AMERICAN TOWER CORP /MA/
Form S-4/A
April 13, 2004
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As filed with the Securities and Exchange Commission on April 13, 2004

Registration Statement No. 333-111952

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

American Towers, Inc.

(Exact name of registrant as specified in its charter)

Delaware	4899	65-0598206
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

116 Huntington Avenue

Boston, Massachusetts 02116

(617) 375-7500

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

James D. Taiclet, Jr.

Chairman, President and Chief Executive Officer

American Tower Corporation

116 Huntington Avenue

Boston, Massachusetts 02116

(617) 375-7500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

William H. Hess, Esq.	Matthew J. Gardella, Esq.
Executive Vice President and General Counsel	Palmer & Dodge LLP
American Tower Corporation	111 Huntington Avenue
116 Huntington Avenue	Boston, Massachusetts 02199-7613
Boston, Massachusetts 02116	Tel: (617) 239-0100
Tel: (617) 375-7500	Fax: (617) 227-4420
Fax: (617) 375-7575	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462 (b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462 (d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

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GUARANTOR REGISTRANTS(1)

Exact Name of Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	IRS Employer Identification Number
American Tower Corporation	Delaware	65-0723837
American Tower Delaware Corporation	Delaware	04-3481371
American Tower International, Inc.	Delaware	04-3557527
American Tower LLC	Delaware	03-0511705
American Tower Management, LLC	Delaware	04-3498534
American Tower, L.P.	Delaware	04-3406587
ATC GP, Inc.	Delaware	04-3406564
ATC International Holding Corp.	Delaware	04-3480859
ATC LP, Inc.	Delaware	04-3406559
ATC Midwest, LLC	Delaware	59-3441707
ATC South America Holding Corp.	Delaware	04-3560949
ATC South, LLC	Delaware	04-3547449
ATC Tower Services, Inc.	New Mexico	85-0313707
ATS/PCS, LLC	Delaware	04-3415938
Carolina Towers, Inc.	South Carolina	57-0821655
Kline Iron & Steel Co., Inc.	Delaware	04-3513175
MHB Tower Rentals Of America, LLC	Mississippi	64-0904462
New Loma Communications, Inc.	California	94-2897237
Shreveport Tower Company	Louisiana	62-1610495
Telecom Towers, L.L.C.	Delaware	54-1866469
Towers of America, L.L.L.P.	Delaware	74-2921511
UniSite, LLC	Delaware	95-4480711

(1) The old notes are, and the new notes will be, unconditionally guaranteed on a joint and several basis by American Tower Corporation and the above registrant subsidiaries.

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PROSPECTUS

AMERICAN TOWERS, INC.

7.25% Senior Subordinated Notes Due 2011

(Guaranteed by American Tower Corporation, which is our parent corporation, and substantially all of its existing and future subsidiaries)

We are offering to exchange 7.25% senior subordinated notes due 2011 that we have registered under the Securities Act of 1933 for all outstanding 7.25% senior subordinated notes due 2011. We refer to these registered notes as the new notes and all outstanding 7.25% senior subordinated notes due 2011 as the old notes.

The Exchange Offer

We will exchange an equal principal amount of new notes that are freely tradeable for all old notes that are validly tendered and not validly withdrawn.

You may withdraw tenders of outstanding old notes at any time prior to the expiration of the exchange offer.

The exchange offer is subject to the satisfaction of limited, customary conditions.

The exchange offer expires at 5:00 p.m., New York City time, on May 17, 2004, unless extended.

The exchange of old notes for new notes in the exchange offer generally will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The New Notes

We are offering the new notes in order to satisfy our obligations under the registration rights agreement entered into in connection with the private placement of the old notes.

The terms of the new notes to be issued in the exchange offer are substantially identical to the terms of the old notes, except that the new notes are registered under the Securities Act and have no transfer restrictions, rights to additional interest or registration rights except in limited circumstances.

The old notes are, and the new notes will be, unconditionally guaranteed on a joint and several basis by American Tower Corporation and substantially all of its existing and future subsidiaries.

We do not intend to apply for listing of the new notes on any securities exchange or to arrange for them to be quoted on any quotation system.

See Risk Factors beginning on page 13 to read about factors you should consider in connection with the exchange offer.

If you are a broker-dealer that receives new notes for your own account as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an underwriter within the meaning of the Securities Act. You may use this prospectus, as we may amend or supplement it in the future, for your resales of new notes. We will make this prospectus available to any broker-dealer for use in connection with any such resale for a period of 180 days after the date of expiration of this exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the new notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2004.

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You should rely only on the information contained in, or incorporated by reference into, this prospectus. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. The information contained or incorporated by reference into this prospectus is accurate only as of the date on the front cover of this prospectus or the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since then. Neither the delivery of this prospectus nor any sale under this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus, that the information contained in this prospectus is correct as of any time subsequent to its date, or that any information incorporated by reference in this prospectus is correct as of any time subsequent to its date. We are not making an offer to sell the new notes in any jurisdiction where the offer or sale is not permitted.

WHERE YOU CAN FIND MORE INFORMATION

We have filed this prospectus with the SEC as part of a registration statement on Form S-4 under the Securities Act of 1933. This prospectus does not contain all of the information set forth in the registration statement because some parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and its exhibits are available for inspection and copying as set forth below.

American Tower Corporation, our parent company, files annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Please note that the SEC s website is included in this prospectus as an inactive textual reference only. The information contained on the SEC s website is not incorporated by reference into this prospectus and should not be considered to be part of this prospectus. You may also read and copy any document we file with the SEC at its public reference facility at 450 Fifth Street, N.W., Washington, D.C. 20459. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facility.

INCORPORATION OF DOCUMENTS BY REFERENCE

We incorporate by reference into this prospectus certain information filed with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Certain information that is subsequently filed with the SEC will automatically update and supersede information in this prospectus and in our other filings with the SEC. We incorporate by reference the documents listed below, which have been filed with the SEC, and any future filings American Tower Corporation may make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all the notes offered by this prospectus have been exchanged and all conditions to the consummation of those exchanges have been satisfied, provided, however, that we are not incorporating any information furnished under Item 9 (Item 7.01) or Item 12 (Item 2.02) of any Current Report on Form 8-K (unless otherwise indicated):

- American Tower Corporation s Annual Report on Form 10-K for the year ended December 31, 2003 filed with the SEC on March 12, 2004;
- American Tower Corporation s Current Reports on Form 8-K filed with the SEC on January 20, 2004, January 27, 2004, February 18, 2004 and February 23, 2004.

You may request a copy of these filings at no cost, by writing or calling us at the following address: 116 Huntington Avenue, Boston, Massachusetts 02116, Tel: (617) 375-7500, Attention: Vice President of Finance, Investor Relations. ***If you would like to request any documents, you should do so by no later than May 7, 2004 in order to receive them before the expiration of the exchange offer.***

The information relating to us contained in this prospectus does not purport to be complete and should be read together with the information contained in the documents incorporated or deemed to be incorporated by reference into this prospectus. Any statements made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded to the extent that a statement contained in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements about future events and expectations, or forward-looking statements, in this prospectus and the documents incorporated by reference into this prospectus. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as project, believe, anticipate, plan, expect, estimate, or intend, or similar expressions, w identify forward-looking statements. Examples of forward-looking statements include statements we make regarding future prospects of growth in the wireless communications and broadcast infrastructure markets, the level of future expenditures by companies in those markets, and other trends in those markets, our ability to maintain or increase our market share, our future capital expenditure levels, and our plans to fund our future liquidity needs. These statements are based on management s beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate.

You should keep in mind that any forward-looking statement made by us in this prospectus and the documents incorporated by reference into this prospectus speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other factors may cause our actual results to differ materially from those expressed in our forward-looking statements, including those factors set forth in this prospectus under Risk Factors. We have no duty to, and we do not intend to, update or revise forward-looking statements made by us in this prospectus and the documents incorporated by reference into this prospectus, except as required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statements made by us in this prospectus and the documents incorporated by reference into this prospectus or elsewhere might not occur.

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SUMMARY

This summary highlights selected information about us. This summary is not complete and may not contain all of the information that you should consider before deciding whether to participate in the exchange offer. The following information is qualified in its entirety by reference to the more detailed information and financial statements, including notes thereto appearing elsewhere or incorporated by reference herein. You should read this entire prospectus carefully, including Risk Factors, and the documents that we have filed with the SEC and incorporated by reference into this prospectus. Unless the context otherwise requires, references to we, us, our and American Tower are to American Tower Corporation and its consolidated subsidiaries collectively, unless it is clear from the context that we mean only American Tower Corporation, the parent company, or American Towers, Inc., the issuer, or the meaning is otherwise clear from the context. We sometimes refer to American Towers, Inc. as ATI.

The Issuer

The new notes will be issued by American Towers, Inc. (ATI), a wholly owned, direct subsidiary of American Tower Corporation. ATI also is the issuer of the old notes. ATI is the principal operating subsidiary of American Tower and owns the majority of our operating assets.

American Tower

Overview

We are a leading wireless and broadcast communications infrastructure company with a portfolio of approximately 15,000 towers. Our primary business is leasing antenna space on multi-tenant communications towers to wireless service providers and radio and television broadcast companies. We operate the largest independent portfolio of wireless communications and broadcast towers in North America, based on number of towers and revenue.

Our tower portfolio provides us with a recurring base of leasing revenues from our existing customers and growth potential due to the capacity to add more tenants and equipment to these towers. Our broad network of towers enables us to address the needs of wireless service providers on a national basis. We also offer select tower related services, such as antennae and line installation and site acquisition and zoning services, which are strategic to our leasing business.

We intend to capitalize on the continuing increase in the use of wireless communication services by actively marketing space available for leasing on our existing towers and selectively developing or acquiring new towers that meet our return on investment criteria.

Our core leasing business, which we refer to as our rental and management segment, accounted for approximately 98.4% and 96.6% of our segment operating profit for the years ended December 31, 2003 and December 31, 2002, respectively. In 2004, we expect that our rental and management segment will contribute approximately 98% of our segment operating profit which, we define as segment revenue less direct segment expense (rental and management segment operating profit includes interest income, TV Azteca, net).

An element of our strategy is to continue to focus our operations on our rental and management segment by divesting non-core assets and businesses, using the proceeds to purchase high quality tower assets, and reducing outstanding indebtedness. Between January 1, 2003 and March 5, 2004, we completed approximately

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$123.9 million of non-core asset sales and have or will use the net proceeds to acquire new tower assets and to repay outstanding indebtedness. We expect that we will generate approximately $10.0 million of additional net proceeds in 2004 from the sale of other non-core assets, and intend to reinvest these proceeds in tower assets.

The sales proceeds described above include proceeds from the disposition of our remaining non-core services businesses, including Flash Technologies, Galaxy Engineering and Kline Iron & Steel Co., Inc. (Kline). With the divestiture of Kline in March 2004, we have completed the transformation of our business to a focused tower leasing business with only limited services activities that directly support our core rental and management operations and the addition of new tenants on our towers.

We believe that our strategy of focusing operations on our rental and management segment will make our consolidated operating cash flows more stable, provide us with continuing growth and enhance our returns on invested capital because of the following characteristics of our core leasing business:

Long-term tenant leases with contractual escalators. In general, a lease with a wireless carrier has a duration of five to ten years and lease payments typically increase 3% to 5% per year.

Tower operating expenses are largely fixed. Incremental operating costs associated with adding wireless tenants to a tower are low.

Low maintenance capital expenditures. On average, a wireless tower requires minimal annual capital investments to maintain.

High lease renewal rates. Wireless carriers tend to renew leases because repositioning a site in a carrier s network is expensive and often affects several other sites in the wireless network.

Strategy

Our strategy is to capitalize on the continued increase in the use of wireless communication services and the infrastructure requirements necessary to deploy current and future generations of wireless communication technologies. Between December 2001 and June 2003, the number of wireless phone subscribers in the United States increased from 128.4 million to 148.1 million, representing an increase of approximately 15% and market penetration of approximately 51% at June 30, 2003. From December 2001 through June 2003, the number of cell sites (i.e., the number of antennae and related equipment in commercial operation, not the number of towers on which that equipment is located) also increased from 127,500 to 147,700. With respect to Mexico, the number of wireless phone subscribers increased from approximately 21.5 million at the end of 2001, to approximately 30.4 million at the end of 2003, representing an increase of approximately 41% and market penetration of approximately 30% at December 31, 2003. We expect that the continued growth of subscribers for wireless personal communications and phone services will require wireless carriers to add a significant number of additional cell sites to maintain the performance of their networks in the areas they currently cover and to extend service to areas where coverage does not yet exist. In addition, we believe that as data wireless services, such as email, internet access and video, are deployed on a widespread basis, the deployment of these technologies will require wireless carriers to further increase the cell density of their existing networks, may require an overlay of new technology equipment, and may increase the demand for geographic expansion of their network coverage. To meet this demand, we believe wireless carriers will continue to outsource their tower infrastructure needs as a means of improving existing service coverage, implementing new technology, accelerating access to their markets and preserving capital, rather than constructing and operating their own towers and maintaining their own tower service and development capabilities.

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We believe that our existing portfolio of towers, our tower related services and network development capabilities, and our management team, position us to benefit from these communication trends and to play an increasing role in addressing the needs of wireless service providers and broadcasters. The key elements of our strategy include:

Maximize Use of Our Tower Capacity. We believe that our highest returns will be achieved by leasing additional space on our existing towers. Annual rental and management revenue and segment operating profit growth during 2003 was approximately 14% and 24%, respectively. We anticipate that our revenues and segment operating profit will continue to grow because many of our towers are attractively located for wireless service providers and have capacity available for additional antenna space rental that we can offer to customers at low incremental costs to us. Because the costs of operating a tower are largely fixed, increasing utilization significantly improves operating margins. We will continue to target our sales and marketing activities to increase utilization of, and investment return on, our existing towers.

Actively Manage Our Tower Portfolio. We are actively managing our portfolio of towers by selling non-core towers and reinvesting a portion of the proceeds in high quality tower assets. In 2003, we sold over 300 non-core towers and redeployed a portion of the proceeds from these sales to the acquisition of 525 towers from NII Holdings in Mexico and Brazil. We also plan to pursue exchanges and sales of towers or tower clusters with tower operators and other entities. Our goal is to enhance operating efficiencies either by acquiring towers in regions where we have insufficient coverage or by disposing or exchanging towers in areas where we do not have operating economies of scale. If we are successful in disposing of certain tower assets, we may reinvest a portion of the proceeds received in tower assets that are expected to provide a greater return.

Employ Selective Criteria for New Tower Construction and Acquisitions. While our first priority is leasing capacity on our existing towers, we continue to construct and acquire new towers when our strict initial and long-term return on investment criteria can be met. These criteria include securing leases from customers in advance of construction, ensuring reasonable estimated construction costs and obtaining the land on which to build the tower, whether by purchase or ground lease, on reasonable terms.

Continue Our Focus on Customer Service and Processes. Because speed to market and reliable network performance are critical components to the success of wireless service providers, our ability to assist our customers in meeting their goals will ultimately define our success. To that end, we intend to continue to focus on customer service by, for example, reducing cycle time for key functions, such as lease processing and antennae and line installations. Accordingly, we have established a team dedicated to exploring and leveraging customer-driven process improvement capabilities. This establishes another connection point with our customers, sharing operational processes and outcomes, and provides us valuable input and relationship enhancing opportunities. We believe that this effort should enable us to improve revenue generation through improved speed, accuracy and quality.

Build On Our Strong Relationships with Major Wireless Carriers. Our understanding of the network needs of our wireless carrier customers and our ability to convey effectively how we can satisfy those needs are key to our efforts to add new antennae leases, cross-sell our services and identify desirable new tower development projects. We are building on our strong relationships with our customers to gain more familiarity with their evolving network plans so we can identify opportunities where our nationwide portfolio of towers, extensive service offerings and experienced construction personnel can be used to satisfy their needs. We believe that we are well positioned to be a preferred partner to major wireless carriers in leasing tower space and new tower development projects because of the location of our towers, our proven operating and construction experience and the national scope of our tower portfolio and services.

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Participation in Industry Consolidation. We believe there are benefits to consolidation among tower companies. More extensive networks will be better positioned to provide more comprehensive service to customers and to support the infrastructure requirements of future generations of wireless communication technologies. Combining with one or more other tower companies also should result in improvements in cost structure efficiencies, with a corresponding positive impact on operating results. These benefits should, in turn, enhance access to capital and accelerate the de-levering process. Accordingly, we continue to be interested in participating in the consolidation of our industry on terms that are consistent with these perceived benefits and that create long-term value for our stockholders.

Our principal executive offices are located at 116 Huntington Avenue, Boston, Massachusetts 02116, and our telephone number is (617) 375-7500. Our website address is www.americantower.com. We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this prospectus.

The Exchange Offer

All capitalized terms used, but not defined in, this section shall have the respective meanings set forth under Description of Notes beginning on page 31 of this prospectus.

Summary of Terms of the Exchange Offer

Background	We sold the old notes on November 18, 2003 in an unregistered private placement to a group of investment banks as initial purchasers. In connection with that private placement, we entered into a registration rights agreement in which we agreed to deliver this prospectus to you and to make an exchange offer for the old notes.
The Exchange Offer	We are offering to exchange up to $400.0 million aggregate principal amount of our new notes, which have been registered under the Securities Act, for up to $400.0 million aggregate principal amount of our old notes. You may tender old notes only in integral multiples of $1,000 principal amount.
Resale of New Notes	Based on interpretive letters of the SEC staff to third parties, we believe that you may resell and transfer the new notes issued pursuant to the exchange offer in exchange for old notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if: you are acquiring the new notes in the ordinary course of your business, you have no arrangement or understanding with any person to participate in the distribution of the new notes, and you are not our affiliate as defined under Rule 405 of the Securities Act. If you fail to satisfy any of these conditions, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes. Broker-dealers that acquired old notes directly from us, but not as a result of market-making activities or other trading activities, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes. See Plan of Distribution on page 86 of this prospectus. Each broker-dealer that receives new notes for its own account pursuant to the exchange offer in exchange for old notes that it acquired as a result of market-making or other trading activities must deliver a prospectus in connection with any resale of the new notes and provide us with a signed acknowledgement of this obligation.
Consequences If You Do Not Exchange Your Old Notes	Old notes that are not tendered in the exchange offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to offer or sell the old notes unless: an exemption from the requirements of the Securities Act is available to you,

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we register the resale of old notes under the Securities Act, or

the transaction requires neither an exemption from nor registration under the requirements of the Securities Act.

After the completion of the exchange offer, we will no longer have an obligation to register the old notes, except in limited circumstances.

Expiration Date

5:00 p.m., New York City time, on May 17, 2004, unless we extend the exchange offer.

