

Cytosorbents Corp
Form DEF 14A
November 06, 2014

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

SCHEDULE 14A

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

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

CYTOSORBENTS CORPORATION

(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
1) Title of each class of securities to which transaction applies:
2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No:

3) Filing Party:

4) Date Filed:

CytoSorbents Corporation

**7 Deer Park Drive, Suite K
Monmouth Junction, New Jersey 08852**

NOTICE OF CONSENT SOLICITATION

To the Stockholders of CytoSorbents Corporation:

Notice is hereby given that we are seeking the written consent of stockholders holding a majority of our outstanding common stock, par value \$0.001 per share (the **Common Stock**) of CytoSorbents Corporation, acting by written consent in lieu of a special meeting (the **Consent**) to authorize and approve the following proposals:

1. To authorize our Board of Directors, in its discretion, to amend our Articles of Incorporation, as amended, to effect a reverse stock split of our Common Stock, with a reverse split ratio of twenty-five-to-one (25:1);
2. To authorize our Board of Directors, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of Common Stock from 800,000,000 to 50,000,000;
3. To authorize our Board of Directors, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of undesignated preferred stock from 100,000,000 to 5,000,000;
4. To approve the form, terms and provision of the CytoSorbents Corporation 2014 Long-Term Incentive Plan; and
5. To approve the change of domicile of the Company from the State of Nevada to the State of Delaware through the merger of the Company with and into CytoSorbents Corporation, a newly-organized, wholly-owned subsidiary of the Company organized under the laws of the State of Delaware.

Holders of our Common Stock of record at the close of business on October 20, 2014 (the **Record Date**) are entitled to vote by this written consent. A list of stockholders of record on the Record Date is available for inspection by stockholders at the office of the Company at 7 Deer Park Drive, Suite K, Monmouth Junction, New Jersey 08852.

Stockholders of record on the Record Date may provide their consent by completing, dating and signing the enclosed written consent card and promptly returning it in the enclosed postage-prepaid envelope to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Alternatively, stockholders of record may provide their consent via the Internet at www.proxyvote.com by using the control number provided. To be counted towards the consents required for approval of the transactions described herein, your properly completed written consent card or consent directed via the Internet must be received no later than 11:59 p.m. Eastern Standard Time on December 1, 2014.

Beneficial owners of record on the Record Date may direct the bank, broker, trustee or nominee who is considered the stockholder of record of their shares on how to vote such shares by following the instructions provided by the bank, broker, trustee or nominee.

Failure to provide your consent as described above will have the same effect as a vote against the five proposals. We recommend that all stockholders consent and approve the five proposals by either approving the five proposals via the Internet, or by marking the box entitled **CONSENT** with respect to each proposal on the enclosed written consent card. If you sign and send in the written consent card but do not indicate how you want to vote as to a proposal, your consent card will be treated as a consent authorizing the proposal. The board of directors has retained the absolute

authority to reject and not implement any or all of the proposals even after stockholder approval.

YOUR CONSENT IS IMPORTANT. STOCKHOLDERS MAY PROVIDE THEIR CONSENT VIA THE INTERNET AT *WWW.PROXYVOTE.COM* BY USING THE CONTROL NUMBER PROVIDED OR BY COMPLETING AND RETURNING THE ENCLOSED WRITTEN CONSENT CARD IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE. WE URGE YOU TO PROVIDE YOUR CONSENT VIA THE INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED WRITTEN CONSENT CARD AS PROMPTLY AS POSSIBLE.

By Order of the Board of Directors,

/s/ Dr. Phillip Chan

Dr. Phillip Chan
President and Chief Executive Officer
November 6, 2014

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
CONSENT SOLICITATION MATERIALS
THE CONSENT SOLICITATION MATERIALS
ARE AVAILABLE ON THE INTERNET ON THE SEC S WEBSITE AT *WWW.SEC.GOV* AS WELL AS THE
WEBSITE *WWW.PROXYVOTE.COM***

CYTOSORBENTS CORPORATION

**7 Deer Park Drive, Suite K
Monmouth Junction, New Jersey 08852**

CONSENT SOLICITATION STATEMENT

This consent solicitation statement (this Consent Solicitation Statement) is furnished in connection with the solicitation on behalf of the Board of Directors (the Board) of CytoSorbents Corporation, a Nevada corporation (the Company, we, our, or us) of written consents from the holders of the Company's common stock, \$0.001 par value share (the Common Stock) as of the close of business on October 20, 2014. Each share of Common Stock is entitled to one vote on any matter presented in the written consent. Accordingly, there are an aggregate of 581,570,005 votes entitled to be cast in the written consent (the Consent) as of the record date.

