, 2008, the Company recognized $18,086 in consulting expense.

On October 15, 2005, the Company issued Stock Purchase Warrants to purchase 30,000 shares of common stock at an exercise price of $1.40 in exchange for consulting services. The warrants expire in October 2006 and are exercisable immediately. In accordance with the fair value method, the Company used the Black-Scholes model to calculate the grant-date fair value, with the following assumptions: no dividend yield, expected volatility of 60%, risk-free interest rate of 4.15% and expected life of option of one year. The fair market value of the warrants was $15,900. In accordance with the fair value method as described in accounting requirements of SFAS No. 123, the Company recognized consulting expense of $15,900 during 2005. These warrants expired in October 2006.

In December 2005, in conjunction with a consulting contract, the Company issued Stock Purchase Warrants to purchase 300,000 shares of common stock at an exercise price of $0.25 per share valued at $435,060, fair value. The warrants expire in December 2007 and were exercisable immediately. In accordance with the fair value method, the Company used the Black-Scholes model to calculate the grant-date fair value, with the following assumptions: no dividend yield, expected volatility of 60%, risk-free interest rate of 4.41% and expected life of option of two years. In accordance with the fair value method as described in accounting requirements of SFAS No. 123, the Company recognized consulting expense of $199,435, and at December 31, 2005, the remaining balance in deferred charges amounted to $235,625. The 300,000 warrants were fully exercised on December 31, 2005 for $75,000. The Company recognized $18,128 and $217,497 in consulting expense in conjunction with this agreement for the years ended December 31, 2007 and 2006, which was cancelled during 2007.

During 2006, the Company issued 850,000 shares of common stock and warrants to purchase 425,000 shares of common stock for proceeds of $425,000 in accordance to a private placement memorandum amended December 18, 2006. Pursuant to the terms of the amended offering, up to 20 units were offered at the offering price of $50,000 per unit, with each unit comprise of 100,000 shares and a warrant to purchase 50,000 shares of common stock at $0.50 per share. As of June 30, 2008, warrants to purchase 200,000 shares of common stock are still outstanding.

During February 2006, the Company issued 300,000 shares of common stock for professional services rendered valued at $270,000, fair value. The Company recognized consulting expense of $16,875 and $118,125 and legal expense of $16,875 and $118,125 during 2007 and 2006. The contracts expired during 2007.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 10 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

During May 2006, the Company issued 400,000 shares of common stock for professional services rendered valued at $620,000, fair value. The Company recognized consulting expense of $258,333 and $361,667 during 2007 and 2006, and at December 31, 2006. The contracts expired during 2007.

During June 2006, the Company issued 25,000 shares of common stock for professional services rendered valued at $36,250, fair value. The Company recognized legal expense of $16,615 and $19,635 during 2007 and 2006, and at December 31, 2006. The contracts expired during 2007.

During November 2006, the Company issued 60,000 shares of common stock for professional services valued at $29,400, fair value. The Company recognized investor relations expense of $25,480 and $3,920 during 2007 and 2006. The contract expired during 2007.

In June 2006, in conjunction with an addendum to an existing consulting contract effective December 2005, the Company issued Stock Purchase Warrants to purchase 300,000 shares of common stock at an exercise price of $0.25 per share. The warrants expire in June 2008 and were exercisable immediately. In accordance with the fair value method, the Company used the Black-Scholes model to calculate the grant-date fair value, with the following assumptions: no dividend yield, expected volatility of 186%, risk-free interest rate of 4.41% and expected life of option of two years. The fair market value of the warrants was $465,996. During 2007 and 2006, the Company recognized consulting expense of $330,948 and $135,048 in conjunction with this agreement. The contract was cancelled during 2007. The 300,000 warrants were fully exercised on March 12, 2008 for $75,000.

During 2006, the Company cancelled a warrant issued during May 2005 to purchase 100,000 shares of the Company s common stock at an exercise price of $2.10, and issued an option to purchase 500,000 shares of the Company s common stock at an exercise price of $1 per share and the same option s expiration and vesting terms were modified during November 2006. The incremental cost of the modified option was $394,030 and will be expensed over the vesting terms. The Company recognized $17,589 and $406,215 as a consulting expense in 2007 and 2006, which includes $337,290 of the incremental cost of the modified option.

During February 2006, the Company awarded an employee with an option to purchase 200,000 shares of common stock at an exercise price of $1.00 per share under the 2005 Employee Stock Option Plan. These options were valued at $217,628 using the Black-Scholes Option Pricing Formula. The employee compensation expense recognized during 2007 and 2006 is $43,757 and $22,673. In June 2007, the employee was terminated and the vesting ceased. After September 2007, the vested options expired.

During 2006, the Company recognized contributed capital of $35,624 related to the conversion of accrued interest payable.

During 2006, the Company deemed an outstanding subscription receivable of $6,500 to be uncollectible.

During 2007, the Company issued 2,482,000 shares of common stock and warrants to purchase 1,241,000 shares of common stock for proceeds of $1,241,000 in accordance to a private placement memorandum amended December 18, 2006. Pursuant to the terms of the amended offering, up to 20 units were offered at the offering price of $50,000 per unit, with each unit comprised of 100,000 shares and a warrant to purchase 50,000 shares of common stock at $0.50 per share. As of June 30, 2008, 70,000 warrants were exercised at $0.50 per share for a total of $35,000 and warrants to purchase 1,171,000 shares of common stock are still outstanding.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 10 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

During 2007, the Company issued 1,767,540 shares of common stock and warrants to purchase 883,770 shares of common stock for proceeds of $1,060,524 in accordance to a private placement memorandum issued on October 3, 2007. Pursuant to the terms of the offerings, up to 20 units were offered at the purchase price of $60,000 per unit, with each unit comprised of 100,000 shares and a warrant to purchase 50,000 shares of common stock at $1.00 per share. As of June 30, 2008, the warrants to purchase 883,770 shares of common stock are still outstanding.