Conditions to the Exchange Offer

The exchange offer is subject to limited, customary conditions, which we may waive.

Procedures for Tendering Old Notes

If you wish to accept the exchange offer, you must deliver to the exchange agent:

either a completed and signed letter of transmittal or, for old notes tendered electronically, an agent s message from The Depository Trust Company, which we refer to as DTC, Euroclear or Clearstream stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer,

your old notes, either by tendering them in physical form or by timely confirmation of book-entry transfer through DTC, Euroclear or Clearstream, and

all other documents required by the letter of transmittal.

These actions must be completed before the expiration of the exchange offer.

If you hold old notes through DTC, Euroclear or Clearstream, you must comply with their standard procedures for electronic tenders, by which you will agree to be bound by the letter of transmittal.

By signing, or by agreeing to be bound by, the letter of transmittal, you will be representing to us that:

you will be acquiring the new notes in the ordinary course of your business,

you have no arrangement or understanding with any person to participate in the distribution of the new notes, and

you are not our affiliate as defined under Rule 405 of the Securities Act.

See The Exchange Offer Procedures for Tendering on page 26 of this prospectus.

Guaranteed Delivery Procedures for Tendering Old Notes

If you cannot meet the expiration deadline or you cannot deliver your old notes, the letter of transmittal or any other documentation to comply with the applicable procedures under DTC, Euroclear or Clearstream standard operating procedures for electronic tenders in a timely fashion, you may tender your notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures on page 28 of this prospectus.

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Special Procedures for Beneficial Holders	If you beneficially own old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the exchange offer, you should contact that registered holder promptly and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either arrange to have the old notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.
Withdrawal Rights	You may withdraw your tender of old notes at any time before the exchange offer expires.
Tax Consequences	The exchange pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See Certain United States Federal Income Tax Consequences on page 81 of this prospectus.
Use of Proceeds	We will not receive any proceeds from the exchange or the issuance of the new notes.
Exchange Agent	The Bank of New York is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under Exchange Agent on page 87 of this prospectus.

Summary Description of the New Notes

The form and terms of the new notes are the same as the form and terms of the old notes, except that:

- the new notes will be registered under the Securities Act and therefore will not bear legends restricting their transfer, and

- specified rights under the registration rights agreement, including the provisions providing for registration rights and the payment of additional interest in specified circumstances, will be limited or eliminated.

The new notes will evidence the same debt as the old notes and will rank equally with the old notes. The same indenture will govern both the old notes and the new notes. We refer to the old notes and the new notes together as the notes.

Issuer	American Towers, Inc., a Delaware corporation (ATI).
New Notes Offered	$400,000,000 principal amount of 7.25% Senior Subordinated Notes due 2011.
Maturity Date	December 1, 2011.
Interest Payments	7.25% per annum, payable on June 1 and December 1 of each year, beginning June 1, 2004.
Ranking	The notes are general, unsecured obligations of ATI and will rank junior in right of payment to all of its existing and future senior indebtedness and structurally senior in right of payment to all existing and future indebtedness of its parent.

As of December 31, 2003, after giving effect to the as adjusted transactions described under Capitalization on page 22 of this prospectus, the notes would rank:

- *pari passu* with approximately $468.4 million of ATI s outstanding 12.25% senior subordinated discount notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million);

- subordinate to approximately $0.7 billion of indebtedness under the credit facilities and other senior indebtedness of ATI and certain non-guarantor subsidiaries; and

- structurally senior to approximately $1.7 billion of indebtedness of American Tower Corporation.

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Guarantees	The notes are jointly and severally guaranteed on a senior subordinated basis by certain of ATI s sister companies, which are wholly owned by ATI s parent, and substantially all of ATI s and the sister companies wholly owned domestic subsidiaries (together, the Group Guarantors) and by ATI s parent corporation, American Tower Corporation.
	As of December 31, 2003, after giving effect to the as adjusted transactions described under Capitalization on page 22 of this prospectus, the guarantees of the Group Guarantors of the notes would rank:
	pari passu with their guarantees of approximately $468.4 million of ATI s outstanding 12.25% senior subordinated discount notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million);
	subordinate to approximately $0.7 billion of indebtedness under the credit facilities and other senior indebtedness of ATI and certain non-guarantor subsidiaries; and
	structurally senior to approximately $1.7 billion of indebtedness of American Tower Corporation.
	The guarantee of American Tower Corporation of the notes would rank:
	pari passu to its guarantee of approximately $468.4 million of ATI s outstanding 12.25% senior subordinated discount notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million); and
	subordinate to approximately $1.7 billion of indebtedness of American Tower Corporation, its guarantee of approximately $0.7 billion under the credit facilities and other senior indebtedness of ATI and certain non-guarantor subsidiaries.
Optional Redemption	We may redeem any of the notes at any time on or after December 1, 2007, in whole or in part, in cash at the redemption prices described in this prospectus.
	We may also redeem up to 35% of the original principal amount of the Notes at any time prior to December 1, 2006 at a price equal to 107.25% of the principal amount of the notes plus accrued and unpaid interest thereon and additional interest, if any, with the net cash proceeds of certain public equity offerings within 60 days after the closing of any such offering.
	See Description of Notes Optional Redemption on page 36 of this prospectus.
Change of Control Offer	If we undergo a change of control, we may be required to make an offer to purchase each holder s notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, up to but excluding the repurchase date.

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Certain Covenants	The indenture governing the notes contains covenants that, among other things, limit the ability of ATI, ATI s restricted subsidiaries, American Tower International, Inc. and American Tower LLC (which, together with American Tower International, Inc., we refer to as the sister guarantors) and their respective restricted subsidiaries to: incur or guarantee additional indebtedness; create liens; pay dividends or make other equity distributions; enter into agreements restricting the restricted subsidiaries ability to pay dividends; purchase or redeem capital stock; make investments; sell assets or consolidate or merge with or into other companies; and engage in transactions with affiliates. These limitations are subject to a number of important qualifications and exceptions. See Description of Notes Certain Covenants on page 40 of this prospectus.

Risk Factors

See Risk Factors immediately following this summary for a discussion of risks relating to your participation in the exchange offer and an investment in the notes.

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AMERICAN TOWER CORPORATION

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected historical consolidated financial data is derived from American Tower Corporation s historical audited consolidated financial statements. You should read the selected financial data in conjunction with American Tower Corporation s Management s Discussion and Analysis of Financial Condition and Results of Operations, and the audited consolidated financial statements and related notes to those consolidated financial statements included in American Tower Corporation s 2003 Annual Report on Form 10-K, which is incorporated by reference herein. Year-to-year comparisons are significantly affected by our acquisitions, dispositions and construction of towers.

	Year Ended December 31,				
	1999	2000	2001	2002	2003
	(In thousands, except per share data)				
Statements of Operations Data:					
Revenues:					
Rental and management	$ 131,245	$ 269,282	$ 431,051	$ 544,906	$ 619,697
Network development services	67,039	158,201	223,926	130,176	95,447
Total operating revenues	198,284	427,483	654,977	675,082	715,144
Operating expenses:					
Rental and management	60,915	135,891	209,923	226,786	222,724
Network development services	55,217	140,758	199,568	118,591	88,943
Depreciation and amortization(1)	116,242	236,334	334,917	312,866	313,465
Corporate general, administrative and development expense	10,542	29,378	34,310	30,229	26,867
Impairments, net loss on sale of long-lived assets and restructuring expense			79,496	101,372	31,656
Total operating expenses	242,916	542,361	858,214	789,844	683,655
Operating (loss) income from continuing operations	(44,632)	(114,878)	(203,237)	(114,762)	31,489
Interest income, TV Azteca, net	1,856	12,679	14,377	13,938	14,222
Interest income	17,850	15,948	28,372	3,496	5,255
Interest expense	(27,274)	(151,702)	(267,199)	(254,446)	(279,875)
Loss on retirement of long-term obligations		(24,198)	(26,336)	(8,869)	(46,197)
Income (loss) from investments and other expense	74	(2,465)	(38,795)	(25,559)	(29,819)
Minority interest in net earnings of subsidiaries	(142)	(202)	(318)	(2,118)	(3,703)
Loss from continuing operations before income taxes	(52,268)	(264,818)	(493,136)	(388,320)	(308,628)
Income tax benefit	4,479	72,795	102,032	67,783	66,137
Loss from continuing operations before cumulative effect of change in accounting principle	$ (47,789)	$ (192,023)	$ (391,104)	$ (320,537)	$ (242,491)
Basic and diluted loss per common share from continuing operations before cumulative effect of change in accounting principle(2)	$ (0.32)	$ (1.14)	$ (2.04)	$ (1.64)	$ (1.17)
Weighted average common shares outstanding(2)	149,749	168,715	191,586	195,454	208,098

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	Year Ended December 31,				
	1999	2000	2001	2002	2003
	(In thousands)				
Other Data:					
Capital expenditures	$ 272,670	$ 541,347	$ 568,158	$ 180,497	$ 61,608
Cash provided by (used for) operating activities	71,192	(37,174)	26,070	105,149	156,386
Cash used for investing activities	(1,112,277)	(1,999,214)	(1,445,303)	(115,257)	(56,010)
Cash provided by (used for) financing activities	880,122	2,093,214	1,373,153	101,442	(122,203)
Ratio of earnings to fixed charges(3)					
Towers operated at end of period	5,100	11,000	14,500	14,600	14,800

	Year Ended December 31,				
	1999	2000	2001	2002	2003
	(In thousands)				
Balance Sheet Data:					
Cash and cash equivalents (including restricted cash and investments)(4)	$ 25,212	$ 128,074	$ 130,029	$ 127,292	$ 275,501
Property and equipment, net	1,092,346	2,296,670	3,287,573	2,694,999	2,546,525
Total assets	3,018,866	5,660,679	6,829,723	5,662,203	5,332,488
Long-term debt, including current portion	740,822	2,468,223	3,561,960	3,448,514	3,361,225
Net debt(5)	715,610	2,340,149	3,431,931	3,321,222	3,085,724
Total stockholders equity	2,145,083	2,877,030	2,869,196	1,740,323	1,711,547

(1) As of January 1, 2002, we adopted the provisions of SFAS No. 142 Goodwill and Other Intangible Assets (SFAS No. 142). Accordingly, we ceased amortizing goodwill on January 1, 2002. The statements of operations for all periods presented, except for the years ended December 31, 2002 and 2003, include goodwill amortization. The adoption of SFAS No. 142 reduced amortization expense in continuing operations by approximately $67.6 million for the years ended December 31, 2003 and 2002.

(2) We computed basic and diluted loss per common share from continuing operations before cumulative effect of change in accounting principle using the weighted average number of shares outstanding during each period presented. We have excluded shares issuable upon exercise of options and other common stock equivalents from these computations, as their effect is anti-dilutive.

(3) For purposes of calculating this ratio, earnings consists of loss from continuing operations before income taxes, fixed charges (excluding interest capitalized), minority interest in net earnings of subsidiaries, losses from equity investments and amortization of interest capitalized. Fixed charges consist of interest expensed and capitalized, amortization of debt discount and related issuance costs and the component of rental expense associated with operating leases believed by management to be representative of the interest factor thereon. We had a deficiency in earnings to fixed charges in each period as follows (in thousands): 1999 $55,299; 2000 $272,783; 2001 $497,488; 2002 $380,745 and 2003 $301,202.

(4) Includes, at December 31, 2003, approximately $170.0 million of restricted funds to be held in escrow to pay, repurchase, redeem or retire certain of our outstanding debt. Any balance remaining on June 30, 2004 from the January 2003 12.25% senior subordinated discount notes offering must be used to prepay a portion of the term loans under our credit facilities. Includes, at December 31, 2001 and 2000, approximately $94.1 million and $46.0 million, respectively, of restricted funds required under our credit facilities to be held in escrow through August 2002 to fund scheduled interest payments on our outstanding senior and convertible notes.

(5) Net debt represents long-term debt, including current portion, less cash and cash equivalents (including restricted cash and investments).

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RISK FACTORS

You should consider the following risk factors, in addition to the other information presented in this prospectus and the documents incorporated by reference into this prospectus, in evaluating us, our business and your participation in the exchange offer. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Any of these risks could seriously harm our business and financial results and cause the value of the notes to decline, which in turn could cause you to lose all or part of your investment.

Risks Related to the Exchange Offer

If you fail to exchange your old notes, they will continue to be restricted securities and may become less liquid.

Old notes that you do not tender or that we do not accept will, following the exchange offer, continue to be restricted securities. You may not offer or sell untendered old notes except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. ATI will issue new notes in exchange for the old notes pursuant to the exchange offer only following the satisfaction of procedures and conditions described elsewhere in this prospectus. These procedures and conditions include timely receipt by the exchange agent of the old notes and of a properly completed and duly executed letter of transmittal.

Because we anticipate that most holders of old notes will elect to exchange their old notes, we expect that the liquidity of the market for any old notes remaining after the completion of the exchange offer may be substantially limited. Any old note tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the old notes outstanding. Following the exchange offer, if you did not tender your old notes you generally will not have any further registration rights and your old notes will continue to be subject to transfer restrictions. Accordingly, the liquidity of the market for any old notes could be adversely affected.

Risks Related to the Notes

Substantial leverage and debt service obligations may adversely affect us.

We have a substantial amount of indebtedness. As of December 31, 2003, we had approximately $3.4 billion of consolidated debt. Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to our indebtedness. Approximately 21% of our outstanding indebtedness bears interest at floating rates. As a result, our interest payment obligations on such indebtedness will increase if interest rates increase.

Our substantial leverage could have significant negative consequences on our financial condition and results of operations, including:

impairing our ability to meet one or more of the financial ratios contained in our debt agreements or to generate cash sufficient to pay interest or principal, including periodic principal amortization payments, which events could result in an acceleration of some or all of our outstanding debt as a result of cross-default provisions;

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional debt or equity financing;

requiring the dedication of a substantial portion of our cash flow from operations to service our debt, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures;

requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;

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limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete; and

placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

Restrictive covenants in our credit facilities and indentures could adversely affect our business by limiting flexibility.

Our credit facilities and the indentures governing the terms of our other debt securities contain restrictive covenants and, in the case of the credit facilities, requirements that we comply with certain leverage and other financial tests. These limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness, issuing preferred stock, engaging in various types of transactions, including mergers and sales of assets, and paying dividends and making distributions or other restricted payments, including investments. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, merger and acquisition or other opportunities.

Your right to receive payments on the notes is junior to the existing and future senior indebtedness of ATI.

The notes are subordinated in right of payment to all of ATI s existing and future senior indebtedness. As of December 31, 2003, after giving effect to the voluntary prepayment of $21.0 million of Term Loan A under the credit facilities, the notes would have been subordinated to approximately $0.7 billion of indebtedness of ATI and certain non-guarantor subsidiaries and *pari passu* with approximately $468.4 million of ATI s outstanding 12.25% senior subordinated discount notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million). In addition, the guarantees of the notes are subordinated to all existing and future senior indebtedness of the guarantors. As a result, upon any distribution to ATI s creditors or the creditors of the guarantors in a bankruptcy, liquidation or reorganization or similar proceeding relating to ATI or the guarantors of our or their property, the holders of ATI s senior debt and the senior debt of the guarantors will be entitled to be paid in full before any payment may be made with respect to the notes or the guarantees.

In addition, all payments on the notes and the guarantees are blocked in the event of a payment default on senior debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on senior debt.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to ATI or the guarantors, holders of the notes will participate with trade creditors and all other holders of ATI s and the guarantors subordinated indebtedness in the assets remaining after ATI and the subsidiary guarantors have paid all of ATI s and their respective senior debt. However, because the indenture requires that amounts otherwise payable to holders of the notes in a bankruptcy or similar proceeding be paid to holders of senior debt instead, holders of the notes may receive less, ratably, than holders of trade payables in those proceedings. In any of these cases, ATI and the subsidiary guarantors may not have sufficient funds to pay all of ATI s and their respective creditors and holders of notes may receive less, ratably, than the holders of senior debt.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

The notes are guaranteed by ATI s parent, the sister guarantors and substantially all of ATI s and the sister guarantors wholly owned, domestic subsidiaries. Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

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- was insolvent or rendered insolvent by reason of such incurrence; or
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each guarantor, after giving effect to its guarantee of these notes, will not be insolvent, will not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

There may be no public market for the new notes, which may significantly impair the liquidity of the new notes.

Prior to the exchange and issuance of the new notes, there has been no public market for the new notes and we cannot assure you as to:

- the liquidity of any market that may develop;
- your ability to sell your new notes; or
- the price at which you would be able to sell your new notes.

If a market were to exist for the new notes, the new notes could trade at prices that may be lower than the principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance. We do not presently intend to apply for listing of the new notes on any securities exchange.

The initial purchasers in the November 2003 private placement of the old notes in which ATI issued the old notes have advised us that they presently intend to make a market in the new notes. The initial purchasers are not obligated, however, to make a market in these securities, and they may discontinue any such market-making at any time at their sole discretion. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the development or liquidity of any market for the new notes.

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Restrictive covenants in our credit facilities and indentures could adversely affect our business by limiting flexibility.

Our credit facilities and the indentures for our 9 $^{3}/8$% senior notes, the 12.25% senior subordinated discount notes, 7.25% senior subordinated notes and 7.50% senior notes contain restrictive covenants and, in the case of the credit facilities, requirements that we comply with certain leverage and other financial tests. These limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness, issuing preferred stock, engaging in various types of transactions, including mergers and sales of assets, and paying dividends and making distributions or other restricted payments, including investments. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, merger and acquisition or other opportunities.

We may be unable to repay the notes when due or repurchase the notes when we are required to do so.

At final maturity of the notes or in the event of acceleration of the notes following an event of default, the entire outstanding principal amount of the notes will become due and payable. Upon the occurrence of a change in control (as described herein), we will be required to offer to repurchase all outstanding notes, as well as the 12.25% senior subordinated discount notes, at 101% of the principal amount (or accreted value) of the notes plus accrued and unpaid interest and additional interest, if any, to the date of repurchase. We have similar repurchase obligations under our other outstanding indebtedness. However, it is possible that we will not have sufficient funds at maturity, upon acceleration or at the time of the change in control to make the required repurchase of notes.

Moreover, the credit facilities prohibit us from redeeming or repurchasing any of the notes for cash. As a result, we would not be able to make any of the required payments on the notes described in the prior paragraph without obtaining the consent of the lenders under the credit facilities with respect to such payment. If we are unable to make the required payments or repurchases of the notes, it would constitute an event of default under the notes offered hereby and, as a result, under the credit facilities.

Risks Related to Our Business

Decrease in demand for tower space would materially and adversely affect our operating results and we cannot control that demand.