The Board is requesting the holders of the Company's Common Stock consent to the following matters:

1. To authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended to effect a reverse stock split of our Common Stock, with a reverse split ratio of twenty-five-to-one (25:1);
 2. To authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of Common Stock from 800,000,000 to 50,000,000;
3. To authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of undesignated preferred stock from 100,000,000 to 5,000,000;
4. To approve the form, terms and provision of the CytoSorbents Corporation 2014 Long-Term Incentive Plan; and
5. To approve the change of domicile of the Company from the State of Nevada to the State of Delaware through the merger (the Reincorporation Merger) of the Company with and into CytoSorbents Corporation, a newly-organized, wholly-owned subsidiary of the Company organized under the laws of the State of Delaware (CytoSorbents DE). Each of Proposals 1 through 5 are interdependent. Our Board has retained the absolute authority to reject and not implement any or all of the proposals even after stockholder approval. Proposal 1, to authorize our Board, in its discretion, to amend our Articles of Incorporation to effect a reverse stock split of our Common Stock, with a reverse split ratio of twenty-five-to-one (25:1); Proposal 2, to authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of Common Stock from 800,000,000 to 50,000,000; Proposal 3 to authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of undesignated preferred stock from 100,000,000 to 5,000,000; Proposal 4, to approve the form, terms and provision of the CytoSorbents Corporation 2014 Long-Term Incentive Plan; and Proposal 5, to approve the change of domicile of the Company from the State of Nevada to the State of Delaware through the Merger of the Company with and into CytoSorbents DE; each require the consent of a majority of the votes entitled to be cast by the holder of all outstanding shares of our Common Stock.

This Consent Solicitation Statement, together with the related written consent card, is being mailed to our stockholders of record on the Record Date on or about November 6, 2014. This Consent Solicitation Statement contains important information for you to consider when deciding how to vote. Please read it carefully.

BACKGROUND OF BOARD'S SOLICITATION

The Board believes that it is in the Company's and its stockholders' best interest to approve each of Proposals 1, 2, 3, 4 and 5.

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QUESTIONS AND ANSWERS REGARDING THIS CONSENT SOLICITATION

The following questions and answers are intended to respond to frequently asked questions concerning the actions approved by our Board. These questions do not, and are not intended to, address all the questions that may be important to you. You should carefully read the entire Consent Solicitation Statement, as well as its exhibits, annexes and the documents incorporated by reference in this Consent Solicitation Statement.

Q: WHO IS ENTITLED TO CONSENT TO THE PROPOSALS DESCRIBED IN THIS CONSENT SOLICITATION STATEMENT?

A: All stockholders of record as of the close of business on October 20, 2014. As of October 20, 2014, there were 581,570,005 shares of our Common Stock issued and outstanding.

If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record of those shares. Stockholders of record can provide their consent via the Internet at www.proxyvote.com by using the control number provided, or by signing and returning a consent card in the enclosed envelope. **Consents submitted via the Internet or mail must be received by 11:59 p.m. Eastern Standard Time on December 1, 2014.**

If your shares are held in a stock brokerage account, by a bank, broker, trustee, or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your bank, broker, trustee or nominee who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee or nominee on how to vote via the Internet if the bank, broker, trustee or nominee offers these options or by signing and returning a consent card. Your bank, broker, trustee or nominee will send you instructions for voting your shares. New York Stock Exchange rules prohibit brokers from voting on Proposals 1 through 5 without receiving instructions from the beneficial owner of the shares. In the absence of instructions, shares subject to such broker non-votes will not be counted as voted or as present or represented on those proposals and so will have the same effect as a vote against the proposals. **Please note that brokers may not vote your shares on any of the proposals in the absence of your specific instructions as to how to vote, so we encourage you to provide instructions to your broker regarding the voting of your shares. Votes directed by Internet or mail through such a bank, broker, trustee or nominee must be received by 11:59 p.m. Eastern Standard Time on December 1, 2014.**

Q: WILL THERE BE A MEETING OF STOCKHOLDERS TO CONSIDER THE PROPOSALS SET FORTH IN THIS CONSENT SOLICITATION STATEMENT?