During 2007, a shareholder that was issued 400,000 shares of the Company s common stock and a warrant to purchase 200,000 shares of common stock at $0.50 per share rescinded his shares and warrant.

During February 2007, the Company issued 151,785 shares of common stock for investor relations services valued at $106,250, fair value, which was recorded as a deferred charge and amortized over one year, the term of the services contract. During 2007, the Company recognized $97,396 in investor relations expense. For the six months ending June 30, 2008, the Company recognized $8,854 in investor relations expense. This contract expired in February 2008.

During February 2007, the Company terminated its then CEO. The option to purchase 56,000 shares of common stock that was recorded as deferred charges of $42,730 were not vested and were forfeited. The option to purchase 444,000 shares of common stock that were vested expired during 2007.

During March 2007, the Company issued 1,000,000 shares of common stock for management consulting services valued at $580,000, fair value. During April 2007, the Company issued 500,000 warrants as an addendum to the original contract for management consulting services valued at $348,000, fair value. This contract was recorded as a contra-equity deferred charges account and is amortized over one year, the term of the contract. Management consulting expense of $773,333 was recognized during 2007. For the six months ending June 30, 2008, $154,667 was recognized as management consulting expense. This contract expired in February 2008.

During April 2007, the Company issued 100,000 shares of common stock for legal services valued at $35,000, fair value, to settle $29,708 of accounts payable and as payment for $5,292 of legal services incurred in April 2007.

During October 2007, the Company issued 150,000 shares of common stock for investor relations services valued at $102,000, fair value. During 2007 the Company recognized $102,000 in investor relation expense.

During October 2007, the Company issued 150,000 shares of common stock for investor relation services pursuant to a contract entered into by the Chief Executive Officer on behalf of the Company. The value of these shares is $135,000, fair value. During 2007, the Company recognized $135,000 in investor relations expense.

During November 2007, the Company issued 400,000 shares of common stock under the 2007 Stock Option Plan to the acting Chief Executive Officer for services rendered valued at $288,000, fair value. The Company recognized $288,000 in consulting expense during 2007.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 10 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

During March 2007, the Company issued a warrant to purchase 100,000 shares of common stock for consulting services at an exercise price of $0.25 per share. The warrant was valued at $63,065 using the Black-Scholes Option Pricing Formula and expensed over the life of the contract associated with the consulting services, which is one year. The consulting expense recognized during 2007 is $52,180. For the six months ending June 30, 2008 the Company recognized $10,885 of consulting expense. The warrant is still outstanding as of June 30, 2008.

During April 2007, the Company issued warrants to purchase 900,000 shares of common stock for consulting services at an exercise price of $0.25 per share. The warrants were valued at $604,416 using the Black-Scholes Option Pricing Formula and expensed over the life of the contracts associated with the consulting services, which is one year. The consulting expense recognized during 2007 is $433,966. For the six months ending June 30, 2008, the Company recognized $170,451 in consulting expense. The warrants are still outstanding as of June 30, 2008.

During May 2007, the Company issued a warrant to purchase 150,000 shares of common stock for consulting services at an exercise price of $0.25 per share. The warrant was valued at $84,390 using the Black-Scholes Option Pricing Formula and expensed over the life of the contract associated with the consulting services, which is one year. The consulting expense recognized during 2007 is $52,946. For the six months ending June 30, 2008, the Company recognized $31,444 in consulting expense. The warrant is still outstanding as of June 30, 2008.

During October 2007, the Company issued a warrant to purchase 100,000 shares of common stock at a purchase price of $0.25 per share for accounting services rendered. The warrant was valued at $61,449 using the Black-Scholes Option Pricing Formula. The Company recognized $61,449 in accounting expense during 2007. The warrant is still outstanding as of June 30, 2008.

During October 2007, the Company issued a warrant to purchase 67,200 shares of common stock at a purchase price of $0.25 per share for consulting services rendered. The warrant was valued at $52,292 using the Black-Scholes Option Pricing Formula. During 2007, the Company recognized $52,292 in consulting expense. The warrant is still outstanding as of June 30, 2008.

During December 2007, the Company issued a warrant to purchase 25,000 shares of common stock at a purchase price of $0.50 per share for accounting services rendered. The warrant was valued at $13,646 using the Black-Scholes Option Pricing Formula and expensed over the life of the contract, which is one year. The Company recognized $1,159 in consulting expense during 2007. For the six months ending June 30, 2008, the Company recognized $6,804 in consulting expense. The warrant is still outstanding as of June 30, 2008.

During November 2007, under the 2007 Employee Stock Option Plan, the Company issued options to purchase 1,752,000 shares of common stock at a purchase price of $0.72 per share. The options were valued at $1,045,077 using the Black-Scholes Option Pricing Formula. During 2007, the Company recognized $41,653 in consulting expense. For the six months ending June 30, 2008, the Company recognized $173,703 of expense. The value of the options is being recognized on a monthly basis over a three year period beginning on the grant date. These options are still outstanding as of June 30, 2008.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 10 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

In January 2008, under the 2007 Employee Stock Option Plan, the Company issued and option to purchase 100,000 shares of common stock at a purchase price of $0.72 per share. The option was valued at $59,490 using the Black-Scholes Option Pricing Formula. For the six months ending June 30, 2008, the Company recognized $18,254 of expense. The value of the option is being recognized on a monthly basis over a four year period beginning on the grant date. The option is still outstanding as of June 30, 2008.