Many of the factors affecting the demand for wireless communications tower space, and to a lesser extent our network development services business, could materially affect our operating results. Those factors include:

- consumer demand for wireless services;
- the financial condition of wireless service providers;
- the ability and willingness of wireless service providers to maintain or increase their capital expenditures;

the growth rate of wireless communications or of a particular wireless segment;

governmental licensing of broadcast rights;

mergers or consolidations among wireless service providers;

increased use of network sharing arrangements or roaming and resale arrangements by wireless service providers;

delays or changes in the deployment of 3G or other technologies;

zoning, environmental, health and other government regulations; and

technological changes.

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The demand for broadcast antenna space is dependent, to a significantly lesser extent, on the needs of television and radio broadcasters. Among other things, technological advances, including the development of satellite-delivered radio, may reduce the need for tower-based broadcast transmission. We could also be affected adversely should the development of digital television be further delayed or impaired, or if demand for it were less than anticipated because of delays, disappointing technical performance or cost to the consumer.

Our participation or inability to participate in tower industry consolidation could involve certain risks.

We believe there are benefits to consolidation among tower companies, and have in the past and may in the future explore merger or acquisition transactions with one or more other companies in our industry. Any merger or acquisition transaction would involve several risks to our business, including demands on managerial personnel that could divert their attention from other aspects of our core leasing business, increased operating risks due to the integration of major national networks into our operational system, and potential antitrust constraints, either in local markets or on a regional basis, that could require selective divestitures at unfavorable prices. Any completed transaction may have an adverse effect on our operating results, particularly in the fiscal quarters immediately following its completion while we integrate the operations of the other business. In addition, once integrated, combined operations may not necessarily achieve the levels of revenues, profitability or productivity anticipated. There also may be limitations on our ability to consummate a merger or acquisition transaction. For example, any transaction would have to comply with the terms of our credit facilities and note indentures, or may require the consent of lenders under those instruments that might be required that might not be obtainable on acceptable terms. In addition, regulatory constraints might impede or prevent business combinations. Our inability to consummate a merger or acquisition for these or other reasons could result in our failure to participate in the expected benefits of industry consolidation and may have an adverse effect on our ability to compete effectively.

If our wireless service provider customers consolidate or merge with each other to a significant degree, our growth, revenue and ability to generate positive cash flows could be adversely affected.

Significant consolidation among our wireless service provider customers, such as the recently announced transaction between Cingular Wireless and AT&T Wireless, may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. Similar consequences might occur if wireless service providers engage in extensive sharing or roaming or resale arrangements as an alternative to leasing our antennae space. In January 2003, the Federal Communications Commission (FCC) eliminated its spectrum cap, which prohibited wireless carriers from owning more than 45 MHz of spectrum in any given geographical area. The FCC has also eliminated the cross-interest rule for metropolitan areas, which limited an entity s ability to own interests in multiple cellular licenses in an overlapping geographical service area. Also, in May 2003, the FCC adopted new rules authorizing wireless radio services holding exclusive licenses to freely lease unused spectrum. Some wireless carriers may be encouraged to consolidate with each other as a result of these regulatory changes as a means to strengthen their financial condition. Consolidation among wireless carriers would also increase our risk that the loss of one or more of our major customers could materially decrease revenues and cash flows.

Due to the long-term expectations of revenue from tenant leases, the tower industry is sensitive to the creditworthiness of its tenants.

Due to the long-term nature of our tenant leases, we, like others in the tower industry, are dependent on the continued financial strength of our tenants. Many wireless service providers operate with substantial leverage. During the past two years, several of our customers have filed for bankruptcy, although to date these bankruptcies have not had a material adverse effect on our business or revenues. In addition, Iusacell Celular, which is our largest customer in Mexico and accounted for approximately 4.7% of our total revenues for the year ended December 31, 2003 and approximately 3.7% for the year ended December 31, 2002, is currently in default under its debt obligations. If one or more of our major customers experience financial difficulties or if Iusacell Celular files for bankruptcy, it could result in uncollectible accounts receivable and our loss of significant customers and anticipated lease revenues.

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Our foreign operations are subject to expropriation risk, governmental regulation, funds inaccessibility and foreign exchange exposure.

Our expansion in Mexico and Brazil, and any other possible foreign operations in the future, could result in adverse financial consequences and operational problems not experienced in the United States. We have loaned $119.8 million (undiscounted) to a Mexican company, own or have the economic rights to over 1,800 towers in Mexico, including approximately 200 broadcast towers (after giving effect to pending transactions) and, subject to certain rejection rights, are contractually committed to construct up to approximately 400 additional towers in that country over the next three years. We also own or have acquired the rights to approximately 425 communications towers in Brazil and are, subject to certain rejection rights, contractually committed to construct up to 350 additional towers in that country over the next three years. The actual number of sites constructed will vary depending on the build out plans of the applicable carrier. We may, if economic and capital market conditions permit, also engage in comparable transactions in other countries in the future. Among the risks of foreign operations are governmental expropriation and regulation, the credit quality of our customers, inability to repatriate earnings or other funds, currency fluctuations, difficulty in recruiting trained personnel, and language and cultural differences, all of which could adversely affect our operations.

A substantial portion of our revenues is derived from a small number of customers.

A substantial portion of our total operating revenues is derived from a small number of customers. Approximately 61.5% of our revenues for the year ended December 31, 2003 were derived from eight customers. Our largest domestic customer is Verizon Wireless, which represented approximately 12.3% of our total revenues for the year ended December 31, 2003. If the recently announced transaction between Cingular Wireless and AT&T Wireless had occurred as of January 1, 2003, however, the combined revenues would have represented approximately 15.0% of our total revenues for the year ended December 31, 2003. Our largest international customer is a group of companies affiliated with Azteca Holdings, S.A. de C.V., including TV Azteca, Unefon and (due to its acquisition in 2003 of Iusacell by Movil Access, an affiliate of Azteca Holdings) Iusacell Celular. Iusacell Celular, Unefon and their affiliates collectively represented approximately 7.5% of our total revenues for the year ended December 31, 2003. In addition, we received $14.2 million in interest income, net, for the year ended December 31, 2003 from TV Azteca. If any of these customers were unwilling or unable to perform their obligations under our agreements with them, our revenues, results of operations, and financial condition could be adversely affected.

In the ordinary course of our business, we also sometimes experience disputes with our customers, generally regarding the interpretation of terms in our agreements. Although historically we have resolved most of these disputes in a manner that did not have a material adverse effect on our company or our customer relationships, these disputes could lead to a termination of our agreements with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on our business, results of operations and financial condition. If we are forced to resolve any of these disputes through litigation, our relationship with the applicable customer could be terminated or damaged, which could lead to decreased revenues or increased costs, resulting in a corresponding adverse effect on our operating results.

New technologies could make our tower antenna leasing services less desirable to potential tenants and result in decreasing revenues.

The development and implementation of new technologies designed to enhance the efficiency of wireless networks could reduce the use and need for tower-based wireless services transmission and reception and have the effect of decreasing demand for antenna space. Examples of such technologies include technologies that enhance spectral capacity, such as lower-rate vocoders, which can increase the capacity at existing sites and reduce the number of additional sites a given carrier needs to serve any given subscriber base. In addition, the emergence of new technologies could reduce the need for tower-based broadcast services transmission and reception. For example, the growth in delivery of video services by direct broadcast satellites could adversely affect demand for our antenna space. The development and implementation of any of these and similar technologies to any significant degree could have an adverse effect on our operations.

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We could have liability under environmental laws.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various federal, state and local and foreign environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. As owner, lessee or operator of approximately 15,000 real estate sites, we may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials, without regard to whether we, as the owner, lessee or operator, knew of or were responsible for the contamination. In addition, we cannot assure you that we are at all times in complete compliance with all environmental requirements. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The current cost of complying with these laws is not material to our financial condition or results of operations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to government regulations and changes in current or future laws or regulations could restrict our ability to operate our business as we currently do.

We are subject to federal, state, local and foreign regulation of our business, including regulation by the Federal Aviation Administration (FAA), the FCC, the Environmental Protection Agency, the Department of Transportation and the Occupational Safety and Health Administration. Both the FCC and the FAA regulate towers used for wireless communications and radio and television antennae and the FCC separately regulates transmitting devices operating on towers. Similar regulations exist in Mexico, Brazil and other foreign countries regarding wireless communications and the operation of communications towers. Local zoning authorities and community organizations are often opposed to construction in their communities and these regulations can delay, prevent or increase the cost of new tower construction, collocations or site upgrade projects, thereby limiting our ability to respond to customer demand. Existing regulatory policies may adversely affect the timing or cost of new tower construction and locations and additional regulations may be adopted that increase delays or result in additional costs to us or that prevent or restrict new tower construction in certain locations. These factors could adversely affect our operations.

Increasing competition in the tower industry may create pricing pressures that may adversely affect us.

Our industry is highly competitive, and our customers have numerous alternatives for leasing antenna space. Some of our competitors are larger and have greater financial resources than we do, while other competitors are in weak financial condition or may have lower return on investment criteria than we do. Competitive pricing pressures for tenants on towers from these competitors could adversely affect our lease rates and services income.

In addition, if we lose customers due to pricing, we may not be able to find new customers, leading to an accompanying adverse effect on our profitability. Increasing competition could also make the acquisition of high quality tower assets more costly.

Our competition includes:

- national tower companies;

wireless carriers that own towers and lease antenna space to other carriers;

site development companies that purchase antenna space on existing towers for wireless carriers and manage new tower construction; and

alternative site structures (e.g., building rooftops, billboards and utility poles).

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Our costs could increase and our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated.

Public perception of possible health risks associated with cellular and other wireless communications media could slow the growth of wireless companies, which could in turn slow our growth. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of tower sites. The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years. To date, the results of these studies have been inconclusive.

If a connection between radio frequency emissions and possible negative health effects, including cancer, were established, or if the public perception that such a connection exists were to increase, our operations, costs and revenues would be materially and adversely affected. We do not maintain any significant insurance with respect to these matters.

The bankruptcy proceeding of our Verestar subsidiary exposes us to risks and uncertainties.

Our wholly owned subsidiary, Verestar, Inc., filed for protection under Chapter 11 of the federal bankruptcy laws on December 22, 2003. Verestar was reported as a discontinued operation in December 2002 for financial statement purposes, and, as of the date of the bankruptcy filing, was deconsolidated for financial statement purposes.

If Verestar fails to honor certain of its contractual obligations because of its bankruptcy filing or otherwise, claims may be made against us for breaches by Verestar of those contracts as to which we are primarily or secondarily liable as a guarantor, which we do not expect will exceed $10.0 million. In addition, Verestar s bankruptcy estate may bring certain claims against us or seek to hold us liable for certain transfers made by Verestar to us and/or for Verestar s obligations to creditors under various equitable theories recognized under bankruptcy law. The outcome of complex litigation (including those claims which may be asserted against us by Verestar s bankruptcy estate) cannot be predicted with certainty and is dependent upon many factors beyond our control. Finally, we will incur additional costs in connection with out involvement in the reorganization or liquidation of Verestar s business.

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USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive old notes from you in like principal amount. The old notes surrendered in exchange for the new notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the new notes will not result in any change in our indebtedness.

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CAPITALIZATION

The following table shows our capitalization as of December 31, 2003:

- on a historical basis; and
- on an as adjusted basis, giving effect to American Tower Corporation s issuance of 7.50% senior notes, the redemption of all of its outstanding 6.25% convertible notes, repurchases of an aggregate of $51.2 million of its 5.0% convertible notes and the voluntary prepayment of $21.0 million of Term Loan A under the credit facilities, each occurring after December 31, 2003.

You should read the capitalization table below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements incorporated by reference herein.

	December 31, 2003	
	Historical	As Adjusted
	(In thousands)	
Cash and cash equivalents	$ 105,465	$ 84,465
Restricted cash and investments	170,036	123,528
Total cash and cash equivalents and restricted cash and investments	$ 275,501	$ 207,993
Long-term debt, including current portion:		
Credit facilities(1)	$ 704,716	$ 683,716
9 3/8% senior notes	1,000,000	1,000,000
7.50% senior notes		225,000
Convertible notes, net of discount(2)	772,199	508,232
12.25% senior subordinated discount notes, net of discount(3)	424,152	424,152
7.25% senior subordinated notes	400,000	400,000
Other long-term debt	60,158	60,158
Total long-term debt	$ 3,361,225	$ 3,301,258
Stockholders equity:		
Common stock(4)	$ 2,201	$ 2,201
Additional paid-in capital	3,910,879	3,910,879
Accumulated deficit	(2,190,447)	(2,195,657)
Accumulated other comprehensive loss		
Notes receivable	(6,720)	(6,720)
Treasury stock	(4,366)	(4,366)
Total stockholders equity	1,711,547	1,706,337
Total capitalization	$ 5,072,772	$ 5,007,595

(1) Borrowings, as adjusted, under our credit facilities include:

Term Loan A $368.5 million,

Term Loan C $267.0 million, and

Revolving Credit Facility $48.2 million.

In January 2004, we refinanced our Term Loan B with a new Term Loan C. See Description of Other Indebtedness.

(2) As of December 31, 2003, as adjusted, American Tower Corporation had outstanding the following principal amounts of convertible notes:

$0.1 million in accreted value of 2.25% convertible notes, which are convertible into shares of our Class A common stock at a conversion price of $24.00 per share.

$298.2 million principal amount of 5.0% convertible notes, which are convertible into shares of our Class A common stock at a conversion price of $51.50 per share, and

$210.0 million principal amount of 3.25% convertible notes, which are convertible into shares of our Class A common stock at a conversion price of $12.22 per share.

(3) Consists of $468.4 million of outstanding debt ($424.2 million in accreted value, net of $44.2 million allocated to the fair value of warrants reflected as a discount to the notes). The discount notes and warrants were originally issued together as 808,000 units, each consisting of a 12.25% senior subordinated discount note having a principal amount of $1,000 at maturity and a warrant to purchase 14.0953 shares of American Tower Corporation s Class A common stock. See Description of Other Indebtedness.

(4) Consists of common stock, par value $.01 per share 560,000,000 shares authorized; 219,904,880 shares outstanding.

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THE EXCHANGE OFFER

Purpose and Effect of Exchange Offer

We sold the old notes on November 18, 2003 in an unregistered private placement to a group of investment banks as the initial purchasers. As part of that offering, we entered into a registration rights agreement with the initial purchasers. Under the registration rights agreement, we agreed to file this registration statement to offer to exchange the old notes for new notes in an offering registered under the Securities Act. This exchange offering satisfies that obligation. We also agreed to perform other obligations under that registration rights agreement. See Description of the Notes Registration Rights; Additional Interest.

By participating in the exchange offer, holders of the old notes will receive new notes that are freely tradable and not subject to restrictions on transfer, subject to the exceptions described under Resale of New Notes immediately below. In addition, holders of new notes generally will not be entitled to additional interest.

Resale of New Notes

We believe that the new notes issued in exchange for the old notes may be offered for resale, resold and otherwise transferred by any new note holder without compliance with the registration and prospectus delivery provisions of the Securities Act if the conditions set forth below are met. We base this belief solely on interpretations of the federal securities laws by the SEC set forth in several no-action letters issued to third parties unrelated to us. A no-action letter is a letter from the SEC responding to a request for its views as to whether a particular matter complies with the federal securities laws or whether the SEC would refer the matter to the SEC s enforcement division for action. We have not obtained, and do not intend to obtain, our own no-action letter from the SEC regarding the resale of the new notes. Instead, holders will be relying on the no-action letters that the SEC has issued to third parties in circumstances that we believe are similar to ours. Based on these no-action letters, the following conditions must be met:

- the holder must acquire the new notes in the ordinary course of its business,
- the holder must have no arrangements or understanding with any person to participate in the distribution of the new notes within the meaning of the Securities Act, and
- the holder must not be an affiliate, as defined in Rule 405 of the Securities Act, of ours.

Each holder of old notes that wishes to exchange old notes for new notes in the exchange offer must represent to us that it satisfies all of above listed conditions. Any holder who tenders in the exchange offer who does not satisfy all of the above listed conditions:

- cannot rely on the position of the SEC set forth in the no-action letters referred to above, and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes.

The SEC considers broker-dealers that acquired old notes directly from us, but not as a result of market-making activities or other trading activities, to be making a distribution of the new notes if they participate in the exchange offer. Consequently, these holders must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes.

Each broker-dealer that receives new notes for its own account in exchange for old notes acquired by that broker-dealer as a result of market-making activities or other trading activities must deliver a prospectus in connection with a resale of the new notes and provide us with a signed acknowledgement of this obligation. A broker-dealer may use this prospectus, as amended or supplemented from time to time, in connection with resales of new notes received in exchange for old notes where the broker-dealer acquired the old notes as a result of market-making activities or other trading activities. The letter of transmittal states that by acknowledging and delivering a prospectus, a broker-dealer will not be considered to admit that it is an underwriter within the meaning of the

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Securities Act. We have agreed that for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to broker-dealers for use in connection with any resale of the new notes.

Except as described in the prior paragraph, holders may not use this prospectus for an offer to resell, a resale or other retransfer of new notes. We are not making this exchange offer to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of that jurisdiction.

Terms of the Exchange

Upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, which we refer to together in this prospectus as the exchange offer, we will accept any and all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The date of acceptance for exchange of the old notes, and completion of the exchange offer, is the exchange date, which will be the first business day following the expiration date, unless extended as described in this prospectus. We will issue, on or promptly after the exchange date, an aggregate principal amount of up to $400.0 million of new notes for a like principal amount of outstanding old notes tendered and accepted in connection with the exchange offer. The new notes issued in connection with the exchange offer will be delivered as soon as practicable following the exchange date. Holders may tender some or all of their old notes in connection with the exchange offer, but only in integral multiples of $1,000. The exchange offer is not conditioned upon any minimum amount of old notes being tendered for exchange.

The terms of the new notes are identical in all material respects to the terms of the old notes, except that:

- we have registered the new notes under the Securities Act and therefore these notes will not bear legends restricting their transfer, and

- specified rights under the registration rights agreement, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offer, will be limited or eliminated.

The new notes will evidence the same debt as the old notes. The new notes will be issued under the same indenture and entitled to the same benefits under that indenture as the old notes being exchanged. As of the date of this prospectus, $400.0 million in aggregate principal amount of the old notes were outstanding. Old notes accepted for exchange will be retired and cancelled and not reissued.

In connection with the issuance of the old notes, we arranged for the old notes originally purchased by qualified institutional buyers to be issued and transferable in book-entry form through the facilities of DTC, acting as depositary. Except as described under Book-Entry Transfer, we will issue the new notes in the form of a global note registered in the name of DTC or its nominee, and each beneficial owner s interest in it will be transferable in book-entry form through DTC.

Holders of old notes do not have any appraisal or dissenters rights in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC.