A: No, we will not hold a meeting of stockholders. We are incorporated in the State of Nevada. Section 78.320 of the Nevada Revised Statutes (NRS) and our Bylaws permit our stockholders to take action without a meeting if the votes represented by consents in writing, setting forth the actions so taken, represent at least a majority of the outstanding voting power.

Q: WHAT IS THE RECOMMENDATION OF OUR BOARD OF DIRECTORS AS TO THE FIVE PROPOSALS DESCRIBED IN THIS CONSENT SOLICITATION STATEMENT?

A: Our Board recommends that stockholders consent and approve each of the five proposals set forth in this Consent Solicitation Statement.

Q: WHAT IS THE REQUIRED VOTE TO APPROVE EACH OF THE FIVE PROPOSALS?

A: Because we are seeking stockholder approval by soliciting written consents, each proposal must receive a number of consents representing at least a majority of the outstanding shares of our Common Stock entitled to submit consents to be approved. As of October 20, 2014, we had 581,570,005 shares of Common Stock issued and outstanding.

Q: WHAT DO I NEED TO DO NOW TO REGISTER MY CONSENT?

A: After carefully reading and considering the information contained in this Consent Solicitation Statement, stockholders of record may consent to the proposals set forth herein by either providing their consent via the Internet at *www.proxyvote.com* by using the control number provided, or by signing and returning a consent card in the enclosed postage-prepaid envelope as soon as possible. Beneficial owners may

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consent to the proposals by directing their bank, broker, trustee or nominee who is considered the stockholder of record for their shares by following the instructions provided by such bank, broker, trustee or nominee.

Q: WHAT IS THE DIFFERENCE BETWEEN A STOCKHOLDER OF RECORD AND A STREET NAME HOLDER?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, then you are a stockholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank, or other nominee, then the broker, bank, or other nominee is the stockholder of record with respect to those shares. However, you still are the beneficial owner of those shares, and your shares are said to be held in street name. Street name holders generally cannot send their written consents directly and must instead instruct the broker, bank, or other nominee on how to send their written consents.

Q: WHAT IF I DO NOT RETURN THE WRITTEN CONSENT?

A: Because each proposal requires the written consents of the holders of a majority of the outstanding shares of our common stock, your failure to respond will have the same effect as a vote against such proposals.

Q: CAN I VOTE AGAINST THE PROPOSALS?

We are not holding a meeting of our stockholders, so there will be no yeas or nays, as such. However, because each proposal requires the affirmative consent of the holders of a majority of our outstanding common stock, simply not delivering an executed written consent in favor of our proposals, or abstaining from voting on any of our proposals, will have the same practical effect that a vote against the proposals would have if they were being considered at a meeting of stockholders.

Q: CAN I REVOKE MY CONSENT AFTER I HAVE DELIVERED IT?

You may revoke your written consent at any time prior to the time that we receive a sufficient number of written consents to approve the proposals set forth herein. A revocation may be in any written form validly signed and dated by you, as long as it clearly states that the consent previously given is no longer effective. If you provided a consent via the Internet, you may revoke your prior consent by re-consenting via the Internet. Any written revocations should be sent to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. The last consent to be received either via mail or via the Internet prior to 11:59 Eastern Standard Time on December 1, 2014 will be the consent recorded. Please note, if a revocation is received after consents representing a majority of the votes entitled to be cast, as required under applicable NRS statutes, then the proposals will be deemed approved and the revocation will be void and of no further force or effect.

Q: BY WHEN MUST WE RECEIVE A SUFFICIENT NUMBER OF CONSENTS?

A: We are requesting you to return to us your consents either by mail or via the Internet by 11:59 p.m. Eastern Standard Time on December 1, 2014 pursuant to the instructions provided herein.

Q: WHAT IS THE PURPOSE OF THE AMENDMENT TO OUR ARTICLES OF INCORPORATION, AS AMENDED, TO EFFECT A REVERSE STOCK SPLIT?