During 2008, the Company issued 690,001 shares of common stock and warrants to purchase 345,000 shares of common stock for proceeds of $414,000 in accordance to a private placement memorandum issued on October 3, 2007. Pursuant to the terms of the offerings, up to 20 units were offered at the purchase price of $60,000 per unit, with each unit comprised of 100,000 shares and a warrant to purchase 50,000 shares of common stock at $1.00 per share. As of June 30, 2008, the warrants are still outstanding.

During March 2008, the Company issued a warrant to purchase 400,000 shares of common stock as an addendum to the original contract for management consulting services provided by a related party, valued at $332,000, fair value. This contract was recorded as a contra-equity deferred charges account and is amortized over one year beginning February 28, 2008, the term of the contract. Management consulting expense of $110,668 was recognized for the six months ending June 30, 2008. The warrant is still outstanding as of June 30, 2008.

During March 2008, the company issued 100,000 shares of common stock for legal services valued at $75,000, fair value. The Company recognized $75,000 of legal expense for the six months ending June 30, 2008.

During April 2008, the Company issued a warrant to purchase 600,000 shares of common stock at a purchase price of $0.73 per share for consulting services rendered. The warrant was valued at $976,193 using the Black-Scholes Option

Pricing Formula. For the six months ended June 30, 2008, the Company recognized $976,193 in consulting expense. The warrant is still outstanding as of June 30, 2008.

NOTE 11 STOCK BASED COMPENSATION

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award, with the following assumptions: no dividend yield, expected volatility between 115% and 186%, risk-free interest rate between 3.8% and 5.1% and expected option life of ten years.

During the six months ended June 30, 2008, the Company s net income was approximately $1,405,819 lower as a result of stock-based compensation expense as a result of the adoption of SFAS 123(R). As of June 30, 2008, there was $1,798,597 of unrecognized compensation expense related to non-vested market-based share awards that is expected to be recognized.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 11 STOCK BASED COMPENSATION (CONTINUED)

The following tables summarize all stock option and warrant activity of the Company since December 31, 2007:

	Non-Qualified Stock Options and Warrants Outstanding and Exercisable			
	Number of Shares	Exercise Price		Weighted Average Exercise Price
Outstanding, December 31, 2007	6,343,971	$0.25 - $2.00	$	0.48
Granted	1,445,001	$0.001 - $0.73	$	0.59
Expired	(15,000)	$0.50	$	0.50
Exercised	(370,000)	$0.25 - $0.50	$	0.31
Outstanding, June 30, 2008	7,403,972	$0.001 - $2.00	$	0.56
Exercisable, June 30, 2008	5,868,972	$0.001 - $2.00	$	0.52

	Non-Qualified Stock Options and Warrants Outstanding		
Range of	Number Outstanding Currently Exercisable at June 30, 2008	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price of Options and

Exercise Prices			Warrants Currently Exercisable	
$0.001 - $2.00	5,868,972	3.31 Years	$	0.52

NOTE 12 CONTINGENCY

2005 Private Offering

During 2005, the Company raised $1,000,000 through the sale of 4,000,000 shares of common stock in a limited offering to persons believed to be accredited investors. The Company received a legal opinion from third party outside counsel as to the availability of an exemption from registration with the SEC with respect to the limited offering. In December 2005, the Company was informed by the SEC that it is investigating the circumstances surrounding the $1,000,000 offering including the subsequent public resale of certain shares originally sold in the offering, along with related matters. The Company has further been informed that the original issuance of the stock and subsequent resale may have been done, in the opinion of the SEC, in violation of the registration provisions of the Securities Act of 1933, as amended. These matters could lead to enforcement action by the SEC.

In or around January 2007, the SEC issued an investigative subpoena to the Company directing it to produce specified documents and information. Thereafter, an SEC subpoena seeking testimony by the Company s president was issued. The Company and its president have complied with all of the SEC s requests for documents and testimony. The SEC has not indicated whether or not it intends to take any action against the Company or any of its officers, directors or employees. There has been no contact with the SEC since December 2007.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 12 CONTINGENCY (CONTINUED)

Ronald R. Genova Lawsuit

During July 2007, Ronald R. Genova (plaintiff) filed a lawsuit in Philadelphia County, Court of Common Pleas against Defendants Lightwave Logic, Inc., (formerly Third-Order Nanotechnologies, Inc.), PSI-TEC Holdings, Inc. (which subsequently merged into Lightwave Logic, Inc.) and Universal Capital Management, Inc.

The lawsuit was settled in May 2008 against all defendants by the Company making a payment of $47,500 to the plaintiff.

NOTE 13 RELATED PARTY

The Company has available-for-sale securities of a related party (NOTE 6). The information is summarized below and is recorded on the balance sheet as Available-for-sale securities . The unrealized loss on this investment is included on the Statement of Other Comprehensive Income.