We will be considered to have accepted validly tendered old notes if and when we have given oral or written notice to that effect to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

If we do not accept any tendered old notes for exchange because of an invalid tender, the occurrence of the other events described in this prospectus or otherwise, we will return these old notes, without expense, to the tendering holder as quickly as possible after the expiration date of the exchange offer.

Holders who tender old notes will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes on exchange of old notes in connection with the exchange

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offer. We will pay all charges and expenses, other than the applicable taxes described in the section Fees and Expenses, in connection with the exchange offer.

If we successfully complete the exchange offer, any old notes which holders do not tender or which we do not accept in the exchange offer will remain outstanding and continue to accrue interest. The holders of old notes after the exchange offer in general will not have further rights under the registration rights agreement, including registration rights and any rights to additional interest. Holders wishing to transfer the old notes would have to rely on exemptions from the registration requirements of the Securities Act.

Expiration Date; Extensions; Amendments

The expiration date for the exchange offer is 5:00 p.m., New York City time, on May 17, 2004. We may extend this expiration date in our sole discretion, but in no event to a date later than May 27, 2004, unless otherwise required by applicable law. If we so extend the expiration date, the term expiration date shall mean the latest date and time to which we extend the exchange offer.

We reserve the right, in our sole discretion:

- to delay accepting any old notes,
- to extend the exchange offer,
- to terminate the exchange offer if, in our sole judgment, any of the conditions described below shall not have been satisfied, or
- to amend the terms of the exchange offer in any manner.

We will give oral or written notice of any delay, extension or termination to the exchange agent. In addition, we will give, as promptly as practicable, oral or written notice regarding any delay in acceptance, extension or termination of the offer to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, or if we waive a material condition, we will promptly disclose the amendment or waiver in a manner reasonably calculated to inform the holders of old notes of the amendment, and extend the offer if required by law.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination, amendment or waiver regarding the exchange offer, we shall have no obligation to publish, advertise, or otherwise communicate any public announcement, other than by making a timely release to a financial news service.

Interest on the New Notes

Interest on the new notes will accrue at the rate of 7.25% per annum on the principal amount, payable semiannually on June 1 and December 1, beginning June 1, 2004. Interest on the new notes will accrue from the date of issuance of the old notes or the date of the last periodic payment of interest on such old notes, whichever is later.

Conditions to the Exchange Offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange new notes for, any old notes and we may terminate the exchange offer as provided in this prospectus before the acceptance of the old notes, if:

the exchange offer, or the making of any exchange by a holder, violates, in our good faith determination, any applicable law, rule or regulation or any applicable interpretation of the staff of the SEC,

any action or proceeding shall have been instituted or threatened with respect to the exchange offer which, in our reasonable judgment, would impair our ability to proceed with the exchange offer, or

we have not obtained any governmental approval which we, in our sole discretion, exercised reasonably, consider necessary for the completion of the exchange offer as contemplated by this prospectus.

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The conditions listed above are for our sole benefit and we may assert them regardless of the circumstances giving rise to any of these conditions. We may waive these conditions in our sole discretion in whole or in part at any time. A failure on our part to exercise any of the above rights shall not constitute a waiver of that right, and that right shall be considered an ongoing right which we may assert at any time and from time to time.

If we determine in our sole discretion, exercised reasonably, that any of the events listed above has occurred, we may, subject to applicable law:

- refuse to accept any old notes and return all tendered old notes to the tendering holders,
- extend the exchange offer and retain all old notes tendered before the expiration of the exchange offer, subject, however, to the rights of holders to withdraw these old notes, or
- waive unsatisfied conditions relating to the exchange offer and accept all properly tendered old notes that have not been withdrawn.

Any determination by us concerning the above events will be final and binding.

In addition, we reserve the right in our sole discretion, exercised reasonably, to:

- purchase or make offers for any old notes that remain outstanding subsequent to the expiration date, and
- to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions or otherwise.

The terms of any purchases or offers may differ from the terms of the exchange offer. Those purchases would require the consent of the lenders under our credit facilities.

Procedures for Tendering

Except in limited circumstances, only a Euroclear participant, Clearstream participant or DTC participant listed on a DTC securities position listing with respect to the old notes may tender old notes in the exchange offer. To tender old notes in the exchange offer:

- holders of old notes that are DTC participants may follow the procedures for book-entry transfer as set forth under Book-Entry Transfer and in the letter of transmittal; or

Euroclear participants and Clearstream participants on behalf of the beneficial owners of old notes are required to use book-entry transfer pursuant to the standard operating procedures of Euroclear or Clearstream. These procedures include the transmission of a computer-generated message to Euroclear or Clearstream in lieu of a letter of transmittal. See the description of agent s message under Book-Entry Transfer.

In addition, you must comply with one of the following:

the exchange agent must receive, before expiration of the exchange offer, a timely confirmation of book-entry transfer of old notes into the exchange agent s account at DTC, Euroclear or Clearstream according to their respective standard operating procedures for electronic tenders and a properly transmitted agent s message as described below, or

the exchange agent must receive any corresponding certificate or certificates representing old notes along with the letter of transmittal, or

the holder must comply with the guaranteed delivery procedures described below.

The tender by a holder of old notes will constitute an agreement between the holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. If less than all the old notes held by a holder are tendered, the tendering holder should fill in the amount of old notes being tendered in the specified box on the letter of transmittal. The entire amount of old notes delivered or transferred to the exchange agent will be deemed to have been tendered unless otherwise indicated.

The method of delivery of old notes, the letter of transmittal and all other required documents or transmission of an agent s message, as described under Book-Entry Transfer, to the exchange agent is at the election and risk of the holder. Instead of delivery by mail, we recommend that holders use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery to the exchange agent prior to the expiration of the exchange offer. No letter of transmittal or old notes should be sent to us, DTC, Euroclear or Clearstream. Delivery of documents to DTC, Euroclear or Clearstream in accordance with their respective procedures will not constitute delivery to the exchange agent.

Any beneficial holder whose old notes are registered in the name of his or its broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the beneficial holder s behalf. If any beneficial holder wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its old notes, either:

- make appropriate arrangements to register ownership of the old notes in its name, or
- obtain a properly completed bond power from the registered holder.

The transfer of record ownership may take considerable time and may not be completed prior to the expiration date.

Signatures on a letter of transmittal or a notice of withdrawal, as described in Withdrawal of Tenders, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution , within the meaning of Rule 17Ad-15 under the Exchange Act, which we refer to in this prospectus as an eligible institution , unless the old notes are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any old notes listed therein, the old notes must be endorsed or accompanied by appropriate bond powers which authorize the person to tender the old notes on behalf of the registered holder, in either case signed as the name of the registered holder or holders appears on the old notes. If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

We will determine in our sole discretion, exercised reasonably, all questions as to the validity, form, eligibility, including time of receipt, and acceptance and withdrawal of tendered old notes. We reserve the absolute right to reasonably reject any and all old notes not properly tendered or any old notes whose acceptance by us would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to any particular old notes either before or after the expiration date. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, holders must cure any defects or irregularities in connection with tenders of old notes within a period we will determine. Although we intend to request the exchange agent to notify holders of defects or irregularities relating to tenders of old notes, neither we, the exchange agent nor any other person will have any duty or incur any liability for failure to give this notification. We will not consider tenders of old notes to have been made until these defects or irregularities have been cured or waived. The exchange agent will return any old notes that are not properly tendered and as to which the defects or irregularities have not been cured or waived to the tendering holders, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right, as set forth under the caption Conditions to the Exchange Offer, to terminate the exchange offer.

By tendering, each holder represents to us, among other things, that:

- the holder acquired new notes pursuant to the exchange offer in the ordinary course of its business,
- the holder has no arrangement or understanding with any person to participate in the distribution of the new notes within the meaning of the Securities Act, and
- the holder is not our affiliate, as defined in Rule 405 under the Securities Act.

If the holder is a broker-dealer that will receive new notes for its own account in exchange for old notes acquired by the broker-dealer as a result of market-making activities or other trading activities, the holder must acknowledge that it will deliver a prospectus in connection with any resale of the new notes.

Book-Entry Transfer

We understand that the exchange agent will make a request promptly after the date of this prospectus to establish accounts with respect to the old notes at DTC, Euroclear and Clearstream for the purpose of facilitating the exchange offer. Any financial institution that is a participant in DTC s system may make book-entry delivery of old notes by causing DTC to transfer the old notes into the exchange agent s DTC account in accordance with DTC s Automated Tender Offer Program procedures for the transfer. Any participant in Euroclear or Clearstream may make book-entry delivery of old notes by causing Euroclear or Clearstream to transfer the old notes into the exchange agent s account in accordance with established Euroclear or Clearstream procedures for transfer. The exchange of new notes for tendered old notes will only be made after a timely confirmation of a book-entry transfer of the old notes into the exchange agent s account and timely receipt by the exchange agent of an agent s message.

The term agent s message means a message, transmitted by DTC, Euroclear or Clearstream, and received by the exchange agent and forming part of the confirmation of a book-entry transfer, which states that DTC, Euroclear or Clearstream has received an express acknowledgment from a participant tendering old notes that the participant has received an appropriate letter of transmittal and agrees to be bound by the terms of the letter of transmittal, and that we may enforce the agreement against the participant. Delivery of an agent s message will also constitute an acknowledgment from the tendering DTC, Euroclear or Clearstream participant that the representations contained in the letter of transmittal and described under Resale of New Notes are true and correct.

Guaranteed Delivery Procedures

The following guaranteed delivery procedures are intended for holders who wish to tender their old notes but:

- their old notes are not immediately available,
- the holders cannot deliver their old notes, the letter of transmittal, or any other required documents to the exchange agent prior to the expiration date, or
- the holders cannot complete the procedure under the respective DTC, Euroclear or Clearstream standard operating procedures for electronic tenders before expiration of the exchange offer.

The conditions that must be met to tender old notes through the guaranteed delivery procedures are as follows:

- the tender must be made through an eligible institution,

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before expiration of the exchange offer, the exchange agent must receive from the eligible institution either a properly completed and duly executed notice of guaranteed delivery in the form accompanying this prospectus, by facsimile transmission, mail or hand delivery, or a properly transmitted agent s message in lieu of notice of guaranteed delivery:

setting forth the name and address of the holder, the certificate number or numbers of the old notes tendered and the principal amount of old notes tendered;

stating that the tender offer is being made by guaranteed delivery; and

guaranteeing that, within three New York Stock Exchange trading days after expiration of the exchange offer, the letter of transmittal, or facsimile of the letter of transmittal, together with the old notes tendered or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

the exchange agent must receive the properly completed and executed letter of transmittal, or facsimile of the letter of transmittal, as well as all tendered old notes in proper form for transfer or a book-entry confirmation, and any other documents required by the letter of transmittal, within three New York Stock Exchange trading days after expiration of the exchange offer.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their old notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Your tender of old notes pursuant to the exchange offer is irrevocable except as otherwise provided in this section. You may withdraw tenders of old notes at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective:

the exchange agent must receive a written notice, which may be by facsimile transmission or letter, of withdrawal at the address set forth below under Exchange Agent, or

for DTC, Euroclear or Clearstream participants, holders must comply with their respective standard operating procedures for electronic tenders and the exchange agent must receive an electronic notice of withdrawal from DTC, Euroclear or Clearstream.

Any notice of withdrawal must:

specify the name of the person who tendered the old notes to be withdrawn,

- identify the old notes to be withdrawn, including the certificate number or numbers and principal amount of the old notes to be withdrawn,

- be signed by the person who tendered the old notes in the same manner as the original signature on the letter of transmittal, including any required signature guarantees, and

- specify the name in which the old notes are to be re-registered, if different from that of the withdrawing holder.

If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC, Euroclear or Clearstream to be credited with the withdrawn old notes and otherwise comply with the procedures of the applicable facility. We will determine in our sole discretion, exercised reasonably, all questions as to the validity, form and eligibility, including time of receipt, for the withdrawal notices, and our determination will be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no new notes will be issued with respect to them unless the old notes so withdrawn are validly retendered. Any old notes

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which have been tendered but which are not accepted for exchange will be returned to the holder without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be re-tendered by following the procedures described under Procedures for Tendering at any time prior to the expiration date.

Fees and Expenses

We will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and its related reasonable out-of-pocket expenses, including accounting and legal fees. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus, letters of transmittal and related documents to the beneficial owners of the old notes and in handling or forwarding tenders for exchange.

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes. If, however:

- new notes are to be delivered to, or issued in the name of, any person other than the registered holder of the old notes tendered, or
- tendered old notes are registered in the name of any person other than the person signing the letter of transmittal, or
- a transfer tax is imposed for any reason other than the exchange of old notes in connection with the exchange offer,

then the tendering holder must pay the amount of any transfer taxes due, whether imposed on the registered holder or any other persons. If the tendering holder does not submit satisfactory evidence of payment of these taxes or exemption from them with the letter of transmittal, the amount of these transfer taxes will be billed directly to the tendering holder.

Consequences of Failures to Properly Tender Old Notes in the Exchange

We will issue the new notes in exchange for old notes under the exchange offer only after timely receipt by the exchange agent of the old notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, holders of the old notes desiring to tender old notes in exchange for new notes should allow sufficient time to ensure timely delivery. We are under no duty to give notification of defects or irregularities of tenders of old notes for exchange. Old notes that are not tendered or that are tendered but not accepted by us will, following completion of the exchange offer, continue to be subject to the existing restrictions upon transfer under the Securities Act. Upon completion of the exchange offer, specified rights under the registration rights agreement, including registration rights and any right to additional interest, will be either limited or eliminated.

Participation in the exchange offer is voluntary. In the event the exchange offer is completed, we will not be required to register the remaining old notes. Remaining old notes will continue to be subject to the following restrictions on transfer:

holders may resell old notes only if we register the old notes under the Securities Act, if an exemption from registration is available, or if the transaction requires neither registration under nor an exemption from the requirements of the Securities Act, and

the remaining old notes will bear a legend restricting transfer in the absence of registration or an exemption.

We do not currently anticipate that we will register the remaining old notes under the Securities Act. To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading market for remaining old notes could be adversely affected.

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DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading Certain Definitions on page 58 of this prospectus. In this description, the references to Issuer, we, us, or our refer only to American Towers, Inc. and not to any of its Affiliates. References to Pare refer to American Tower Corporation and not to any of its Affiliates.

We issued the old notes, and will issue the new notes, under an indenture among us, the Guarantors and The Bank of New York, as trustee, in a transaction that is not subject to the registration requirements of the Securities Act. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The new notes and the old notes will be identical in all material respects, except that the new notes will be registered under the Securities Act and be free of any obligation regarding registration and will not be entitled to any additional interest. Accordingly, unless specifically stated to the contrary, the following description applies equally to the old notes and the new notes.

The following description is a summary of the material provisions of the indenture and the registration rights agreement relating to the notes. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement relating to the notes because they, and not this description, define your rights as Holders of the notes. Copies of the indenture and the registration rights agreement are available as set forth under Where You Can Find More Information. We use certain defined terms in this description that are not defined below under Certain Definitions or elsewhere in this description; these terms have the meanings assigned to them in the indenture. The Parent is a guarantor of the notes, but the Parent and certain of its subsidiaries are generally not subject to the covenants in the indenture for the notes.

General

The notes:

- are our general unsecured obligations;
- are subordinated in right of payment to all our existing and future Senior Debt;
- are *pari passu* in right of payment with all of our existing and future senior subordinated Indebtedness including our outstanding 12.25% Senior Subordinated Discount Notes; and
- are unconditionally guaranteed by the Guarantors on a senior subordinated basis.

The notes are guaranteed by:

- all of our Wholly Owned Domestic Restricted Subsidiaries;

American Tower International, Inc. and American Tower LLC (the Sister Guarantors);

all of the Wholly Owned Domestic Restricted Subsidiaries of the Sister Guarantors; and

the Parent.

Each guarantee of the notes:

is a general unsecured obligation of the Guarantor;

is subordinated in right of payment to all existing and future Senior Debt of that Guarantor; and

is *pari passu* in right of payment with all existing and future senior subordinated Indebtedness of that Guarantor, including its guarantee of our 12.25% Senior Subordinated Discount Notes.

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Payments on the notes will be subordinated to the payment of Senior Debt of the Issuer and payments on the guarantees will be subordinated to the payment of Senior Debt of the relevant Guarantor. See Subordination below. The indenture will permit the Issuer and the Guarantors to incur additional Senior Debt subject to the limitations described herein.

As of December 31, 2003, after giving effect to the as adjusted transactions described under Capitalization, the notes would rank:

- *pari passu* with approximately $468.4 million of the Issuer s outstanding 12.25% Senior Subordinated Discount Notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million);
- subordinate to approximately $0.7 billion of indebtedness under the credit facilities and other senior indebtedness of the Issuer and certain non-guarantor subsidiaries; and
- structurally senior to approximately $1.7 billion of indebtedness of the Parent.

As of December 31, 2003, after giving effect to the as adjusted transactions described under Capitalization, the guarantees of the Group Guarantors of the notes would rank:

- *pari passu* with their guarantees of approximately $468.4 million of the Issuer s outstanding 12.25% Senior Subordinated Discount Notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million);
- subordinate to approximately $0.7 billion of indebtedness under the credit facilities and other senior indebtedness of the Issuer and certain non-guarantor subsidiaries; and
- structurally senior to approximately $1.7 billion of indebtedness of the Parent.

The guarantee of the Parent of the notes would rank:

- *pari passu* to its guarantee of approximately $468.4 million of the Issuer s outstanding 12.25% senior subordinated discount notes ($424.2 million in accreted value, net of the allocated fair value of warrants of $44.2 million); and
- subordinate to approximately $1.7 billion of indebtedness of the Parent, its guarantee of approximately $0.7 billion under the credit facilities and other senior indebtedness of the Issuer and certain non-guarantor subsidiaries.

All of the Subsidiaries of the Issuer other than ATS-Needham LLC, Haysville Towers, LLC, ATC Realty Holding, Inc., ATC Connecticut, Inc., ATC Westwood, Inc., ATC Presidential Way, Inc., 10 Presidential Way Associates, LLC, Unisite/OmniPoint FL Tower Venture, LLC, Unisite/OmniPoint NE Tower Venture, LLC and Unisite/OmniPoint PA Tower Venture, LLC will be Restricted Subsidiaries and all of the Subsidiaries of the Sister Guarantors are Restricted Subsidiaries notwithstanding the fact that such Subsidiaries are not Subsidiaries of the Issuer. However, under the circumstances described below under the subheading Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, each of the Issuer and the Sister Guarantors will be permitted to designate certain of its Subsidiaries as Unrestricted Subsidiaries in addition to the Unrestricted Subsidiaries of the Issuer listed above. The Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture and will not guarantee the notes.