A: Generally, the effect of a reverse stock split is to increase the market price per share by reducing the number of outstanding shares. Our Board believes that having fewer outstanding shares may encourage investor interest and improve the marketability and liquidity of our Common Stock. Additionally, we believe an increased stock price will facilitate the Company's ability to up-list to a national exchange.

Q: WHAT IS THE PURPOSE OF THE AMENDMENT TO OUR ARTICLES OF INCORPORATION, AS AMENDED, TO REDUCE OUR AUTHORIZED COMMON STOCK?

A: The purpose of the amendment to our Articles of Incorporation, as amended, is to reduce our authorized Common Stock from 800,000,000 shares to 50,000,000 shares.

Q: WHAT IS THE PURPOSE OF THE AMENDMENT TO OUR ARTICLES OF INCORPORATION, AS AMENDED, TO REDUCE OUR AUTHORIZED PREFERRED STOCK?

A: The purpose of the amendment to our Articles of Incorporation, as amended, is to reduce out authorized but undesignated preferred stock from 100,000,000 shares to 5,000,000 shares.

Q: WHAT IS THE PURPOSE OF THE CYTOSORBENTS CORPORATION 2014 LONG-TERM INCENTIVE PLAN?

A: We propose the adoption of the CytoSorbents Corporation 2014 Long-Term Incentive Plan for several purposes, including: (i) to attract and retain qualified directors, officers and employees; (ii) to compensate consultants for services rendered to us which we could not otherwise afford to obtain; and (iii) to provide incentives for the generation of stockholder value. We will no longer be making grants under our existing 2006 Long-Term Incentive Plan. We believe that it will be in the best interests of the Company to maintain the 2014 Long-Term Incentive Plan with 2,400,000 shares of Common Stock authorized and available for issuance thereunder.

Q: WHAT IS THE PURPOSE OF THE REINCORPORATION MERGER?

A: Our Board has determined that the Reincorporation Merger is in the best interests of our Company and stockholders. Delaware has adopted comprehensive, modern and flexible corporate laws that are updated and revised periodically to meet changing business needs. The corporate laws of the State of Delaware are more comprehensive, widely-used and extensively interpreted than the corporate laws of other states, including Nevada. As a result of the flexibility and responsiveness of the Delaware corporate laws to the legal and business needs of corporations, many major corporations have incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to the Reincorporation Merger that we are proposing. The Delaware judiciary has become particularly familiar with corporate law matters and a substantial body of court decisions has developed construing the laws of Delaware, thus providing greater clarity and predictability with respect to our corporate legal and governance affairs. We believe any benefits provided to the Company by Delaware law directly benefit our stockholders.

Q: WHEN WILL THE REVERSE STOCK SPLIT, THE AMENDMENTS TO THE ARTICLES OF INCORPORATION, AS AMENDED, AND THE REINCORPORATION MERGER TAKE EFFECT?

A: We intend to file the amendments to our Articles of Incorporation, as amended, and effect (i) the reverse stock split, (ii) the reduction in our authorized Common Stock; and (iii) the reduction in our preferred stock, as soon as practicable after receipt of the required stockholder consent and any required regulatory consent. We intend to file the required certificate of merger and consummate the Reincorporation Merger as soon as practicable after receipt of the required stockholder consent and any required regulatory consent. While we anticipate taking these actions on or about December 3, 2014, the timing will depend on the speed with which we receive the required consents and approvals (which may be before December 1, 2014).

Q: CAN I REQUIRE YOU TO PURCHASE MY STOCK?

A: No. Under the NRS, you are not entitled to statutory rights of appraisal, commonly referred to as or dissenters' rights or appraisal rights, with respect to any of the proposals contained herein, nor are you entitled to have your shares of Common Stock repurchased by us.

Q: WHO WILL PAY THE COSTS OF THE FIVE PROPOSALS?

A: We will pay all of the costs of the five proposals, including distributing this Consent Solicitation Statement. We may also pay brokerage firms and other custodians for their reasonable expenses for forwarding information materials to the beneficial owners of our common stock. We are not soliciting any proxies and will not contract for other services in connection with the stockholder action approving the proposals.