	Number of Shares	Cost	Market Value	Unrealized Loss
Related party	43,815	$ 87,630	$ 32,861	$ (54,769)

Under the management agreement dated August 1, 2005, the related party was issued 200,000 shares of common stock with a fair value of $584,000 which was amortized over the term of the agreement (one year), which expired in 2006. In February 2007, the Company entered into a contract with the related party and issued 1,000,000 shares of common stock with a fair value of $580,000. In addition, the Company issued a warrant to purchase 500,000 shares of its common stock with a fair value of $348,000. This contract was renewed in March 2008 and the Company issued a warrant to purchase 400,000 shares of its common stock in exchange for management services for one year, valued at $332,000, fair value. For the six months ending June 30, 2008 and 2007, the Company recognized $265,335 and $309,333 in management expense. The unamortized expense is reflected as deferred charges in the equity section of the balance sheet.

At June 30, 2008 the Company has accrued officer salaries of $98,205.

NOTE 14 SUBSEQUENT EVENTS

Warrants

Through August 14, 2008, stockholders exercised their rights to purchase 70,000 shares of the Company s common stock for total proceeds of $30,000.

Other

In July 2008, two new directors were added to the Company s board of directors. The directors were issued options to purchase 100,000 shares of the Company s common stock at an exercise price of $1.75 per share. These options vest as follows: 50,000 immediately upon execution of the agreement, 50,000 each anniversary of the agreement.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 14 SUBSEQUENT EVENTS (CONTINUED)

Other (Continued)

In July 2008, the Company entered into a separation agreement with Harold R. Bennett, CEO whereas the agreement terminates his employment as of July 31, 2008. The agreement provides for a payment of $30,000 to be made to Mr. Bennett as follows: $10,000 on August 15, 2008, $10,000 on September 15, 2008 and $10,000 on October 15, 2008. This separation agreement terminates Mr. Bennett s employment as of July 31, 2008.

Effective August 1, 2008, the Company entered into an employment agreement with James Marcelli as the Company s new Chief Executive Officer. Pursuant to one year employment agreement, the new CEO is to receive the following: $14,500 per month salary, stock grant of 200,000 shares of common stock, an option to purchase 1,050,000 shares of common stock to vest quarterly over a three year period beginning November 1, 2008 at an exercise price of $1.75 per share, company paid health and dental benefits, housing and car allowance.

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Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The words anticipate, believe, expect, plan, intend, estimate, project, may and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and financial performance and involve risks and uncertainties. Should one or more risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those anticipated, believed, expected, planned, intended, estimated, projected or otherwise indicated. We caution you not to place undue reliance on these forward-looking statements, which we have made as of the date of this Quarterly Report on Form 10-Q.

The following provides information that management believes is relevant to an assessment and understanding of our plans and financial condition. The following selected financial information is derived from our historical financial statements and should be read in conjunction with such financial statements and notes thereto set forth elsewhere herein and the "Forward-Looking Statements" explanation included herein.

Overview

Lightwave Logic, Inc., formerly, Third-Order Nanotechnologies, Inc., formerly, PSI-TEC Holdings, Inc., formerly Eastern Idaho Internet Service, Inc. was organized under the laws of the State of Nevada in 1997, where we engaged in the business of marketing Internet services until June 30, 1998 when our operations were discontinued. We were then inactive until we acquired PSI-TEC Corporation as our wholly owned subsidiary on July 14, 2004, at which time our name was changed to PSI-TEC Holdings, Inc. On October 20, 2006, we completed a parent-subsidiary merger with PSI-TEC Corporation whereby we were the surviving corporation of the merger, and our name was changed to Third-Order Nanotechnologies, Inc. On March 10, 2008, we changed our name to Lightwave Logic, Inc. to better suit our strategic business plan and to facilitate stockholder recognition of our Company and its business.

We are a developmental stage company that has developed and continues to develop high-activity, high-stability electro-optic polymers (plastics) that we believe could have a broad range of applications in the electro-optic device market. We engineer our proprietary electro-optic plastics at the molecular level for superior performance, stability, cost-efficiency and ease of processability. We expect our electro-optic plastics to broadly replace more expensive, lower-performance materials that are currently used in fiber-optic ground, wireless and satellite communication networks.

In order to transmit digital information at extremely high-speeds (wide bandwidth) over the Internet, it is necessary to convert the electrical signals produced by a computer into optical signals for transmission over long-distance fiber-optic cable. The actual conversion of electricity to an optical signal may be performed by a molecularly-engineered material known as an electro-optic plastic.

We are currently developing electro-optic plastics that promise performance many times faster than any technology currently available and that have unprecedented thermal stability. High-performance electro-optic materials produced by our Company have demonstrated stability as high as 350 degrees Celsius. Stability above 300 degrees Celsius is necessary for vertical integration into many semi-conductor production lines. Our past results, independently confirmed by the University of Arizona, have demonstrated that the molecular performance of some of our Company's molecular designs perform 650% better than competitive electro-optic compounds.

Our revenue model relies substantially on the assumption that we will be able to successfully develop electro-optic products for applications within the industries described below. When appropriate, we intend to create specific materials for each of these applications and use our proprietary knowledge base to continue to enhance its discoveries.

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Satellite Reconnaissance

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Navigational Systems

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Radar Applications

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Telecommunications

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Backplane Optical Interconnects

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Entertainment

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Medical Applications

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Optical Computing

To be successful, we must, among other things:

- Develop and maintain collaborative relationships with strategic partners;
- Continue to expand our research and development efforts for our products;
- Develop and continue to improve on our manufacturing processes and maintain stringent quality controls;
- Produce commercial quantities of our products at commercially acceptable prices;
- Rapidly respond to technological advancements;
- Attract, retain and motivate qualified personnel; and
- Obtain and retain effective intellectual property protection for our products and technology.