Certain of the operations of the Issuer and the Sister Guarantors are conducted through their Subsidiaries and, therefore, each of the Issuer and the Sister Guarantors relies on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the notes or the guarantees, as the case may be. Any right of the Issuer and the Sister Guarantors to receive assets of any of their Subsidiaries upon the liquidation or reorganization of the Subsidiaries, and the consequent right of the Holders of the notes to participate in those assets, will be effectively subordinated to the claims of that Subsidiary s creditors, except to the extent that the

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Issuer or the Sister Guarantor, as the case may be, is itself recognized as a creditor of such Subsidiary. If the Issuer or the Sister Guarantor, as the case may be, is recognized as a creditor of such Subsidiary, the claims of the Issuer or the Sister Guarantor, as the case may be, would still be subordinate in right of payment to any security interest in the assets of that Subsidiary and any indebtedness of that Subsidiary senior to that held by the Issuer or the Sister Guarantor, as the case may be. The Issuer and the Sister Guarantors have pledged to the lenders under the Credit Agreement the shares of their Subsidiaries and any indebtedness of those Subsidiaries owed to the Issuer or the Sister Guarantor, as the case may be.

Subject to the limitations set forth under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, the Issuer may, without the consent of the holders of the notes, issue up to $100 million aggregate principal amount of additional notes having the same ranking and guarantees and the same interest rate, maturity and other terms as the notes. Any of these additional notes, along with the notes offered hereby and any notes issued in exchange for such notes, will constitute a single series of notes under the indenture. No additional notes may be issued if an Event of Default has occurred with respect to the notes.

Principal, Maturity and Interest

The Issuer issued the old notes with an aggregate principal amount of $400.0 million on November 18, 2003 in denominations of $1,000 and integral multiples of $1,000. The old notes and the new notes will mature on December 1, 2011.

The notes will accrue interest at a rate of 7.25% per annum from the date of issuance of the notes, or from the most recent interest payment date to which interest has been paid or duly provided for, and accrued and unpaid interest will be payable semi-annually in arrears on June 1 and December 1 of each year, which we refer to as interest payment dates, beginning June 1, 2004. Interest will be paid to the person in whose name a note is registered at the close of business on the May 15 or November 15, which we refer to as the record dates, immediately preceding the relevant interest payment date. Each payment of interest on the notes will include interest accrued through the day before the applicable interest payment date. Any payment required to be made on any day that is not a business day will be made on the next succeeding business day as if made on the date that the payment was due and no interest will accrue on that payment for the period from the original payment date to the date of that payment on the next succeeding business day. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The trustee will initially act as paying agent and registrar. The Issuer may change the paying agent or registrar without prior notice to the Holders of the notes, and the Issuer or any of its Subsidiaries may act as paying agent or registrar. You may present the notes for conversion, registration of transfer and exchange, without service charge, at the office of our paying agent and registrar, in New York, and at the corporate trust office of the trustee in New York.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. The Issuer is not required to transfer or exchange any note selected for redemption or any note tendered for repurchase. Also, the Issuer is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed or for a period of 15 days before a record date for the payment of interest.

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Note Guarantees

The notes are guaranteed by the Parent, all of the Wholly Owned Domestic Restricted Subsidiaries of the Issuer, the Sister Guarantors and all of the Wholly Owned Domestic Restricted Subsidiaries of the Sister Guarantors. The guarantees are joint and several obligations of the Guarantors. Each guarantee is subordinated to the prior payment in full of all Senior Debt of that Guarantor. The obligations of each Guarantor under its guarantee will be limited as necessary to prevent that guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Federal and State statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

A Group Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Issuer or another Group Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

-

-

286,803

-

-

-

-

	-
	286,803
Options issued for services in January 2008, vested during 2008, valued at $0.60/share	
	-
	-
	30,750
	-
	-
	-
	-
	-
	30,750
Options issued for services in July 2008, vested during 2008, valued at $1.48/share	
	-

-

114,519

-

-

-

-

-

114,519

Options issued for services in August 2008, vested during 2008, valued at $1.36/share

-

-

525,263

-

-

-

-

-

525,263

Options issued for services in November 2008, vested during 2008, valued at $0.50/share

-

-

6,439

-

-

-

-

-

6,439

Warrants issued for future services in March 2008, vested through September 2008, valued at $0.83/share

-

-

332,000

-

(332,000)

-

-

-

-

Warrants issued for services in May 2008, vested through September 2008, valued at $1.63/share

-

-

976,193

-

-

-

-

-

976,193

Amortization of deferred charges

-

-

-

-

431,337

-

	-
	-
	431,337
Receivable for the issuance of common stock	
	-
	-
	-
	(12,500)
	-
	-
	-
	-
	(12,500)
Realized loss reclassification	

-

-

-

-

-

58,610

-

-

58,610

Net loss for the year ending December 31, 2008

-

-

-

-
-
-
-
(4,340,607)
(4,340,607)

BALANCE AT DECEMBER 31, 2008

35,911,156

$

35,911

$

14,196,060

$

(12,500)

$

(55,330)

$

-

$

(15,827)

$

(13,941,776)

$

206,538

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

STATEMENT OF STOCKHOLDERS EQUITY

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

SEPTEMBER 30, 2011 (CONTINUED)

(UNAUDITED)

	Number of Shares	Common Stock	Paid-in Capital	Subscription Receivable/ Receivable for Issuance of Common Stock	Deferred Charges	Unrealized Loss on Securities	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
BALANCE AT DECEMBER 31, 2008	35,911,156	$ 35,911	$ 14,196,060	$ (12,500)	$ (55,330)	$ -	$ (15,827)	$ (13,941,776)	$ 206,538
Rights to purchase shares issued in January 2009, vested during 2009, valued at $0.33/share	-	-	132,058	-	-	-	-	-	132,058
Common stock issued for services in January 2009, valued at $0.58/share	100,000	100	57,900	-	-	-	-	-	58,000
Common stock issued for services &	100,000	100	24,900	-	-	-	-	-	25,000

settlement for accounts payable January 2009 valued at $0.25/share									
Exercise of purchase right agreement in January 2009 at $0.25/share	180,550	181	44,957	-	-	-	-	-	45,138
Exercise of warrants at $0.25/share, pursuant to November 2008 adjusted stock offering	1,279,336	1,279	318,555			-			319,834
Exercise of warrants at $0.001/share	400,000	400	-	-	-	-	-	-	400
Exercise of warrants at $1.00/share	355,000	355	354,645			-			355,000
Options issued for services in November 2007, vested during 2009, valued at $0.60/share	-	-	199,234	-	-	-	-	-	199,234
Options issued for services in January 2008, vested during 2009, valued at $0.60/share	-	-	13,583	-	-	-	-	-	13,583
Options issued for services in July 2008, vested during 2009, valued at $1.48/share	-	-	67,838	-	-	-	-	-	67,838
Options issued for services in August 2008, vested during	-	-	623,246	-	-	-	-	-	623,246

2009, valued at $1.36/share									
Options issued for services in November 2008, vested during 2009, valued at $0.50/share	-	-	61,346	-	-	-	-	-	61,346
Options issued for services in January 2009, vested during 2009, valued at $0.53/share	-	-	13,136	-	-	-	-	-	13,136
Options issued for services in February 2009, vested during 2009, valued at $0.38/share	-	-	9,583	-	-	-	-	-	9,583
Options issued for services in June 2009, vested during 2009, valued at $0.85/share	-	-	21,085	-	-	-	-	-	21,085
Warrants issued for services in June 2009, vested during 2009, valued at $0.85/share	-	-	177,881	-	-	-	-	-	177,881
Contribution of accrued payroll in February 2009	-	-	52,129	-	-	-	-	-	52,129
Amortization of deferred charges	-	-	-	-	55,330	-	-	-	55,330
Payment for the issuance of common stock	-	-	-	12,500	-	-	-	-	12,500

Common stock issued for services in June 2009, valued at $0.34/share	116,000	116	39,884	-	-	-	-	-	40,000
Common stock issued for services & settlement for accounts payable June 2009 valued at $0.34/share	145,000	145	49,855	-	-	-	-	-	50,000
Common stock issued in private placement during June 2009 at $0.34/share	2,479,500	2,480	852,520	-	-	-	-	-	855,000
Common stock issued for services in July 2009, valued at $0.75/share	100,000	100	74,900	-	-	-	-	-	75,000
Net loss for the year ending December 31, 2009	-	-	-	-	-	-	-	(2,721,871)	(2,721,871)
BALANCE AT December 31, 2009	41,166,542	41,167	17,385,295	-	-	- -	(15,827)	(16,663,647)	746,988
Options issued for services in November 2007, vested during 2010, valued at $0.60/share	-	-	174,866	-	-		-	-	174,866
Options issued for services in January 2008, vested during 2010, valued	-	-	14,873	-	-	-	-	-	14,873

at $0.60/share									
Options issued for services in July 2008, vested during 2010, valued at $1.48/share	-	-	74,061	-	-	-	-	-	74,061
Options issued for services in August 2008, vested during 2010, valued at $1.36/share	-	-	643,812	-	-	-	-	-	643,812
Options issued for services in November 2008, vested during 2010, valued at $0.50/share	-	-	31,478	-	-	-	-	-	31,478
Warrants issued for services in June 2009, vested during 2010, valued at $0.85/share	-	-	213,459	-	-	-	-	-	213,459
Warrants issued for services in January 2010, vested during 2010, valued at $1.83/share			580,167			-			580,167
Warrants issued for services in March 2010, vested during 2010, valued at $1.86/share	-	-	214,063	-	-	-	-	-	214,063
Options issued for services in August 2010, vested during 2010, valued at $1.31/share	-	-	27,434	-	-	-	-	-	27,434

Options issued for services in December 2010, vested during 2010, valued at $1.14/share	-	-	286,002	-	-	-	-	-	286,002
Exercise of warrants at $0.25/share	947,200	947	235,853	-	-	-	-	-	236,800
Exercise of options at $0.25/share	15,000	15	3,735	-	-	-	-	-	3,750
Exercise of warrants at $0.345/share	10,000	10	3,440	-	-	-	-	-	3,450
Exercise of warrants at $0.50/share	25,000	25	12,475	-	-	-	-	-	12,500
Exercise of warrants at $1.00/share	282,500	283	282,218	-	-	-	-	-	282,500
Common stock issued in private placement during 2010 at $1.00/share	1,500,000	1,500	1,498,500	-	-	-	-	-	1,500,000
Common stock issued for services in August 2010, valued at $1.25/share	4,800	4	5,996	-	-	-	-	-	6,000
Common stock issued for services in November 2010, valued at $0.93/share	5,000	5	4,645	-	-	-	-	-	4,650
Common stock issued for services in December 2010, valued at $01.20/share	10,000	10	11,990	-	-	-	-	-	12,000
Net loss for the year ending	-	-	-	-	-	-	-	-	(3,713,232)

December 31, 2010									
BALANCE AT DECEMBER 31, 2010	43,966,042	$ 43,966	$ 21,704,361	$ -	$ -	$ -	$ (15,827)	$ (20,376,879)	$ 1,355,621

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

SEPTEMBER 30, 2011 (CONTINUED)

(UNAUDITED)

	Number of Shares	Common Stock	Paid-in Capital	Subscription Receivable/ Receivable for Issuance of Common Stock	Deferred Charges	Unrealized Loss on Securities	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
BALANCE AT DECEMBER 31, 2010	43,966,042	$ 43,966	$ 21,704,361	$ -	$ -	$ -	$ (15,827)	$ (20,376,879)	$ 1,355,621
Common stock issued for services in March 2011, valued at $1.45/share	10,000	10	14,490	-	-	-	-	-	14,500
Options issued for services in January 2008, vested during 2011, valued at $0.60/share	-	-	285	-	-	-	-	-	285
Options issued for services in July 2008, vested during 2011, valued at	-	-	39,829	-	-	-	-	-	39,829

$1.48/share									
Options issued for services in August 2008, vested during 2011, valued at $1.36/share	-	-	383,881	-	-	-	-	-	383,881
Options issued for services in November 2008, vested during 2011, valued at $0.50/share	-	-	23,544	-	-	-	-	-	23,544
Warrants issued for services in January 2010, vested during 2011, valued at $1.83/share	-	-	222,140	-	-	-	-	-	222,140
Warrants issued for services in March 2010, vested during 2011, valued at $1.86/share	-	-	64,983	-	-	-	-	-	64,983
Options issued for services in August 2010, vested during 2011, valued at $1.31/share	-	-	48,951	-	-	-	-	-	48,951
Options issued for services in December 2010, vested during 2011, valued at $1.14/share	-	-	190,698	-	-	-	-	-	190,698
Warrants issued for services in January 2011, vested during 2011, valued at $1.05/share	-	-	36,585	-	-	-	-	-	36,585
Warrants issued for services in April 2011, vested during 2011, valued at $0.98/share	-	-	82,365	-	-	-	-	-	82,365
Options issued for services in	-	-	67,508	-	-	-	-	-	67,508

May 2011, vested during 2011, valued at $0.97/share									
Options issued for services in August 2011, vested during 2011, valued at $0.82/share	-	-	6,859	-	-	-	-	-	6,859
Common stock issued for commitment shares, valued at $1.08/share	150,830	151	162,746	-	-	-	-	-	162,896
Common stock issued to institutional investor, valued at $1.08/share	185,185	185	199,815	-	-	-	-	-	200,000
Common stock issued for additional commitment shares, valued at $1.15/share	3,017	3	3,467	-	-	-	-	-	3,470
Common stock issued for services in June 2011, valued at $1.04/share	10,000	10	10,390	-	-	-	-	-	10,400
Common stock issued in private placement during 2011 at $1.00/share	675,000	675	674,325	-	-	-	-	-	675,000
Common stock issued for services in September 2011, valued at $1.45/share	10,000	10	14,490	-	-	-	-	-	14,500
Common stock issued for services in May 2011 through August 2011, valued at $0.90/share to $1.25/share	2,018	2	2,161	-	-	-	-	-	2,163
	-	-	-	-	-	-	-	(2,706,085)	(2,706,085)

Net loss for the nine months ending September 30, 2011									
BALANCE AT SEPTEMBER 30, 2011 (UNAUDITED)	45,012,092	$ 45,012	$ 23,953,872	$ -	$ -	$ -	$ (15,827)	$ (23,082,964)	$ 900,093

See accompanying notes to these financial statements.

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LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOW

FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2011 AND 2010 AND

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

SEPTEMBER 30, 2011

(UNAUDITED)

	Cumulative Since Inception	For the Nine Months Ending September 30, 2011	For the Nine Months Ending September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (23,082,964)	$ (2,706,085)	$ (2,689,197)
Adjustment to reconcile net loss to net cash used in operating activities			
Amortization of deferred charges	4,392,456	-	-
Amortization of prepaid expenses	75,000	-	37,500
Warrants issued for services	3,654,079	406,073	809,130
Stock options issued for services	4,852,293	761,555	731,552
Common stock issued for services and fees	1,323,871	207,929	6,000
Purchase right agreement amortization	132,058	-	-
Depreciation and amortization of patents	134,174	26,141	22,607
Realized gain on investments	(3,911)	-	-
Realized gain on disposal of assets	(637)	-	-
(Increase) decrease in assets			
Receivables	(30,461)	-	-
Prepaid expenses and other current assets	(68,217)	5,972	(5,234)
Increase (decrease) in liabilities			
Accounts payable	276,816	87,441	(1,430)
Accounts payable - related party	27,607	17,847	(27)
Accrued expenses	55,124	18,717	1,650
Net cash used in operating activities	(8,262,712)	(1,174,410)	(1,087,449)

CASH FLOWS FROM INVESTING ACTIVITIES			
Cost of intangibles	(427,516)	(81,507)	(54,272)
Proceeds from sale of available for sale securities	203,911	-	-
Proceeds from receipt of note receivable	100,000	-	-
Purchase of available for sale securities	(200,000)	-	-
Purchase of equipment, furniture and leasehold improvements	(179,372)	(11,021)	(15,334)
Net cash used in investing activities	(502,977)	(92,528)	(69,606)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock, private placement	7,170,524	675,000	625,000
Common stock rescinded, private placement	(200,000)	-	-
Issuance of common stock, exercise of options and warrants	1,577,004	-	497,200
Issuance of common stock, exercise of purchase right agreement	45,138	-	-
Issuance of common stock, institutional investor	200,000	200,000	
Repayment of notes payable	(14,970)	-	-
Proceeds from subscription receivable	19,000	-	-
Advances to stockholders	(4,933)	-	-
Proceeds from convertible notes	529,000	-	-
Advances from officers	1,498	-	-
Net cash provided by financing activities	9,322,260	875,000	1,122,200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	556,571	(391,938)	(34,855)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	5,358	953,867	459,989
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 561,929	$ 561,929	$ 425,134

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOW

FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2011 AND 2010 AND

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

SEPTEMBER 30, 2011

(UNAUDITED)

	Cumulative Since Inception	For the Nine Months Ending September 30, 2011	For the Nine Months Ending September 30, 2010
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
CASH PAID DURING THE PERIOD FOR:			
Interest	$ 23,232	$ 288	$ 405
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Common stock issued in exchange for deferred charges	$ 3,142,400	$ -	$ -
Warrants issued in exchange for deferred charges	$ 1,581,056	$ -	$ -
Common stock issued as settlement for accounts payable	$ 74,708	$ -	$ -

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	$ -	$ -
Receivable for issuance of common stock	$ 10,000	$ -	$ -
Contribution of officer accrued payroll	$ 52,129	$ -	$ -
Common stock issued for prepaid expense	$ 75,000	$ -	$ -

See accompanying notes to these financial statements.

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LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

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 2010 Annual Report. Certain financial information and footnote disclosures normally included in financial statements prepared in accordance with accounting principals 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, 2010, as filed with the Securities and Exchange Commission. The interim operating results for the three and nine months ending September 30, 2011 may not be indicative of operating results expected for the full year.

Loss per Share

The Company follows Financial Accounting Standards Board Accounting Standards Codification (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 2011 and 2010, 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.

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. Since the Company has no items of other comprehensive income, comprehensive income (loss) is equal to net income (loss).

Recently Adopted Accounting Pronouncements

As of September 30, 2011 and for the period then ended, there were no recently adopted accounting pronouncements that had a material effect on the Company s financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of September 30, 2011, there are no recently issued accounting standards not yet adopted which would have a material effect on the Company s financial statements.

NOTE 2 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.