PROPOSAL NO. 1: BOARD AUTHORIZATION TO AMEND OUR ARTICLES OF INCORPORATION, AS AMENDED, TO EFFECT REVERSE STOCK SPLIT

Our Board has approved and is proposing that our stockholder approve a proposal to authorize the Board to amend our Articles of Incorporation, as amended, to effect a reverse stock split of all outstanding shares of Common Stock, at a reverse split ratio of twenty-five-to-one (25:1) and to effect certain other amendments described in Proposals 2 and 3.

If this proposal is approved, the Board would have the sole discretion to elect, as it determines to be in the best interest of the Company and our stockholders, to effect a reverse stock split. The Board will also have sole discretion not to approve the reverse stock split. Therefore, approval of this proposal will constitute express authorization for the Board not to proceed with the reverse stock split if it should so decide. The Board believes that approval of a proposal providing this authority to the Board, rather than mere approval of an immediate reverse stock split, would give the Board the flexibility to react to market conditions and act in the best interests of the Company and our stockholders.

If the Board determines to effect the reverse stock split, we would file an Amendment to our Articles of Incorporation, as amended, with the Secretary of State of the State of Nevada. The form of amendment to effect the proposed reverse stock split is attached to this Consent Solicitation Statement as [Annex A](#); the text of the form may be altered for any changes required by the Nevada Secretary of State and changes deemed necessary or advisable by the Board. Our Board has approved and declared advisable the proposed amendment. If the Board elects to implement a reverse stock split, then the number of issued and outstanding shares of our Common Stock would be reduced by approximately 96% in accordance with the twenty-five-to-one (25:1) reverse split ratio. The par value of our Common Stock would remain unchanged at \$0.001 per share. The reverse stock split will only become effective upon filing a Certificate of Amendment to our Articles of Incorporation, as amended. The following discussion is qualified in its entirety by the full text of the Certificate of Amendment.

Purposes of the Reverse Stock Split

Generally, the effect of a reverse stock split is to increase the market price per share by reducing the number of outstanding shares. A reverse stock split typically does not increase or decrease the aggregate market value of all outstanding shares. Our Board believes that an increased stock price may encourage investor interest and improve the marketability and liquidity of our common stock. In addition, an increased stock price will facilitate the Company's ability to up-list its common stock to a national exchange. We also believe up-listing would eliminate restrictions that many brokers have on accepting penny stock certificates, helping to make the stock easier to buy and sell, which would provide value to all stockholders. Because of the trading volatility often associated with low-priced stocks, many brokerage firms and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. Some of those policies and practices may function to make the processing of trades in low-priced stocks economically unattractive to brokers. Our Board believes that the anticipated higher market price resulting from a reverse stock split may reduce, to some extent, the negative effects on the liquidity and marketability of our common stock inherent in some of the policies and practices of institutional investors and brokerage firms described above. Our Board also believes that the reverse stock split will afford the Company additional flexibility in consummating potential future financing and/or strategic transactions without the need for further stockholder approval.

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You should keep in mind that the implementation of a reverse stock split does not have an effect on the actual or intrinsic value of our business or a stockholder's proportional ownership in the Company. We cannot predict the impact of the reverse stock split on the market price of our Common Stock over an extended period of time.

If our Board ultimately determines to effect a reverse stock split, no further action on the part of our stockholders would be required. Notwithstanding approval of the reverse stock split proposal by the stockholders, the Board may, in its sole discretion, determine to delay the effectiveness of the reverse stock split or determine not to effect the reverse stock split at all.

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Potential Risks of the Reverse Stock Split

Following the reverse stock split, there can be no assurance that the bid price of our Common Stock will continue at a level in proportion to the reduction in the number of outstanding shares resulting from such reverse stock split. In other words, there can be no assurance that the post-split market price of our Common Stock would be twenty-five times the pre-split market price. Accordingly, the total market capitalization of our Common Stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split.

Additionally, the liquidity of our Common Stock could be affected adversely by the reduced number of shares outstanding after the reverse stock split. Although our Board believes that a higher stock price may help generate investor interest, there can be no assurance that the reverse stock split will result in a per-share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the decreased liquidity that may result from having fewer shares outstanding may not be offset by any increased investor interest in our Common Stock resulting from a higher per share price.