Plan of Operation

Since our inception, we have been engaged primarily in the research and development of our polymer materials technologies and potential products. We are devoting significant resources to engineer next-generation electro-optic plastics for future applications to be utilized by electro-optic device manufacturers, such as telecommunications component and systems manufacturers, networking and switching suppliers, semiconductor companies, aerospace companies and government agencies. We expect to continue to develop products that we intend to introduce to these rapidly changing markets and to seek to identify new markets. We expect to continue to make significant operating and capital expenditures for research and development activities.

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Explanation of Responses:

As we move from a development stage company to a product vendor, we expect that our financial condition and results of operations will undergo substantial change. In particular, we expect to record both revenue and expense from product sales, to incur increased costs for sales and marketing and to increase general and administrative expense. Accordingly, the financial condition and results of operations reflected in our historical financial statements are not expected to be indicative of our future financial condition and results of operations.

On August 8, 2006, we contracted with Triple Play Communications Corporation, a design and market consulting company, to deliver a comprehensive market opportunity assessment report for high speed 40G (commercial) & 100G+ (military/aerospace) modulators and system applications.

In August, 2006 we entered into a co-location agreement with InPlane Photonics, a New Jersey-based micro-optics company that allowed our scientists to establish a pre-production line in order to test and integrate our organic materials into waveguide devices and system prototypes as a first step toward product commercialization. This agreement was terminated at the end of January 2007 so that we could focus on pursuing a strategic relationship with Photon-X LLC, a Pennsylvania-based firm with extensive experience in polymer waveguide processing. We entered into a non-binding memorandum of understanding with Photon-X, LLC in December 2006 to work towards creating a "fee for services" agreement with Photon-X, LLC to design, develop, produce and market electro-optic components based upon our polymer technology. Such an agreement with Photon-X, LLC would afford our Company access to a full suite of fabrication facilities capable of producing commercial quantities of precision micro-optic devices such as high-speed (40GHz) telecom modulators, optical filters, and optical interconnects important to military and civilian global information movement and management markets.

On September 25, 2006 we obtained independent laboratory results that confirmed the thermal stability of our Perkinamine electro-optic materials. Thermal stability as high as 350 degrees Celsius was confirmed, significantly exceeding many other commercially available high performance electro-optic materials, such as CLD-1 which exhibits thermal degradation in the range of 250 degrees Celsius to 275 degrees Celsius. This high temperature stability of our materials eliminates a major obstacle to vertical integration of electro-optic polymers into standard microelectronic manufacturing processes (e.g. wave/vapor-phase soldering) where thermal stability of at least 300 degrees Celsius is required. In independent laboratory tests, ten-percent material degradation, a common evaluation of overall thermal stability, did not occur until our Perkinamine material base was exposed to temperatures as high as 350 degrees Celsius, as determined by Thermo-Gravimetric Analysis (TGA). The test results supported our Company's progress to introduce our materials into commercial applications such as optical interconnections, high-speed telecom and datacom modulators, and military/aerospace components.

In July 2007, our Company developed an innovative process to integrate our unique architecture into our anticipated commercial devices, whereby dendritic spacer systems are attached to its core chromophore. In the event we are successful in developing a commercially viable product, we believe these dendrimers will reduce the cost of manufacturing materials and reduce the cost and complexity of tailoring the material to specific customer requirements.

In January 2008, we retained TangibleFuture, Inc., a San Francisco based technology analysis and business development consulting company, to generate an independent assessment of our business opportunities in the fiber-optic telecommunications and optical computing sectors and develop strategies to penetrate those potential markets. We recently received an assessment from TangibleFuture, Inc. whereby they consider the existing high speed, long reach, communication modulator market to approximate $140,000,000 per year.

In March 2008, we commenced production of our first prototype photonic chip, which we delivered to our partner, Photon-X, LLC who will fabricate a prototype polymer optical modulator and measure its technical properties. We hope to be able to demonstrate this prototype prior to the end of the third quarter. We intend to utilize the services of Dr. Robert Norwood at the University of Arizona Photonics Department to perform the necessary proof of concept tests, as we have in the past. We may incur delays in this process due to slower than expected material production within our laboratories and/or delays caused by the testing procedures at the University of Arizona. Should these tests produce a functional 10 Gb/s or greater modulator we expect to go forward with product marketing and development in the telecommunication market with partners in the telecommunication field. We cannot anticipate the details of the customer adoption cycle until we have produced a functional prototype to create a credible technology offering.

We ultimately intend to use our next-generation electro-optic plastics for future applications vital to the following industries. We expect to create specific materials for each of these applications as appropriate:

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Satellite Reconnaissance

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Navigational Systems

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Radar Applications

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Telecommunications

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Backplane Optical Interconnects

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Entertainment

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Medical Applications

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Optical Computing

In an effort to maximize our future revenue stream from our electro-optic polymer products, we are currently evaluating each of or some combination of the following approaches:

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Licensing our technology for individual specific applications;

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Entering into collaborative or joint venture agreements with one or a number of partners; or

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Selling our products directly to commercial customers.

Additionally, we must create an infrastructure, including operational and financial systems, and related internal controls, and recruit qualified personnel. Failure to do so could adversely affect our ability to support our operations.