The Company is in the development stage at September 30, 2011. In May 2011, the Company has signed an agreement with an institutional investor to sell up to $20 million of common stock. Under the

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 2 GOING CONCERN (Continued)

agreement subject to certain conditions and at the Company's sole discretion, the institutional investor has committed to invest up to $20 million in the Company's common stock over a 30-month period. The Company filed a registration statement with the U.S. Securities and Exchange Commission (SEC) covering the resale of the shares that may be issued to the institutional investor. The institutional investor is obligated to make purchases as the Company directs in accordance with the agreement, which may be terminated by the Company at any time, without cost or penalty. However, there can be no assurances that the Company will meet all the conditions to obligate the institutional investor to make purchases. The Company also raises funds through private placement. Although the Company currently has sufficient funds based on its adjusted budget to maintain its operations through January 2012, the Company expects to have sufficient funds to maintain its operations for an extended period of time. With the additional capital, the Company expects to achieve a level of revenues attractive enough to fulfill its development activities and achieve a level of revenue adequate to support the Company s business model for the foreseeable future. The Company continues to develop and test its next generation Non-linear Optical material platform to support and cultivate potential customers and strategic partners. Currently, the Company s Electro-Optic materials are in evaluation with potential customers in their proprietary applications. The Company s first revenue has been in engineering revenues. Management believes the Company s next revenue will be in Application and non-recurring engineering charges, prototype devices and material charges for specialty non-linear optical device applications.

NOTE 3 EQUIPMENT

Equipment consists of the following:

	September 30, 2011	December 31, 2010
Office equipment	$	$

	12,816	12,816
Lab equipment	162,155	151,134
Furniture	3,494	3,494
Leasehold Improvements	5,368	5,368
	183,833	172,812
Less: Accumulated depreciation	95,514	75,244
	$ 88,319	$ 97,568

Depreciation expense for the nine months ending September 30, 2011 and 2010 was $20,270 and $22,607. Depreciation expense for the three months ending September 30, 2011 and 2010 was $6,163 and $7,983.

NOTE 4 INTANGIBLE ASSETS

This represents legal fees and patent fees associated with the registration of patents. The Company has recorded amortization expenses on the Spacer and Chromophore patent applications accepted by the United States Patent and Trademark Office in February 2011 and April 2011 which are amortized over its legal life of 20 years. No amortization expense has been recorded on the remaining patents 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.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 4 INTANGIBLE ASSETS (Continued)

Patents consists of the following:

	September 30, 2011	December 31, 2010
	$	$
Patents	427,516	346,009
Less: Accumulated amortization	5,871	-
	$	$
	421,645	346,009

Amortization expense for the nine months ending September 30, 2011 and 2010 was $5,871 and $0. Amortization expense for the three months ending September 30, 2011 and 2010 was $3,402 and $0.

NOTE 5 INCOME TAXES

There is no income tax benefit for the losses for the three and nine months ended September 30, 2011 and 2010 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, 2011, 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 September 30, 2011. The Company did not recognize any interest or penalties during 2011 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, 2007 and thereafter are subject to examination by the relevant taxing authorities.

NOTE 6 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.

Common Stock and Warrants

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 after giving effect to the difference in par value with the offset to additional paid-in-capital.

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6   STOCKHOLDERS   EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

In July 2004, the Company issued to related parties 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 to related parties 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 2006, the Company deemed this $6,500 outstanding subscription receivable to be uncollectible.

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 with a related party, 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 FASB ASC 718 Stock Compensation, the Company recognized consulting expense of $37,000 in 2005. This warrant was cancelled during 2006.

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-

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

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 $27,014, $36,370, $66,500 and $24,200

for the years ended December 31, 2008, 2007, 2006 and 2005 in conjunction with this agreement. These warrants expired in September 2008.

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 FASB ASC 718 Stock Compensation, 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 FASB ASC 718 Stock Compensation, 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. In November 2007, 400,000 shares of common stock and warrants to purchase 200,000 shares of common stock were rescinded. As of December 31, 2008, warrants to purchase 210,000 shares of common stock were fully exercised for proceeds of $105,000, and warrants to purchase 15,000 shares expired.

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. The legal services were provided by a related party.

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 to a related party 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.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

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 proceeds of $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. This option expired in June 2007. 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 a May 2005 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. For the six month ending June 30, 2009, the remaining 600,000 outstanding warrants expired.

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 offering, 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. During 2009 and 2008, 416,000 and 82,770 warrants were exercised, respectively. For the year ending December 31, 2009, the remaining 385,000 outstanding warrants expired.

LIGHTWAVE LOGIC, INC.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

During 2007, as previously described, 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. During 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 to a related party 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 recognized during 2008 and 2007 is $154,667 and $773,333. This contract was renewed in March, 2008. In December 2010, the warrant was partially exercised to purchase 100,000 shares of common stock for proceeds of $25,000. As of September 30, 2011, warrants to purchase 400,000 shares of common stock are still outstanding.

During April 2007, the Company issued 100,000 shares of common stock for legal services to a related party 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 to a related party. 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 relations services valued at $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.

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 2008 and 2007 is

$10,885 and $52,180. In April 2010, the warrant was exercised to purchase 100,000 shares of common stock for proceeds of $25,000.

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

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

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 2008 and 2007 is $170,451 and $433,966. In July 2008, the warrant was partially exercised to purchase 20,000 shares of common stock for proceeds of $5,000. In April 2010, the warrant was partially exercised to purchase 380,000 shares of common stock for proceeds of $95,000. The remaining warrant to purchase 500,000 shares of common stock is still outstanding as of September 30, 2011.

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 2008 and 2007 is $31,444 and $52,946. In April 2010, the warrant was exercised to purchase 150,000 shares of common stock for proceeds of $37,500.

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 September 30, 2011.

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. In October 2010, the warrant was exercised to purchase 67,200 shares of common stock for proceeds of $16,800.

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 $12,487 and $1,159 in consulting expense during 2008 and 2007. In June 2010, the warrant was exercised to purchase 25,000 shares of common stock for proceeds of $12,500.

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 2008, an option to purchase 750,000 shares of common stock, of which 125,000 shares were vested, forfeited. The consulting expense recognized during 2010, 2009, 2008 and 2007 is $174,866, $199,233, $286,803 and $41,653. For the three month ending September 30, 2011 and 2010 the Company recognized $0 and $50,217 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $0 and $149,015 of expense. The options are still outstanding as of September 30, 2011.

In January 2008, under the 2007 Employee Stock Option Plan, the Company issued an 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, fair value, using the Black-Scholes Option Pricing Formula and is being recognized based on vesting terms over a three year period. The expense recognized during 2010, 2009 and 2008 is $14,873, $13,582 and $30,750. For the three month ending September 30, 2011 and 2010 the Company recognized $0 and $3,749 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $285 and $11,124 of expense. The options are still outstanding as of September 30, 2011.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

During 2008, the Company issued 690,001 shares of common stock and warrants to purchase 345,001 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 25 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. During 2009 and 2008, the warrant was partially exercised to purchase 25,834 and 20,000 shares of common stock for proceeds of $25,834 and $20,000. In April 2010, the warrant was partially exercised to purchase 282,500 shares of common stock for proceeds of $282,500. During the six month ending June 30, 2010, the remaining warrants to purchase 16,667 shares of common stock expired.

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 using Black-Scholes Option Pricing Formula, vesting immediately. 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. For the year ending December 31, 2009 and 2008, the Company recognized $55,330 and $276,670 of management consulting expense. In January 2009, the warrant was fully exercised to purchase 400,000 shares of common stock for proceeds of $400.

During March 2008, the Company issued 100,000 shares of common stock for legal services to a related party valued at $75,000, fair value. The Company recognized $75,000 of legal expense for the year ending December 31, 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, fair value, using the Black-Scholes Option Pricing Formula, vesting immediately. For the year ended December 31, 2008, the Company recognized $976,193 in consulting expense. The warrant is still outstanding as of September 30, 2011.

In July 2008, the Company issued options to purchase 200,000 shares of common stock at a purchase price of $1.75 per share to members of the board of directors, under the 2007 Employee Stock Option Plan. Using the Black-Scholes Option Pricing Formula, the options were valued at $296,247, fair value, vesting 50,000 immediately and the remaining in annual equal installments of 50,000 over the next three years. The expense is being recognized based on vesting terms over a three year period. The expense recognized during 2010, 2009 and 2008 is $74,061, $67,840 and $114,519. For the three month ending September 30, 2011 and 2010 the Company recognized $3,102 and $18,667 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $39,827 and $55,394 of expense. The options are still outstanding as of September 30, 2011.

In August 2008, under the 2007 Employee Stock Option Plan, the Company issued options to purchase 550,000 and 1,050,000 shares of common stock at a purchase price of $1.42 and $1.75 per share to members of the board of directors and the Chief Executive Officer, vesting 212,500 immediately and the remaining in annual equal installments of 112,500 over the next three years and vesting in quarterly equal installments of 87,500 commencing November 1, 2008, respectively. The options were valued at $2,176,201, fair value, using the Black-Scholes Option Pricing Formula and are being recognized based on vesting terms over a three year period. The expense recognized during 2010, 2009 and 2008 is $643,812, $623,246 and $525,263. For the three month ending September 30, 2011 and 2010 the Company recognized $64,620 and $162,276 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $383,881 and $481,537 of expense. The options are still outstanding as of September 30, 2011.

NOTE 6   STOCKHOLDERS   EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

In August 2008, the Company issued 200,000 shares of common stock under the 2007 Stock Option Plan to its new Chief Executive Officer as part of the employment agreement valued at $360,000, fair value. The Company recognized $360,000 in consulting expense for the year ending December 31, 2008.

In 2008, January through August warrant holders exercised warrants to purchase 270,000 shares at $0.50 per share for proceeds of $135,000.

On October 28, 2008, the Company   s board of directors authorized the Company to raise up to $600,000 of capital through an   Adjusted Common Stock Offering   to certain warrant holders. This offering provided eligible warrant holders with the opportunity to purchase four (4) shares of common stock for each dollar invested pursuant to their existing warrant agreement. As of December 31, 2008, warrants to purchase 641,080 shares of common stock were exercised with proceeds of $160,270. For the three month period ending March 31, 2009, warrants to purchase 1,279,336 shares of common stock were exercised with proceeds of $319,834. In January 2009, the term of the 2008 Adjusted Common Stock offering was extended until January 31, 2009.

In November 2008, the Company issued an option to purchase 250,000 shares of common stock under the 2007 Stock Option Plan at a purchase price of $.65 per share to a new member of its board of directors. Using the Black-Scholes Option Pricing Formula, the options were valued at $125,911, fair value, vesting 62,500 immediately and the remaining in annual equal installments of 62,500 over the next three years. The expense is being recognized based on vesting terms over a three year period. The expense recognized during 2010, 2009 and 2008 is $31,478, $61,346 and $6,439. For the three month ending September 30, 2011 and 2010 the Company recognized $7,934 and $7,934 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $23,544 and $23,544 of expense. The options are still outstanding as of September 30, 2011.

In January 2009, an employee was granted with an option to purchase up to 25,000 shares of common stock at a purchase price of $.25 per share. Using the Black-Scholes Option Pricing Formula, the options were valued at valued at $13,136, fair value. These options expire in 5 years and vest immediately. The expense recognized during 2010 and 2009 is $0 and $13,136. In May 2010, the option was partially exercised to purchase 15,000 shares of common stock for proceeds of $3,750. As of September 30, 2011, options to purchase 10,000 shares of common stock are still outstanding.

During January 2009, the Company issued 100,000 shares of common stock to an officer, under the 2007 Stock Option Plan, for services rendered valued at $58,000, fair value.

During January 2009, the Company issued 100,000 shares of common stock for legal services to a related party valued at $25,000, to settle accounts payable for $10,000 and $15,000 for legal services.

During January 2009, the officers, directors, and employees of the Company were each given the right to purchase from the Company s 2007 Employee Stock Plan up to 40,000 shares of common stock at a purchase price of $.25 per share, 400,000 shares in the aggregate, all of which were valued at $132,058, fair value using the Black-Scholes Option Pricing Formula. The rights to purchase vested immediately. A total of 180,550 shares were purchased pursuant to the rights to purchase with total proceeds of $35,138 and a common stock receivable of $10,000 which was paid in May, 2009. The rights to purchase the remaining 219,450 shares expired on January 31, 2009.

At December 31, 2008 the Company had accrued officer salaries and payroll taxes of $98,205. On February 19, 2009, two officers, who are also shareholders, agreed to waive their rights to unpaid wages

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

and salary amounting to $52,129. Accordingly in the first quarter 2009, the accrued expense was adjusted from $98,205 to $42,088 with the $52,129 treated as contributed capital and $3,988 reversed from payroll taxes.

In February 2009, an employee was granted with an option to purchase up to 25,000 shares of common stock at a purchase price of $.45 per share. Using the Black-Scholes Option Pricing Formula, the options were valued at valued at $9,583, fair value. These options expire in 5 years and vest immediately. The expense recognized during 2010 and 2009 is $0 and $9,583. The options are still outstanding as of September 30, 2011.

During June 2009, in accordance to private placement memorandum, the Company issued 2,479,500 shares of common stock for proceeds of $855,000 dated June 10, 2009. Pursuant to the terms of the offering, up to 18 units were offered at the offering price of $50,000 per unit, with each unit comprised of 145,000 shares to purchase at $0.34 per share.

During June 2009, the Company issued a warrant to purchase 464,000 shares of common stock at a purchase price of $0.34 per share for accounting services rendered. The warrant was valued at $391,342 using the Black-Scholes Option Pricing Formula, vesting 46,400 immediately and the remaining on equal monthly installments of 23,200 over the next eighteen months. The expense is being recognized based on service terms of the agreement over a twenty two month period. The expense recognized during 2010 and 2009 is $213,459 and $177,883. For the three month ending September 30, 2011 and 2010 the Company recognized $0 and $53,365 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $0 and $160,095 of expense. In April 2010, the warrant was partially exercised to purchase 10,000 shares of common stock for proceeds of $3,450. As of September 30, 2011, warrants to purchase 454,000 shares of common stock are still outstanding.

In June 2009, an employee was granted with an option to purchase up to 25,000 shares of common stock at a purchase price of $.34 per share. Using the Black-Scholes Option Pricing Formula, the options were valued at valued at $21,085, fair value. These options expire in 5 years and vest immediately. The expense recognized during 2010 and 2009 is $0 and $21,085. The option is still outstanding as of September 30, 2011.

During June 2009, the Company issued 145,000 shares of common stock for legal services to a related party valued at $50,000, to settle accounts payable for $35,000 and $15,000 for legal services.

During June 2009, the Company issued 116,000 shares of common stock for accounting services valued at $40,000, fair value. The Company recognized $40,000 of accounting expense for the year ending December 31, 2009.

During July 2009, the Company issued 100,000 shares of common stock for investor relation services valued at $75,000, fair value vesting 25,000 shares each quarter commencing July 1, 2009. The investor relation expense recognized during 2010 and 2009 is $37,500 and $37,500. For the three month ending September 30, 2011 and 2010 the Company recognized $0 and $0 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $0 and $37,500 of investor relation expense.

In January 2010, the Company issued a warrant to purchase 650,000 shares of common stock at a purchase price of $1.51 per share to a new member of its board of directors serving as the Company s full-time non-executive chair of the board of directors. Using the Black-Scholes Option Pricing Formula, the warrants were valued at $1,188,000, fair value, vesting 162,500 immediately and the remaining in

LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

annual equal installments of 162,500 over the next three years. The consulting expense recognized during 2010 is $580,167. For the three month ending September 30, 2011 and 2010 the Company recognized $74,861 and $74,860 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $222,140 and $505,307 of expense. The warrant is still outstanding as of September 30, 2011.

In March 2010, 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. Using the Black-Scholes Option Pricing Formula, the warrants were valued at $279,045, fair value, vesting immediately. The consulting expense recognized during 2010 is $214,063. For the three month ending September 30, 2011 and 2010 the Company recognized $0 and $69,570 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $64,983 and $143,727 of expense. In June and July 2010, the warrant was fully exercised to purchase 150,000 shares of common stock for proceeds of $37,500.

In June 2010, an employee was granted with an option to purchase up to 100,000 shares of common stock at a purchase price of $1.50 per share. Using the Black-Scholes Option Pricing Formula, the options were valued at valued at $131,075, fair value. These options expire in 5 years and vest in equal installments of 12,500 over the next two years commencing August 1, 2010. The expense recognized during 2010 is $27,434. For the three month ending September 30, 2011 and 2010 the Company recognized $16,496 and $10,938 of expense. For the nine month ending September 30, 2011 and 2010, the Company recognized $48,951 and $10,938 of expense. The options are still outstanding as of September 30, 2011.

During 2010, the Company issued 1,500,000 shares of common stock and warrants to purchase 375,000 shares of common stock with 156,250 warrants expiring September 2011 and 218,750 warrants expiring December 2011 for proceeds of $1,500,000 in accordance to a private placement memorandum as amended on September 14, 2010. Pursuant to the terms of the offerings, up to 30 units were offered at the purchase price of $50,000 per unit, with each unit comprised of 50,000 shares and a warrant to purchase 12,500 shares of common stock at $1.25 per share. During

September 2011, all warrants were extended one year expiring September 2012 and December 2012. The warrants to purchase 375,000 shares of common stock at $1.25 per share are still outstanding as of September 30, 2011.

Effective July 8, 2010, the number of shares of the Company s common stock available for issuance under the 2007 Employee Stock plan was increased from 3,500,000 to 6,500,000 shares.

During August 2010, the Company issued 4,800 shares of common stock for investor relations services valued at $6,000, fair value. The Company recognized $6,000 of investor relations expense for the year ending December 31, 2010.

In November 2010, the board of directors approved a grant to employees of options to purchase up to 250,000 shares of common stock at a purchase price of $1.00 per share. These options were granted on December 13, 2010. Using the Black-Scholes Option Pricing Formula, the options were valued at $283,787, fair value. These options expire in 5 years with 125,000 vesting on December 13, 2010 and 125,000 vesting on June 13, 2011. The expense recognized during 2010 is $156,707. For the three month ending September 30, 2011 the Company recognized $0 of expense. For the nine month ending September 30, 2011, the Company recognized $127,080 of expense. The options are still outstanding as of September 30, 2011.

In November 2010, the board of directors approved a grant to employees of options to purchase up to 35,000 shares of common stock at a purchase price of $1.00 per share. These options were granted on

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

December 13, 2010. Using the Black-Scholes Option Pricing Formula, the options were valued at $39,730, fair value. These options expire in 5 years and vest on December 13, 2010. The expense recognized during 2010 is $39,730. The options are still outstanding as of September 30, 2011.