Principal Effects of a Reverse Stock Split

The immediate effect of a reverse stock split would be to reduce the number of shares of our Common Stock outstanding and to increase the trading price of our Common Stock. However, because of the volatile nature of the market we cannot predict the effect of any reverse stock split upon the market price of our Common Stock over an extended period. We cannot assure you that the trading price of our Common Stock after the reverse stock split will rise in inverse proportion to the reduction in the number of shares of our Common Stock outstanding as a result of the reverse stock split. Also, we cannot assure you that a reverse stock split would lead to a sustained increase in the trading price of our Common Stock. The trading price of our Common Stock may change due to a variety of other factors, including our operating results and other factors related to our business and general market conditions.

As a result of the proposed twenty-five-to-one (25:1) reverse stock split, shares of our Common Stock outstanding will be reduced by approximately 96%. Based on the 581,570,005 shares outstanding as of the record date of October 20, 2014, the total number of shares of Common Stock outstanding after the reverse stock split, including accounting for fractional shares which will rounded up to the next whole number, will be approximately 23,262,801 shares.

The resulting decrease in the number of shares of our Common Stock outstanding could potentially adversely affect the liquidity of our Common Stock, especially in the case of larger block trades.

Effects on Ownership by Individual Stockholders. If we implement a reverse stock split, the number of shares of our Common Stock held by each stockholder would be reduced by dividing the number of shares held immediately before the reverse stock split by twenty-five, and then rounding up to the nearest whole share. The reverse stock split would not affect any stockholder's percentage ownership interest in the Company or proportionate voting power.

Effect on Options and Warrants. In addition, we would adjust all outstanding shares of any options or warrants entitling the holders to purchase shares of our Common Stock as a result of the reverse stock split, as required by the terms of these securities. In particular, we would reduce the conversion ratio for each instrument, and would increase the exercise price in accordance with the terms of each instrument and based on the twenty-five-to-one (25:1) reverse stock split (i.e., the number of shares issuable under such securities would decrease by dividing the number of shares issuable by twenty-five and then rounding up to the nearest whole share, and the exercise price per share would be divided by twenty-five). Also, we would reduce the number of shares reserved for issuance under our existing stock option plans proportionately based on the reverse stock split ratio. A reverse stock split would not otherwise affect any

of the rights currently accruing to holders of our Common Stock, options or warrants exercisable for our Common Stock.

Other Effects on Outstanding Shares. If we implement a reverse stock split, the rights pertaining to the outstanding shares of our Common Stock would be unchanged after the reverse stock split. Each share of our Common Stock issued following the reverse stock split would be fully paid and nonassessable.

The reverse stock split would result in some stockholders owning odd-lots of less than 100 shares of our Common Stock. Brokerage commissions and other costs of transactions in odd-lots are generally higher than the costs of transactions in round-lots of even multiples of 100 shares.

Our Common Stock is currently registered under Section 12(g) of the Securities Exchange Act of 1934. As a result, we are subject to the periodic reporting and other requirements of the Securities Exchange Act. The proposed reverse stock split would not affect the registration of our Common Stock under the Securities Exchange Act.

Fractional Shares. No fractional shares of our common stock will be issued as a result of the reverse stock split. Instead, stockholders who otherwise would be entitled to receive fractional shares because they hold a number of shares not evenly divisible by twenty-five, upon surrender to our transfer agent of the certificates representing such fractional shares, shall be rounded up to the nearest whole share.

Implementation and Exchange of Stock Certificates

Once we receive the requisite stockholder approval and regulatory approval for the reverse stock split, our Board will file an amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada, and the reverse stock split will become effective at the time specified in such Amendment, which we refer to as the effective date. As of the effective date of the reverse stock split, each certificate representing shares of our Common Stock before the reverse stock split would be deemed, for all corporate purposes, to evidence ownership of the reduced number of shares of our Common Stock resulting from the reverse stock split, except that holders of unexchanged shares would not be entitled to receive any dividends or other distributions payable by us after the effective date until they surrender their old stock certificates for exchange. All shares underlying options and warrants and other securities would also be automatically adjusted on the effective date.