We have incurred substantial net losses since inception. We have satisfied our capital requirements since inception primarily through the issuance and sale of our common stock. During 2004 we raised approximately $529,000 from the issuance of convertible promissory notes, of which $30,000 was converted into common stock of the company during 2004 and the remaining $499,000 converted in 2005. Also, during 2005, we raised an aggregate of $1,000,000 from the private sale of our common stock. During 2006, we raised approximately $425,000 from the private sale of our common stock, of which $200,000 was rescinded during 2007. During 2007, we raised approximately $2,301,524 from the private sale of our common stock. During 2008, we raised approximately $414,000 from the private sale of our common stock. We have also issued shares of our common stock and warrants to purchase shares of our common stock in exchange for services rendered to our company, including professional services.

Award

On September 26, 2006, we were awarded the 2006 Electro-Optic Materials Technology Innovation of the Year Award by Frost & Sullivan. Frost & Sullivan's Technology Innovation of the Year Award is bestowed upon candidates whose original research has resulted in innovations

that have, or are expected to bring, significant contributions to multiple industries in terms of adoption, change, and competitive posture. This award recognizes the quality and depth of our Company's research and development program as well as the vision and risk-taking that enabled us to undertake such an endeavor.

Results of Operations

Comparison of Three Months Ended June 30, 2008 to Three Months Ended June 30, 2007

Revenues

We had no revenues during the three months ended June 30, 2008 and 2007 since we are a development stage company that has yet to commence revenue creating operations.

Operating Expenses

Our operating expenses were $1,481,308 and $1,191,725 for the three months ended June 30, 2008 and 2007, respectively, for an increase of $289,583. This increase in operating expenses was due primarily to the increase in use of consultants, an increase in the payroll expense, offset by a termination of a lab employee in June 2007, decrease in chemicals and materials, decrease in investor relations fees, management fees and legal fees.

Included in our operating expenses for the three months ended June 30, 2008 was $1,304,175 for research and development expenses compared to $806,578 for the three months ended June 30, 2007, for an increase of $497,597. Research and development expenses currently consist primarily of compensation for employees and consultants engaged in internal research and product development activities; laboratory operations, outsourced development and processing work; fees and expenses related to patent applications and intellectual property protection; costs incurred in acquiring and maintaining licenses; and related operating expenses.

We expect to continue to incur substantial research and development expense to develop commercial products that utilize our electro-optic plastics. These expenses could increase as a result of continued development and commercialization of our electro-optic materials technology; subcontracting work to potential development partners; expanding and equipping in-house laboratories; hiring additional technical and support personnel; pursuing other potential business opportunities; and incurring related operating expenses.

General and administrative expense consists primarily of compensation and support costs for management and administrative staff, and for other general and administrative costs, including executive, investor relations, accounting and finance, legal, consulting and other operating expenses, including laboratory space rental costs.

General and administrative expenses decreased $208,014 to $177,133 for the three months ended June 30, 2008 compared to $385,147 for the three months ended June 30, 2007. The decrease is due primarily to our decrease in investor relations fees, management fees and legal fees, offset by a payroll expense due to the company hiring a Chief Executive Officer and Chief Technology Officer in January 2008.

Investor relations fees were $12,160 and $39,097 for the three months ended June 30, 2008 and 2007. The decrease of $26,937 was primarily due a contract with an investor relations firm that was suspended during April 2008. Management fees decreased $147,833 to $84,167 for the three months ended June 30, 2008 compared to $232,000 for the three months ended June 30, 2007 due to a contract expiring in February 2008 and a new contract becoming effective in February 2008.

Legal fees were $23,637 and $39,652 for the three months ended June 30, 2008 and 2007. The decrease of $16,015 was due to the company filing its registration statement in the second quarter of 2007.

Wages and salaries increased $85,688 from $148,722 for the three months ended June 30, 2007 to $234,410 for the three months ended June 30, 2008 due to the company hiring a Chief Executive Officer and Chief Technology Officer in January 2008.

We expect general and administrative expense to increase in future periods as we increase the level of corporate and administrative activity, including increases associated with our operation as a public company; and significantly increase expenditures related to the future production and sales of our products.

Other Income (Expense)

Other income was $3,248 for the three months ended June 30, 2008, consisting of $4,041 of interest income on cash deposits and short term investments offset by $108 of realized loss on investments and $685 of interest expense compared to other income of $240 for the three months ended June 30, 2007, consisting of $1,581 of interest income on cash deposits and short term investments offset by $1,341 of interest expense.

Net Loss

Net loss was $1,478,060 and $1,191,485 for the three months ended June 30, 2008 and 2007, respectively, for an increase of $286,575, primarily resulting from research and development and general and administrative expenses incurred as described above.

Comparison of Six Months Ended June 30, 2008 to Six Months Ended June 30, 2007

Revenues

We had no revenues during the six months ended June 30, 2008 and 2007 since we are a development stage company that has yet to commence revenue creating operations.

Operating Expenses

Our operating expenses were $2,493,743 and $1,936,869 for the six months ended June 30, 2008 and 2007, respectively, for an increase of $556,874. This increase in operating expenses was due primarily to the increase in use of consultants, an increase in the payroll expense, offset by a termination of a lab employee in June 2007, decrease in chemicals and materials, decrease in investor relations fees, management fees and legal fees.

Included in our operating expenses for the six months ended June 30, 2008 was $2,009,010 for research and development expenses compared to $1,375,303 for the three months ended June 30, 2007, for an increase of $633,707. Research and development expenses currently consist primarily of compensation for employees and contractors engaged in internal research and product development activities; laboratory operations, outsourced development and processing work; fees and expenses related to patent applications and intellectual property protection; costs incurred in acquiring and maintaining licenses; and related operating expenses.