In November 2010, the board of directors approved a grant to three outside directors of options to purchase up to 300,000 shares of common stock at a purchase price of $1.00 per share. These options were granted on December 13, 2010. Using the Black-Scholes Option Pricing Formula, the options were valued at valued at $340,545, fair value. These options expire in 5 years and vest 75,000 on December 13, 2010 and the remaining in equal annual installments of 75,000 over the next three years commencing November 4, 2011. The consulting expense recognized during 2010 is $89,564. For the three month ending September 30, 2011 the Company recognized $21,438 of expense. For the nine month ending September 30, 2011, the Company recognized $63,618 of expense. The options are still outstanding as of September 30, 2011.

In November 2010, 5,000 shares of common stock were issued for investor relation services valued at $4,650, fair value. The Company recognized $4,650 of investor relations expense for the year ending December 31, 2010.

During December 2010, the Company issued 10,000 shares of common stock for investor relations services valued at $12,000, fair value. The Company recognized $12,000 of investor relations expense for the year ending December 31, 2010.

In January 2011, the Company issued a warrant to a related party to purchase 10,000 shares of common stock for legal services at an exercise price of $1.25 per share. Using the Black-Scholes Option Pricing Formula, the warrants were valued at $10,453, fair value. These warrants expire in 3 years and vest immediately. For the three month ending

September 30, 2011 the Company recognized $0 of expense. For the nine month ending September 30, 2011, the Company recognized $10,453 of expense. The warrants are still outstanding as of September 30, 2011.

In January 2011, the Company issued a warrant to purchase 25,000 shares of common stock for research and development at an exercise price of $1.25 per share. Using the Black-Scholes Option Pricing Formula, the warrants were valued at $26,132, fair value. These warrants expire in 3 years and vest immediately. For the three month ending September 30, 2011 the Company recognized $0 of expense. For the nine month ending September 30, 2011, the Company recognized $26,132 of expense. The warrants are still outstanding as of September 30, 2011.

During March 2011, the Company issued 10,000 shares of common stock for investor relations expense valued at $14,500, fair value. For the three month ending September 30, 2011, the Company recognized $0 of investor relations expense. For the nine month ending September 30, 2011, the Company recognized $14,500 of investor relations expense.

During April 2011, the Company issued warrants to purchase 150,000 shares of common stock at a purchase price of $1.18 per share for accounting services rendered commencing January 1, 2011. The warrant was valued at $146,425 using the Black-Scholes Option Pricing Formula, vesting 37,500 immediately and the remaining on equal monthly installments of 9,375 over the next twelve months expiring in 5 years. The expense is being recognized based on service terms of the agreement over a sixteen month period. For the three month ending September 30, 2011 the Company recognized $27,455 of expense. For the nine month ending September 30, 2011, the Company recognized $82,365 of expense. The warrants are still outstanding as of September 30, 2011.

LIGHTWAVE LOGIC, INC.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6   STOCKHOLDERS   EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

In May 2011, the board of directors approved a grant to a new outside director of an option to purchase up to 200,000 shares of common stock at a purchase price of $1.12 per share. Using the Black-Scholes Option Pricing Formula, the option was valued at $193,686, fair value. The option expires in 5 years and vests 50,000 immediately and the remaining in annual equal installments of 50,000 over the next three years. For the three month ending September 30, 2011 the Company recognized $12,194 of expense. For the nine month ending September 30, 2011, the Company recognized $67,508 of expense.

In May 2011, the Company has signed an agreement with an institutional investor to sell up to $20 million of common stock. Under the agreement subject to certain conditions and at the Company's sole discretion, the institutional investor has committed to invest up to $20 million in the Company's common stock over a 30-month period. The Company filed a registration statement with the U.S. Securities and Exchange Commission covering the resale of the shares that may be issued to the institutional investor. The institutional investor is obligated to make purchases as the Company directs in accordance with the agreement, which may be terminated by the Company at any time, without cost or penalty. Sales of shares will be made in specified amounts and at prices that are based upon the market prices of the Company's common stock immediately preceding the sales to the institutional investor. The Company has issued 150,830 shares of common stock to the institutional investor as an initial commitment fee valued at $162,896, fair value and 301,659 shares of common stock are reserved for additional commitment fees to the institutional investor in accordance with the terms of the agreement. On June 23, 2011, the institutional investor purchased 185,185 shares of common stock for proceeds of $200,000. The Company issued 3,017 shares of common stock as additional commitment fee, valued at $3,470, fair value, leaving 298,642 in reserve for additional commitment fees.

During June 2011, the Company issued 10,000 shares of common stock for investor relations expense valued at $10,400, fair value. For the three month ending September 30, 2011, the Company recognized $0 of investor relations expense. For the nine month ending September 30, 2011, the Company recognized $10,400 of investor relations expense.

In August 2011, the board of directors approved a grant to a new employee of an option to purchase up to 150,000 shares of common stock at a purchase price of $1.01 per share. Using the Black-Scholes Option Pricing Formula, the option was valued at $123,241, fair value. The option expires in 5 years and vests in equal quarterly installments of 12,500 over the next three years beginning November 1, 2011. For the three month and nine month ending September 30, 2011 the Company recognized $6,859 of expense.

During September 2011, the Company issued 10,000 shares of common stock for investor relations expense valued at $14,500, fair value. For the three month and nine month ending September 30, 2011, the Company recognized $14,500 of investor relations expense.

During 2011, the Company issued 2,018 shares of common stock to a director serving as a member of the Company s Operations Committee valued at $2,163, fair value. For the three month and nine month ending September 30, 2011, the Company recognized $2,163 of expense.

During 2011, the Company issued 675,000 shares of common stock and warrants to purchase 675,000 shares of common stock expiring September 2013 for proceeds of $675,000 in accordance to a private placement memorandum dated August 26, 2011. Pursuant to the terms of the offerings, up to 4 units were offered at the purchase price of $250,000 per unit, with each unit comprised of 250,000 shares and a warrant to purchase 125,000 shares of common stock at $1.00 per share and a warrant to purchase 125,000 shares of common stock at $1.25 per share. The warrants to purchase 337,500 shares of

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LIGHTWAVE LOGIC, INC.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 6 STOCKHOLDERS EQUITY (CONTINUED)

Common Stock and Warrants (Continued)

common stock at $1.00 and the warrants to purchase 337,500 shares of common stock at $1.25 per share are still outstanding as of September 30, 2011.

NOTE 7 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 for 2011 and 2010: no dividend yield in both years, expected volatility, based on the Company s historical volatility, between 116% and 125% in 2011 and between 127% and 134% in 2010, risk-free interest rate between 0.96% and 2.15% in 2011 and between 1.64% and 2.55% in 2010 and expected option life of three to five years in 2011 and 2010.

As of September 30, 2011, there was $937,467 of unrecognized compensation expense related to non-vested market-based share awards that is expected to be recognized through August 2014.

LIGHTWAVE LOGIC, INC.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

The following tables summarize all stock option and warrant activity of the Company since December 31, 2004:

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	Non-Qualified Stock Options and Warrants Outstanding and Exercisable		
	Number of Shares	Exercise Price	Weighted Average Exercise Price
Outstanding, December 31, 2004	-	$ -	$ -
Granted	680,000	$ 0.25-$2.10	$ 0.99
Exercised	(300,000)	$ 0.25	$ 0.25
Outstanding, December 31, 2005	380,000	$ 1.40-$2.10	$ 0.68
Granted	1,425,000	$ 0.25-$1.00	$ 0.70
Cancelled	(260,000)	$ 1.40-$2.10	$ (0.48)
Expired	(70,000)	$ 1.40-$2.00	$ (0.12)
Outstanding, December 31, 2006	1,475,000	$ 0.25-$2.00	$ 0.83

		$	$
Granted	5,768,971	0.25-$0.72	0.48
		$	$
Rescinded	(200,000)	0.50	0.50
		$	$
Forfeited	(125,019)	1.00	1.00
		$	$
Expired	(574,981)	1.00	1.00
		$	$
Outstanding, December 31, 2007	6,343,971	0.25-$2.00	0.48
		$	$
Granted	3,495,001	0.001-$1.75	1.16
		$	$
Expired	(115,000)	0.50-$2.00	0.07
		$	$
Forfeited	(750,000)	0.72	0.72
		$	$
Exercised	(807,770)	0.25-$0.50	0.53
		$	$
Outstanding, December 31, 2008	8,166,202	0.001-$1.75	0.79
		$	$
Granted	939,000	0.25-$0.45	0.30
		$	$
Expired	(1,204,451)	0.25-$1.00	0.61
Forfeited	-		
		$	$
Exercised	(1,488,384)	0.001-$1.00	0.20
		$	$
Outstanding, December 31, 2009	6,412,367	0.25-$1.75	0.83
Granted	1,860,000	$	$

		$ 0.25-$1.51	$ 1.20
Expired	(16,667)	1.00	1.00
Forfeited	-	-	-
Exercised	(1,279,700)	$ 0.25-$1.00	$ 0.42
Outstanding, December 31, 2010	6,976,000	$ 0.25-$1.75	$ 1.00
Granted	1,210,000	$ 1.00-$1.25	$ 1.12
Expired	-	-	
Forfeited	-	-	-
Exercised	-	-	-
Outstanding, September 30, 2011	8,186,000	$ 0.25-$1.75	$ 1.02
Exercisable, September 30, 2011	7,170,375	$ 0.25-$1.75	$ 0.99

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LIGHTWAVE LOGIC, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

NOTE 7 STOCK BASED COMPENSATION (CONTINUED)

	Non-Qualified Stock Options and Warrants Outstanding		
Range of Exercise Prices	Number Outstanding Currently Exercisable at September 30, 2011	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price of Options and Warrants Currently Exercisable
$0.25 - $1.75	7,170,375	2.1 Years	$ 0.99

NOTE 8 RELATED PARTY

At September 30, 2011 the Company has accrued salaries to one officer and two beneficial owners of $47,838.

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NOTE 9 SUBSEQUENT EVENTS

In November 2011, the board of directors approved a grant to a new employee of an option to purchase up to 150,000 shares of common stock at a purchase price of $0.63 per share. Using the Black-Scholes Option Pricing Formula, the option was valued at $78,764, fair value. The option expires in 5 years and vests in equal quarterly installments of 12,500 over the next three years beginning February 1, 2012, and will be expensed over its vesting term.

Item 2

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

You should read the following discussion and analysis of our financial condition and results of our operations together with our financial statements and the related notes to those statements included in this Form 10-Q. In addition to historical financial information, this discussion contains forward-looking statements reflecting our current plans, estimates, beliefs and expectations that involve risks and uncertainties. As a result of many important factors, particularly those set forth under Special Note Regarding Forward-Looking Statements and Risk Factors. Our actual results and the timing of events may differ materially from those anticipated in these forward-looking statements.

Overview

Lightwave Logic, Inc. (then known as 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 shareholder recognition of our Company and our business.

We are a development stage research and development company. We have developed and are continuing to develop Application Specific Electro-Optic Polymers (ASEOP) and Non-Linear All-Optical Polymers (NLAOP) which have high electro-optic and optical activity. Both types of materials are thermally and photo-chemically stable, which we believe could have utility across a broad range of applications in devices. We engineer our proprietary electro-optic polymers at the molecular level for superior performance, stability, cost-efficiency and ease of processability. We expect our NLAOP polymers to broadly replace more expensive, lower-performance materials that are currently used in, telecommunication, data communications, computing, photovoltaic cells, 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 polymer.

We are currently developing electro-optic polymers 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 250 degrees Celsius is necessary for vertical integration into many semi-conductor production lines. Test results,

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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 non-linear all optical polymers have demonstrated resonantly enhanced Third-order properties about 2,630 times larger than fused silica which means that they are very photo-optically active in the absence of an RF layer. In this way they differ from our electro-optical polymers and are considered more advanced next-generation materials.

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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Optical Interconnects

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Optical Computing

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Entertainment

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Medical Applications

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Solar Panels (Photovoltaic cells)

To be successful, we must, among other things:

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Develop and maintain collaborative relationships with strategic partners;

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Continue to expand our research and development efforts for our products;

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Develop and continue to improve on our manufacturing processes and maintain stringent quality controls;

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Produce commercial quantities of our products at commercially acceptable prices;

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Rapidly respond to technological advancements;

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Attract, retain and motivate qualified personnel; and

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Obtain and retain effective intellectual property protection for our products and technology.

We believe that Moore's Law (a principle which states the number of transistors on a silicon chip doubles approximately every eighteen months) will create markets for our high-performance electro-optic material products.

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 polymers 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.

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, which we ultimately finalized in March 2007. This agreement with Photon-X, LLC enables 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 ™ materials 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

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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.

In March 2008, we commenced production of our first prototype photonic chip, which we delivered to Photon-X, LLC to fabricate a prototype polymer optical modulator and measure its technical properties. As a result of delays caused by engineering setbacks related to our material production, the production of our first prototype photonic chip was temporarily halted, along with the completion of our proof of concept tests that were being administered by Dr. Robert Norwood at the University of Arizona Photonics Department. In order to address this issue, our Chief Technology Officer Dr. David F. Eaton s role and responsibilities with the Company were significantly expanded, and we added two veteran synthetic chemists to our science and technology team. We have since overcome a majority of these engineering setbacks and we are currently in the continual process of extensive testing for material performance, including, among other tests, the (r33) Teng-Man testing protocol.

In June 2009, we released test results conducted by Dr. C.C. Teng that re-confirmed our previous test results, and we intend to deliver completed independent validated material performance test results, including the (r33) Teng-Man testing protocol, as they become ripe for release.

In August 2009, Photon-X, LLC commenced a compatible study, process sequences and fabricated wafers/chips containing arrays of phase modulators. The first one hundred plus modulators were completed at the end of October 2009, and were successfully characterized for insertion loss, Vpi, modulation dynamic range and initial frequency response in March 2010. The multi-step manufacturing process we utilized to fabricate our modulators involved exposing our proprietary Perkinamine™ materials to extreme conditions that are typically found in standard commercial manufacturing settings. Our step-by-step analysis throughout the fabrication process demonstrated to us that our Perkinamine™ materials can successfully withstand each step of the fabrication process without damage. We anticipated completing the development and building of functional prototype 40 Gb/s and 100 Gb/s modulators during the second quarter of 2010. However, we have incurred delays with our modulator project due to our focus on current application driven projects and evaluations that we believe will more quickly generate revenue for our Company. The completion of these two modulator designs will most likely occur during the second half of 2011 upon completion of an anticipated updated optical device design. However, we may incur delays in this process due to slower than expected material production within our laboratories and/or delays caused by the production of the modulator and testing protocols.

In August 2009, we retained Perdix, Inc. to help us identify and build prototype products for high growth potential target markets in fiber optic telecommunications systems. During October 2009, we initiated the development and production of our prototype amplitude modulator, which can ultimately be assembled into 1- and 2- dimensional arrays that are useful for optical computing applications, such as encryption and pattern recognition. We expected our initial prototype amplitude modulator to be completed by the end of the second quarter 2010. Our Company continues to work with strategic partners in this development effort and we anticipate prototypes in second half of 2011. However, we may incur delays in this process due to slower than expected material production within our laboratories and/or delays caused by the production of the modulator and testing procedures.

In November 2009, we introduced our new prototype phase modulator to the Gilder/Forbes Telecosm Conference in Tarrytown, New York and discussed how Lightwave s material could be spun onto silicon chips prior to stacking and used for input, output, and interconnect due to the stability of Lightwave s electro-optic polymer and Lightwave s recent demonstration that its proprietary Perkinamine ™ materials can survive all of the rigors of standard commercial manufacturing processes. Other applications discussed with the conference attendees included low cost modulators for fiber optic communications, multi-channel modulators for ultra dense wavelength division multiplex systems, and optical computing.

In December 2009, we filed our sixth patent application. The provisional application covers stable free radical chromophores for use in Non-Linear optical applications. The new polymeric electro-optic material has enormous potential in spatial light modulation and all optical signal processing (light switching light).

In January 2010, we entered into an agreement with the University of Alabama at Tuscaloosa to conduct cooperative development, analytical testing, optimization, and scale-up of our proprietary materials platform, which should help shorten the time to market for our new Polymeric Electro-Optic materials.

In March 2010, we successfully concluded the electrical and optical performance testing stage of our proof of principle prototype phase modulator and began Application Engineering of our technology in customer design environments and working directly with interested large system suppliers to attempt to engineer specific individual product materials and device designs for sale to or by these suppliers.

In October of 2010, we completed the concept stage of a novel design for an advanced optical computing application and moved forward into the design stage with Celestech, Inc. of Chantilley, Virginia. This project will incorporate one of our Company s advanced electro-optical polymer materials.

In October of 2010, we announced the results of testing performed by Lehigh University which demonstrated the Third-order non-linear properties of our proprietary molecules in the

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Perkinamine NR ™ chromophore class. Lehigh University determined that the material was 100 times stronger than the highest off-resonance small molecule currently known. They also determined that it was 2,630 times more powerful than fused silica and demonstrated extremely fast (less than 1 picosecond) photo-induced non-linear response that would be capable of modulation at raters of 1 THz (terahertz).

In February and April 2011, respectively, the United States Patent Office granted our Company two patents: US Patent No. 7,894,695 covering our Tricyclic Spacer System for Non-Linear Optical Devices and US Patent No. 7,919,619 for Heterocyclical Chromophore Architectures directed to our Perkinamine ™ chromophores. These composition of matter patents taken together protect the core of our electro-optical materials portfolio.

In March 2011, we entered into a research and development agreement with the City University of New York s Laboratory for Nano Micro Photonics (LaNMP) to develop Third-order non-linear devices. We believe that the combination of LaNMP s device capabilities together with our materials expertise should accelerate the development of all-optical devices.

In March 2011, the City University of New York s Laboratory for Nano Micro Photonics (LaNMP) fabricated our first-ever all optical waveguide using one of our Perkinamine NR ™ chromophores. It is anticipated that LaNMP will use this device architecture to develop various all-optical devices including an all-optical transistor.

In March 2011, we announced a two-year research and development collaboration with the University of Alabama to explore the advanced energy capture properties of our Perkinamine ™ class of chromophores. Our material absorbs light across a wide range of wavelengths from near infra-red into the near ultraviolet. The University intends to explore how to efficiently capture a wide range of solar radiation with our material.

In June 2011 the testing and fabrication conducted by the City University of New York s Laboratory for Nano Micro Photonics (LaNMP) using our Third-order chromophore material Perkinamine™ NR confirmed that the material's non-linear optical coefficient compares favorably to best known materials but with unprecedented thermal stability for an organic material. The Perkinamine™ NR was approximately 10 times more responsive than gallium arsenide and about 4 times better than known organic non-linear materials previously seen while successfully withstanding semiconductor process temperatures of 170C.

In August 2011 entered into an agreement with FiberLogix International Ltd. of Watford, UK to begin the development and testing of proprietary fiber optic medical diagnostic devices incorporating Lightwave Logic's advanced non-linear optical polymers.

In August 2011, the City University of New York s Laboratory for Nano Micro Photonics (LaNMP) manufactured for our Company the first commercial grade non-linear waveguide prototype.