Our transfer agent, American Stock Transfer and Trust Company, is expected to act as the exchange agent for purposes of implementing the exchange of stock certificates. As soon as practicable after the effective date, stockholders and holders of securities exercisable for our Common Stock would be notified of the effectiveness of the reverse stock split. Stockholders of record would receive a letter of transmittal requesting them to surrender their old stock certificates for new stock certificates reflecting the adjusted number of shares as a result of the reverse stock split. Persons who hold their shares in brokerage accounts or street name would not be required to take any further actions to effect the exchange of their shares. No new certificates would be issued to a stockholder until such stockholder has surrendered any outstanding certificates together with the properly completed and executed letter of transmittal to the exchange agent. Until surrender, each certificate representing shares before the reverse stock split would continue to be valid and would represent the adjusted number of shares resulting from the reverse stock split. Stockholders should not destroy any stock certificate and should not submit any certificates until they receive a letter of transmittal.

No Dissenters' Rights

In connection with the approval of the reverse stock split, you and our other stockholders will not have a right to dissent and obtain payment for their shares under the NRS or our Articles of Incorporation, as amended, or our Bylaws.

If Proposal 1 is approved, the Board will implement the amendment to our Articles of Incorporation, as amended, to effect a reverse stock split only if Proposals 2 and 3 have been approved.

The Board unanimously recommends a vote FOR approval of the proposal to authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended, to effect a reverse stock split.

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PROPOSAL 2: BOARD AUTHORIZATION TO AMEND OUR ARTICLES OF INCORPORATION TO REDUCE THE TOTAL NUMBER OF AUTHORIZED SHARES OF COMMON STOCK TO 50,000,000 SHARES

Our Board has approved and is proposing that our stockholders approve a proposal to authorize the Board to amend our Articles of Incorporation, as amended, to reduce the authorized shares of our Common Stock from 800,000,000 to 50,000,000. The approval of the reverse stock split discussed in Proposal 1 would affect all issued and outstanding shares of Common Stock and outstanding rights to acquire Common Stock. Upon the effectiveness of the reverse stock split, the number of authorized shares of Common Stock that are not issued or outstanding would increase due to the reduction in the number of shares of Common Stock issued and outstanding as a result of the reverse stock split.

As of October 20, 2014, we had 800,000,000 shares of authorized Common Stock and 581,570,005 shares of Common Stock issued and outstanding. Authorized but unissued shares will be available for issuance, and we may issue such shares in the future. If we issue additional shares, the ownership interests of holders of Common Stock will be diluted. After the effectiveness of the amendment described in this proposal to the Articles of Incorporation, as amended, the total authorized shares of Common Stock will be 50,000,000 shares.

Effects of the Reduction in Authorized Shares of Common Stock

The Board believes that it is in the best interests of the Company to decrease the authorized number of shares of Common Stock in connection with the approval of the reverse stock split. The decrease in the number of authorized shares of Common Stock would result in fewer shares of authorized but unissued shares of Common Stock being available for future issuance. This would decrease the number of shares of Common Stock available for issuance for various purposes, such as to raise capital, to make acquisitions or in response to takeover attempts by third parties (by, for example, reducing the number of shares available to the Company for issuance for the purpose of diluting the stock ownership of a third party contemplating a tender offer or other transaction for the combination of the Company with another company.) The Company believes, however, that after the proposed decrease, the number of authorized but unissued shares of Common Stock remaining would be sufficient for such purposes.

Following the reverse stock split, 23,262,801 shares of Common Stock would be outstanding. Therefore, following the decrease in the number of authorized shares of Common Stock, and subject to Proposal 4 below, 26,737,199 authorized but unissued shares of Common Stock would be available for issuance.

As a summary and for illustrative purposes only, the following table shows the approximate effect on our Common Stock of the proposed reverse stock split and the proposed reduction in our authorized shares, based on the 581,570,005 shares of common stock issued and outstanding as of the close of business on October 20, 2014:

	Prior to Reverse Stock Split	After Reverse Stock Split and Reduction of Authorized Shares
Authorized Shares of Common Stock	800,000,000	50,000,000
Issued and Outstanding Shares of Common Stock	581,570,005	23,262,801

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Shares of Common Stock Available for Future Issuance 218,429,995 26,737,199

The form of amendment to our Articles of Incorporation, as amended, to effect the reduction in our authorized Common Stock is attached to this Consent Solicitation Statement as Annex A; the text of the form may be altered for any changes required by the Nevada Secretary of State and changes deemed necessary or advisable by the Board. Our

Board of Directors has approved and declared advisable the proposed amendment. If Proposal 2 is approved, the Board will implement the decrease in authorized Common Stock only if Proposals 1 and 3 also have been approved. If approved by the stockholders, the decrease in authorized Common Stock would become effective upon the filing with the Secretary of State of the State of Nevada of a Certificate of Amendment to the Company's Articles of Incorporation, as amended.