We expect to continue to incur substantial research and development expense to develop commercial products that utilize our electro-optic plastics. These expenses could increase as a result of continued development and commercialization of our electro-optic materials technology; subcontracting work to potential development partners; expanding and equipping in-house laboratories; hiring additional technical and support personnel; pursuing other potential business opportunities; and incurring related operating expenses.

General and administrative expense consists primarily of compensation and support costs for management and administrative staff, and for other general and administrative costs, including executive, investor relations, accounting and finance, legal, consulting and other operating expenses, including laboratory space rental costs.

General and administrative expenses decreased $76,833 to $484,733 for the six months ended June 30, 2008 compared to $561,566 for the six months ended June 30, 2007. The decrease is due primarily to our decrease in management fees, offset by an increase in market research fees, legal fees, and payroll expense.

Management fees were $265,335 and $309,333 for the six months ended June 30, 2008 and 2007. The decrease of $43,998 was due to a contract expiring in February 2008 and a new contract becoming effective in February 2008.

Legal fees were $137,056 and $108,384 for the six months ended June 30, 2008 and 2007. The increase of $28,672 was due to the company filing its first Form 10K-SB with the SEC in March 2008.

Wages and salaries increased $291,774 from $232,036 for the six months ended June 30, 2007 to $523,810 for the six months ended June 30, 2008 due to the company hiring a Chief Executive Officer and Chief Technology Officer in January 2008.

We expect general and administrative expense to increase in future periods as we increase the level of corporate and administrative activity, including increases associated with our operation as a public company; and significantly increase expenditures related to the future production and sales of our products.

Other Income (Expense)

Other income was $7,031 for the six months ended June 30, 2008, consisting of $8,666 of interest income on cash deposits and short term investments offset by $108 in realized loss on investments and $1,527 of interest expense compared to other (expense) of ($1,765) for the six months ended June 30, 2007, consisting of $1,584 of interest income on cash deposits and short term investments offset by $3,349 of interest expense.

Net Loss

Net loss was $2,486,712 and $1,938,634 for the six months ended June 30, 2008 and 2007, respectively, for an increase of $548,078, primarily resulting the hiring of additional key personnel and officers.

Critical Accounting Policies

The Company's accounting policies are more fully described in the Notes to Financial Statements. As disclosed in Note 1 of Notes to Financial Statements, the preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The Company believes that, of its significant accounting policies, the following may involve a higher degree of judgment, estimation, or complexity than other accounting policies.

Merger

On July 14, 2004, the Company acquired PSI-TEC Corporation. Under the terms of the merger agreement, the stockholders of PSI-TEC Corporation received 15,600,000 shares of common stock in exchange for its 2,206,280 shares. Following the merger, the Company changed its name to PSI-TEC Holdings, Inc. Under accounting principles generally accepted in the United States, the share exchange is considered to be a capital transaction in substance rather than a business combination. That is, the share exchange is equivalent to the issuance of stock by PSI-TEC Holdings, Inc. for the net monetary assets of PSI-TEC Corporation, accompanied by a recapitalization, and is accounted for as a change of capital structure. Accordingly, the accounting for the share exchange will be identical to that resulting from a reverse acquisition, except no goodwill will be recorded. Under reverse takeover accounting, the post-reverse acquisition comparative historical financial statements of the legal acquirer, PSI-TEC Holdings, Inc., are those of the legal acquiree, PSI-TEC Corporation, which is considered to be the accounting acquirer. On October 20, 2006, PSI-TEC Holdings, Inc. and PSI-TEC Corporation merged and changed its name to Third-Order Nanotechnologies, Inc.

Stock Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS 123 (revised 2004), Share-Based Payment ("SFAS 123R"). SFAS 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in SFAS 123(R) is similar to the approach described in SFAS 123. However, SFAS 123(R) requires share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values at the date of grant. Pro forma disclosure is no longer an alternative.

On January 1, 2006, the Company adopted SFAS 123(R) using the modified prospective method as permitted under SFAS 123(R). Under this transition method, compensation cost recognized in the first quarter of 2006 includes compensation cost for all share-based payments granted prior to but not yet vested as of December 30, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123. In accordance with the modified prospective method of adoption, the Company's results of operations and financial position for prior periods have not been restated.

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award.

Liquidity and Capital Resources

During the six months ended June 30, 2008, net cash used in operating activities was $777,364 and net cash used in investing activities was $20,520, which was due primarily to the Company applying for patents and the purchase of equipment. Net cash provided by financing activities for the six months ended June 30, 2008 was $524,000. At June 30, 2008, our cash and cash equivalents totaled $205,567, our assets totaled $605,068, our liabilities totaled $160,494, and we had stockholders' equity of $444,574.

Sources and Uses of Cash

Our future expenditures and capital requirements will depend on numerous factors, including: the progress of our research and development efforts; the rate at which we can, directly or through arrangements with original equipment manufacturers, introduce and sell products incorporating our plastic materials technology; the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights; market acceptance of our products and competing technological developments; and our ability to establish cooperative development, joint venture and licensing arrangements. We expect that we will incur in excess of $1 million of expenditures over the next 12 months. Our cash requirements are expected to increase at a rate consistent with revenue growth as we expand our activities and operations with the objective of commercializing our electro-optic plastic technology during 2008.