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

- Satellite Reconnaissance
- Navigational Systems
- Radar Applications
- Telecommunications
- Optical Interconnects
- Optical Computing
- Entertainment
- Medical Applications
- Solar Panels (Photovoltaic cells)

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 and $375,270 from the exercise of outstanding warrants. Through June 30, 2009, we raised approximately $855,000 from the sale of our private 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. During October 2009 we obtained proceeds of $455,000 from the exercise of outstanding warrants. During 2010, we raised $1,500,000 from the private sale of our common stock and $539,000 from the exercise of outstanding options and warrants. We also issued shares of our common stock and warrants to purchase shares of our common stock in exchange for services rendered to our company. During the first six months of 2011, we issued shares of our common stock and warrants to purchase shares of our common stock in exchange for services rendered to our company. During the second quarter of 2011 we obtained $200,000 from the sale of shares of our common stock

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pursuant to our stock purchase agreement with Lincoln Park Capital Fund, LLC. In August 2011 we commenced a $1,000,000 private offering of our common stock and warrants, and to date we have received $675,000 in proceeds from that offering.

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 September 30, 2011 to three months ended September 30, 2010

Revenues

We had no revenues during the three months ended September 30, 2011 and 2010. The Company is at various stages with potential customers and expects additional revenues once customers release purchase orders against current outstanding proposals or once product evaluations are completed by customers.

Operating Expenses

Our operating expenses were $726,119 and $797,983 for the three months ended September 30, 2011 and 2010, respectively, for a decrease of $71,864. This is primarily due to a decrease in non cash stock compensation and stock option amortization offset by increases in fees for the registration of common stock for resale to an institutional investor, expenses for the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL), expenditures for the removal of material past its useful life, laboratory electro-optic device prototype, development and testing expense, salaries and wages and insurance. Included in our operating expenses for the three months ended September 30, 2011 was $322,402 for research and development expenses compared to $369,227 for the three months ended September 30, 2010, for a decrease of $46,825. This is primarily due to a decrease in non cash stock compensation and stock option amortization offset by increases in expenditures for the removal of material past its useful life and laboratory electro-optic device prototype design, development and testing expense.

Research and development expenses currently consist primarily of compensation for employees engaged in internal research, product and application development activities; laboratory operations, outsourced prototype electro-optic device design, development and processing work; customer testing; material testing; fees; costs; and related operating expenses.

We expect to continue to incur substantial research and development expense to develop and commercialize our electro-optic material platform. These expenses will increase as a result of accelerated development effort to support commercialization of our electro-optic materials technology; subcontracting work to build prototypes; expanding and equipping in-house laboratories; hiring additional technical and support personnel; pursuing other potential business opportunities; customer testing and evaluation; and incurring related operating expenses.

Non cash stock compensation and stock option amortization decreased $98,524 from $183,506 for the three months ended September 30, 2010 to $84,982 for the three months ended September 30, 2011.

Expenses for the disposal of materials past its useful life in research and development operations increased $16,286 from $682 for the three months ended September 30, 2010 to $16,968 for the three months ended September 30, 2011.

Laboratory electro-optic device prototype, development and testing expense increased $16,123 from $38,863 for the three months ended September 30, 2010 to $54,986 for the three months ended September 30, 2011.

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

General and administrative expenses decreased $25,039 to $403,717 for the three months ended September 30, 2011 compared to $428,756 for the three months ended September 30, 2010. The decrease is due primarily to amortization of warrants during the three month period ending September 30, 2010 for a financial investor advisory board member, offset by increases in fees for the registration of common stock for resale to an institutional investor, expenses for the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL), salaries and wages and insurance.

Total expenses for accounting and administrative services decreased by $3,910 for the three months ended September 30, 2011 compared to the three months ended September 30, 2010. Non cash amortization of warrants for accounting and administrative services decreased $25,910 from $53,365 for the three months ended September 30, 2010 to $27,455 for the three months ended September 30, 2011. Accounting fees increased $22,000 from $10,500 for the three months ended September 30, 2010 compared to $32,500 for the three months ended September 30, 2011. The additional accounting fees incurred during the three months ended September 30, 2011 included fees of $13,000 for services relating to the registration statement for the resale of common stock to an institutional investor and the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL).

Stock compensation decreased by $118,094 to $149,977 for the three months ended September 30, 2011 compared to $268,071 for the three months ended September 30, 2010. The stock compensation for the three month period ended September 30, 2011 and September 30, 2010 included the aforementioned amortization of warrants for accounting and administrative expenses. The stock compensation for the three month period ended September 30, 2010 included $69,570 in amortization of warrants for a financial investor advisory board member.

Investor relations expenses were $25,740 and $18,343 for the three months ended September 30, 2011 and 2010 for an increase of $7,397. During 2011, the Company employed an investor relations specialist.

Remaining general and administrative wages and salaries increased $21,310 from $25,746 for the three months ended September 30, 2010 to $47,056 for the three months ended September 30, 2011 primarily due to the employment of a Vice President of Sales and Marketing during 2011.

SEC filing fees increased by $5,939 from $915 for the three months ended September 30, 2010 to $6,854 for the three months ended September 30, 2011 for services relating to the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL) as required by the U.S. Securities and Exchange Commission (SEC).

Directors and officers insurance increased $16,362 from $5,588 for the three months ended September 30, 2010 to $21,950 for the three months ended September 30, 2011 primarily due to an increase in directors and officers insurance coverage during 2011 in conjunction with previous period correction of the insurance allocation between general and administrative and research and development expenses recorded during the three months ended September 30, 2011.

Auditing and tax preparation fees increased $7,750 from $7,550 for the three months ended September 30, 2010 compared to $15,300 for the three months ended September 30, 2011. The additional auditing and tax preparation fees incurred during the three months ended September 30, 2011 were due to the timing of the recognition of fees relating to the filing of 2010's corporate tax returns.

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 increase expenditures related to the future production and sales of our products.

Net Loss

Net loss was $726,187 and $798,120 for the three months ended September 30, 2011 and 2010, respectively, for a decrease of $71,933, primarily due to a decrease in non cash stock compensation and stock option amortization offset by increases in fees for the registration of common stock for resale to an institutional investor, expenses for the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL), expenditures for the removal of material past its useful life, laboratory electro-optic device prototype design, development and testing expense, salaries and wages and insurance.

Comparison of nine months ended September 30, 2011 to nine months ended September 30, 2010

Revenues

We had no revenues during the nine months ended September 30, 2011 and there were $3,200 in revenues during the nine months ended September 30, 2010. The Company is at various stages with potential customers and expects additional revenues once customers release purchase orders against current outstanding proposals or once product evaluations are completed by customers.

Operating Expenses

Our operating expenses were $2,539,805 and $2,692,157 for the nine months ended September 30, 2011 and 2010, respectively, for a decrease of $152,352. The decrease is due primarily to decrease in non cash general and administrative amortization of warrants based on vesting terms as part of the employment agreement entered into in January 2010 with the Company s new Chair and investor relation expenses offset by increases in fees incurred for the registration of common stock for resale to an institutional investor, expenses for the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL), wages and salaries and non cash research and development amortization of options.

Included in our operating expenses for the nine months ended September 30, 2011 was $1,287,308 for research and development expenses compared to $1,142,891 for the nine months ended September 30, 2010, for an increase of $144,417. This is primarily due to increases in non cash stock compensation and stock option amortization, salaries and wages, expenditures for the removal of material past its useful life and the allocation of health insurance and travel and lodging expenses.

Research and development expenses currently consist primarily of compensation for employees engaged in internal research, product and application development activities; laboratory operations, outsourced prototype electro-optic device design, development and processing work; customer testing; material testing; fees; costs; and related operating expenses.

We expect to continue to incur substantial research and development expense to develop and commercialize our electro-optic material platform. These expenses will increase as a result of accelerated development effort to support commercialization of our electro-optic materials technology; subcontracting work to build prototypes; expanding and equipping in-house laboratories; hiring additional technical and support personnel; pursuing other potential business opportunities; customer testing and evaluation; and incurring related operating expenses.

Non cash stock compensation and stock option amortization increased $41,429 from $533,775 for the nine months ended September 30, 2010 to $575,204 for the nine months ended September 30, 2011.

Wages and salaries increased $20,613 from $328,907 for the nine months ended September 30, 2010 to $349,520 for the nine months ended September 30, 2011 primarily due to additional employees hired during 2010 and 2011.

Expenses for the disposal of materials past its useful life in research and development operations increased $18,951 from $1,896 for the nine months ended September 30, 2010 to $20,847 for the nine months ended September 30, 2011.

Due to a change in the allocation between general and administrative and research and development expenses, health insurance, travel and lodging expenses allocated to research and development increased for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Health insurance expenditures for research and development employees increased $11,294 from $21,672 for the nine months ended September 30, 2010 to $32,966 for the nine months ended September 30, 2011. Travel and lodging expenses increased $37,835 from $923 for the nine months ended September 30, 2010 to $38,758 for the nine months ended September 30, 2011.

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

General and administrative expenses decreased $296,769 to $1,252,497 for the nine months ended September 30, 2011 compared to $1,549,266 for the nine months ended September 30, 2010. The decrease is due primarily to decrease in non cash amortization of warrants based on vesting terms as part of the employment agreement entered into in January 2010 with the Company s new Chair and investor relations expense offset by increases in fees for the registration of common stock for resale to an institutional investor, expenses for the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL), wages and salaries and insurance.

Legal fees increased $39,788 to $102,902 and for the nine months ended September 30, 2011 compared to $63,114 for the nine months ended September 30, 2010. The increase relates to the legal fees incurred during the nine months ended September 30, 2011 for the filing of a registration statement for the resale of common stock to an institutional investor.

Investor relations expenses decreased by $34,931 from $116,316 for the nine months ended September 30, 2010 to $81,385 for the nine months ended September 30, 2011. During 2011, the Company employed an investor relations specialist in an effort to control costs and to expand its exposure to a broader base of investors.

Remaining general and administrative wages and salaries increased $30,323 from $72,699 for the nine months ended September 30, 2010 to $103,022 for the nine months ended September 30, 2011 primarily due to the employment of a Vice President of Sales and Marketing during 2011.

Total expenses for accounting and administrative services decreased by $37,730 for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010. Non cash amortization of warrants for accounting and administrative services decreased $77,730 from $160,095 for the nine months ended September 30, 2010 to $82,365 for the nine months ended September 30, 2011. Accounting fees increased $40,000 from $31,500 for the nine months ended September 30, 2010 compared to $71,500 for the nine months ended September 30, 2011. The additional accounting fees incurred during the nine months ended September 30, 2011 included fees of $13,000 for services relating to the registration statement for the resale of common stock to an institutional investor and the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL) as required by the U.S. Securities and Exchange Commission (SEC).

SEC filing fees increased by $7,102 from $4,200 for the nine months ended September 30, 2010 to $11,302 for the nine months ended September 30, 2011 for services relating to the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL).

Health insurance premiums and directors and officers insurance increased $30,412 from $52,965 for the nine months ended September 30, 2010 to $83,377 for the nine months ended September 30, 2011 primarily due to health insurance coverage for additional employees hired and an increase in directors and officers insurance coverage during 2011 offset by a change in the allocation between general and administrative and research and development expenses.

Non cash stock compensation decreased by $424,936 to $581,971 for the nine months ended September 30, 2011 compared to $1,006,907 for the nine months ended September 30, 2010. The stock compensation for the nine months ended September 30, 2011 included the aforementioned non cash amortization of warrants for accounting and administrative expenses. This total decrease in stock compensation is primarily due to the non cash amortization of warrants as part of the employment agreement entered into with the Company s new Chair during 2010.

Annual Shareholder meeting expenses decreased by $16,049 to $23,809 for the nine months ended September 30, 2011 compared to $39,858 for the nine months ended September 30, 2010.

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 increase expenditures related to the future production and sales of our products.

Other Income (Expense)

Other income (expense) was ($166,280) for the nine months ended September 30, 2011, relating primarily to the commitment fee associated with the resale of shares to an institutional investor during the nine month period ending September 30, 2011. Other income (expense) was ($240) for the nine months ended September 30, 2010.

Net Loss

Net loss was $2,706,085 and $2,689,197 for the nine months ended September 30, 2011 and 2010, respectively, for an increase of $16,888, primarily resulting from the increase in fees for the registration of common stock for resale to an institutional investor and commitment fees for the resale of common stock, expenses for the 2011 submission of the Company s 10-Q in eXtensible Business Reporting Language (XBRL), wages and salaries and non cash research and development amortization of options offset by decreases in non cash general and administrative amortization of warrants based on vesting terms as part of the employment agreement entered into in January 2010 with the Company s new Chair and investor relations expenses.

Significant Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates based upon historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ materially from these estimates.

We believe our significant accounting policies affect our more significant estimates and judgments used in the preparation of our financial statements. Our Annual Report on Form 10-K for the year ended December 31, 2010 contains a discussion of these significant accounting policies. There have been no significant changes in our significant accounting policies since December 31, 2010. See our Note 1 in our unaudited financial statements for the nine months ended September 30, 2011, as set forth herein.

Liquidity and Capital Resources

During the nine months ended September 30, 2011, net cash used in operating activities was $1,174,410 and net cash used in investing activities was $92,528, which was due primarily to the Company s research and development activities and general and administrative expenditures. Net cash provided by financing activities for the nine months ended September 30, 2011 was $875,000. At September 30, 2011, our cash and cash equivalents totaled $561,929, our assets totaled $1,140,110, our liabilities totaled $240,017, and we had stockholders equity of $900,093.

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 polymer 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 $1,500,000 of expenditures over the next 12 months. Our cash requirements are expected to increase at a rate consistent with the Company s path to revenue growth as we expand our activities and operations with the objective of commercializing our non-linear optical polymer technology during the latter portion of 2011.

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 through January 2012; however, we will need to trigger our LPC equity commitment (see below) or obtain additional future financing to finance our operations until such time that we can conduct profitable revenue-generating activities. Such future sources of financing may include cash from our LPC equity commitment, equity offerings, exercise of stock options, warrants 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.

In May 2011 we signed a stock purchase agreement with Lincoln Park Capital Fund, LLC ("LPC") whereby subject to certain conditions and at our sole discretion, LPC has committed to purchase up to $20 million of our common stock over a 30-month period. We filed a registration statement with the U.S. Securities and Exchange Commission covering the re-sale of the shares that may be issued to LPC and it was declared effective in June 2011. LPC is obligated to make purchases as the Company directs in accordance with the purchase agreement, which may be terminated by the Company at any time, without cost or penalty. Sales of shares will be made in specified amounts and at prices that are based upon the market prices of our Company's common stock immediately preceding the sales to LPC. We expect this financing to provide our Company with sufficient funds to maintain its operations for an extended period of time. With the additional capital, we expect to achieve a level of revenues attractive enough to fulfill our development activities and adequate enough to support our business model for the foreseeable future.

We cannot assure you that we will meet the conditions of the stock purchase agreement with LPC in order to obligate LPC to purchase our shares of common stock. Since August, we have been unable to meet the requisite conditions to obligate LPC to purchase our shares of common stock, and in the event we continue to fail to do so, and other 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. In late August 2011, we commenced a $1,000,000 private offering of our common stock and warrants, and to date we have received $675,000 in proceeds from that offering.

We expect that our cash used in operations will increase during 2011 and beyond 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 facilities and efforts, including purchases of additional laboratory and production equipment;

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

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Developing and maintaining collaborative relationships with strategic partners;

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Developing and improving our manufacturing processes and quality controls; and

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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 nine months ended September 30, 2011

Net cash used in operating activities was $1,174,410 for the nine months ended September 30, 2011, consisting of payments for research and development, salaries and wages, legal, professional and consulting expenses, rent and other expenditures necessary to develop our business infrastructure, offset by $406,073 in warrants issued for services, $761,555 in options issued for services, $207,929 in common stock issued for services, $26,141 in depreciation and patent amortization expenses, $5,972 in prepaid expenses and other current assets and $124,005 in accounts payable and accrued expenses.

Net cash used by investing activities was $92,528 for the nine months ended September 30, 2011, consisting of $81,507 for intangibles (patents) and $11,021 in asset additions for the lab.

Net cash provided by financing activities was $875,000 for the nine months ended September 30, 2011 and consisted of $200,000 in proceeds from the sale of common stock to an institutional investor and $675,000 in proceeds from the issuance of common stock and warrants pursuant to a private placement.

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

Evaluation of Disclosure Controls and Procedures

The Company s management, with the participation of the Company s Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2011. Based on this

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evaluation, the Company s Principal Executive Officer and Principal Financial Officer concluded that, as of September 30, 2011 the Company s disclosure controls and procedures were effective, in that they provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and is accumulated and communicated to the Company s management, including the Company s Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 2

Unregistered Sales of Equity Securities and Use of Proceeds

Securities issued for cash

Date	Security/Value
Aug.-Sept. 2011	675,000 shares of common stock/warrants to purchase up to 675,000 shares of common stock for proceeds of $675,000.

Securities issued for services

Date	Security/Value
August 2011	Stock option - 150,000 shares of common stock at $1.01 per share. The option was valued at $123,241 using the Black-Scholes Option Pricing Formula.

September 2011	Common stock	10,000 shares of common stock. The common stock was valued at $14,500.
September 2011	Common stock	2,018 shares of common stock. The common stock was valued at $2,163.

No underwriters were utilized and no commissions were paid with respect to any of the above transactions. We relied on Section 4(2) and Rule 506 of Regulation D of the Securities Act since the transactions did not involve any public offering.

Item 6 Exhibits

The following exhibits are included herein:

Exhibit No.	Description of Exhibit
10.1	Purchase Agreement, dated as of May 3, 2011, by and between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to our Form 8-K filed on May 6, 2011).
10.2	Registration Rights Agreement, dated as of May 3, 2011, by and between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to our Form 8-K filed on May 6, 2011).
31.1	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, executed by the Principal Executive Officer of the Company.
31.2	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, executed by the Principal Financial Officer of the Company.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by the Principal Executive Officer of the Company.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by the Principal Financial Officer of the Company.
101	The following financial information from Lightwave Logic Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Balance Sheets (ii) Statements of Operations (iii) Statement of Stockholders Equity (iv) Statements of Cash Flows, and (v) the Notes to Financial Statements.

SIGNATURES

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

LIGHTWAVE LOGIC, INC.

Registrant

By: /s/ James S. Marcelli
James S. Marcelli,

Chief Executive Officer

Date: November 14, 2011

By: /s/ James S. Marcelli
James S. Marcelli,

Chief Executive Officer

Date: November 14, 2011

By: /s/ Andrew J. Ashton
Andrew J. Ashton,

Treasurer

Date: November 14, 2011