Our business does not presently generate the cash needed to finance our current and anticipated operations. We believe we have raised sufficient capital to finance our operations for the next four months, however, we will need to obtain additional future financing during 2008 to finance our operations until such time that we can conduct profitable revenue-generating activities. Such future sources of financing may include cash from equity offerings, exercise of warrants and stock options and proceeds from debt instruments; but we cannot assure you that such equity or borrowings will be available or, if available, will be at rates or prices acceptable to us. If adequate funds are not available to satisfy either short-term or long-term capital requirements, or if planned revenues are not generated, we may be required to substantially limit our operations. This limitation of operations may include reductions in capital expenditures and reductions in staff and discretionary costs.

We expect that our cash used in operations will increase beyond the six months ended June 30, 2008 as a result of the following planned activities:

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The addition of management, sales, marketing, technical and other staff to our workforce;

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Increased spending for the expansion of our research and development efforts, including purchases of additional laboratory and production equipment;

.

Increased spending in marketing as our products are introduced into the marketplace;

.

Developing and maintaining collaborative relationships with strategic partners;

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Developing and improving our manufacturing processes and quality controls; and

.

Increases in our general and administrative activities related to our operations as a reporting public company and related corporate compliance requirements.

Analysis of Cash Flows

For the six moths ended June 30, 2008

Net cash used in operating activities was $777,364 for the six months ended June 30, 2008, consisting of payments for management, legal, professional and consulting expenses, rent and other expenditures necessary to develop our business infrastructure, $140 in receivables and prepaid expenses, $57,597 in accounts payable and accrued expenses, offset by $277,730 in deferred charges, $1,213,863 in warrants issued for services, $191,957 in options issued for services and $75,000 in common stock issued for services.

Net cash used by investing activities was $20,520 for the six months ended June 30, 2008, consisting of $10,375 for intangibles, as well as the purchase of equipment for $10,207 offset by a sale of available for sale securities of $62.

Net cash provided by financing activities was $524,000 for the six months ended June 30, 2008 and consisted of $414,000 of proceeds from the sale of our common stock and $110,000 from the exercise of a warrant.

Inflation and Seasonality

We do not believe that our operations are significantly impacted by inflation. Our business is not seasonal in nature.

Item 4

Controls and Procedures

Effectiveness of Disclosure

Our management, with the participation of our president and treasurer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2008 as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the Exchange Act). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2008, our president and treasurer concluded that, as of such date, our disclosure controls and procedures were effective to assure that information required to be declared by us in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our president and treasurer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1

Legal Proceedings

Ronald R. Genova v. Third-Order Nanotechnologies, Inc., PSI-TEC Holdings, Inc. and Universal Capital Management

During July 2007, Ronald R. Genova (plaintiff) filed a lawsuit in Philadelphia County Court of Common Pleas against Defendants Lightwave Logic, Inc. (formerly Third-Order Nanotechnologies, Inc.), PSI-TEC Holdings, Inc. (which subsequently merged into Lightwave Logic, Inc.) and Universal Capital Management, Inc.

The lawsuit was settled in May 2008 against all defandants by the Company making a payment of $47,500 to the plaintiff.

We are not aware of any other litigation or threatened litigation of a material nature.

Item 2

Unregistered Sales of Equity Securities and Use of Proceeds

During the period covered by this report, we sold the following unregistered securities:

During October 2007, we authorized a $1,500,000 private offering of our common stock and warrants to purchase our common stock. Pursuant to the terms of this private offering, up to 25 units were offered at the offering price of $60,000 per unit, with each unit comprised of 100,000 shares of common stock, and a warrant to purchase 50,000 shares of common stock at $1.00 per share. During the period covered by this report, pursuant to this private offering, we issued 658,334 shares of common stock, and warrants to purchase an aggregate of 329,167 shares of common stock, for total proceeds of $395,000. The warrants are immediately exercisable for a period of two (2) years from the date of purchase. We relied on Section 4(2) and Rule 506 of Regulation D of the Securities Act since the transaction does not involve any public offering.

During April 2008, we issued to one accredited person a warrant to purchase up to 600,000 shares of our common stock at an exercise price of $0.73 per share for a period of up to five years in exchange for consulting services. The warrant was valued at $976,913, fair value. This person was the only offeree in connection with this transaction. We relied on Section 4(2) of the Securities Act since the transaction did not involve any public offering.

During April 2008, we issued 20,000 shares of our common stock to two accredited persons pursuant to the exercise of warrants. The shares were valued at $0.50 per share pursuant to the warrant agreements for an aggregate amount of $10,000. During May 2008, we issued 50,000 shares of our common stock to two accredited persons pursuant to the exercise of warrants. The shares were valued at $0.50 per share pursuant to the warrant agreements for an aggregate amount of $25,000. We relied on Section 4(2) of the Securities Act since these transactions did not involve any public offering.

No underwriters were utilized and no commissions or fees were paid with respect to any of the above transactions.

Item 6

Exhibits

(2)

Charter and Bylaws.

2.1

Certificate of Amendment to Articles of Incorporation*

(10)

Material Contracts.

10.1

2007 Employee Stock Plan*

(31)

31.1

Certification of the President of Lightwave Logic, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2

Certification of the Treasurer of Lightwave Logic, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32)

32.1

Certification of the President of Lightwave Logic, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2

Certification of the Treasurer of Lightwave Logic, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

LIGHTWAVE LOGIC, INC.

Registrant

By: /s/ Fred Goetz, Jr.

Fred Goetz, Jr., President

Date: August 14, 2008

By: /s/ Fred Goetz, Jr.

Fred Goetz, Jr., President

Date: August 14, 2008

By: /s/ Andrew J. Ashton

Andrew Ashton, Treasurer

Date: August 14, 2008