The Board unanimously recommends a vote FOR approval of the proposal to authorize our Board, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of Common Stock to 50,000,000 shares.

PROPOSAL 3: BOARD AUTHORIZATION TO AMEND OUR ARTICLES OF INCORPORATION TO REDUCE THE TOTAL NUMBER OF AUTHORIZED SHARES OF UNDESIGNATED PREFERRED STOCK TO 5,000,000 SHARES

Our Board has approved and is proposing that our stockholders approve a proposal to authorize the Board to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of undesignated preferred stock to 5,000,000 shares. Currently there are 100,000,000 shares of authorized but undesignated preferred stock.

Upon the effectiveness of this proposed amendment to our Articles of Incorporation, as amended, the Board shall be expressly authorized to provide for the issuance of all or any shares of any authorized but undesignated Preferred Stock in one or more series, each with such designations, preferences, voting powers (or no voting powers), relative, participating, optional or other special rights and privileges and such qualifications, limitations or restrictions thereof as shall be stated in the resolution or resolutions adopted by the Board to create such series, and a certificate of said resolution or resolutions shall be filed in accordance with the NRS. The authority of the Board with respect to each such series shall include, without limitation of the foregoing, the right to provide that the shares of each such series may: (i) have such distinctive designation and consist of such number of shares; (ii) be subject to redemption at such time or times and at such price or prices; (iii) be entitled to the benefit of a retirement or sinking fund for the redemption of such series on such terms and in such amounts (iv) be entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series of stock; (v) be entitled to such rights upon the voluntary or involuntary liquidation, dissolution or winding up of the affairs, or upon any distribution of the assets of the Company in preference to, or in such relation to, any other class or classes or any other series of stock; (vi) be convertible into, or exchangeable for, shares of any other class or classes or any other series of stock at such price or prices or at such rates of exchange and with such adjustments, if any; (vii) be entitled to the benefit of such conditions, limitations or restrictions, if any, on the issuance of additional shares series of such series or shares of any other series of Preferred Stock, the amendment of the Articles of Incorporation, as amended, or the Company's Bylaws, the payment of dividends or the making of other distributions on, or the purchase, redemption or other acquisition by the Company of; any other class or classes or series of stock, or any other corporate action; or (viii) be entitled to such other preferences, powers, qualifications, rights and privileges, all as the Board may deem advisable and as are not inconsistent with law and the provisions of the Articles of Incorporation, as amended.

Potential Anti-Takeover Effects

Our Board believes that the proposed authorization of preferred stock is desirable as any particular issuance or series of preferred stock could, depending on the terms, make it more difficult or discourage any attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or other means. Issuance of preferred stock could have the effect of diluting the stock ownership of persons seeking control of the Company, and the possibility of such dilution could have a deterrent effect on persons seeking to acquire control. Accordingly, the power to issue shares of preferred stock could enable the board of directors to make it more difficult to replace incumbent directors and to accomplish business combinations opposed by the incumbent board of directors.

For example, the approval of this proposal could enable the Board, without further stockholder approval, to adopt a poison pill which would, under certain circumstances related to an acquisition of shares not approved by the Board, give certain holders the right to acquire additional shares of common stock at a low price. Although this proposal to authorize preferred stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board currently aware of any such attempts directed at the Company) nevertheless, stockholders should be aware that approval of proposal could facilitate future efforts by the Company to deter or prevent changes in control of the Company, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices.

The form of amendment to our Articles of Incorporation, as amended, to reduce the total number of authorized shares of undesignated preferred stock to 5,000,000 is attached to this Consent Solicitation Statement as Annex A; the text of the form may be altered for any changes required by the Nevada Secretary of State and changes deemed necessary or advisable by the Board.

Our Board has approved and declared advisable the proposed amendment. If Proposal 3 is approved, the Board will implement the reduction in total authorized shares of undesignated preferred stock to 5,000,000 only if Proposals 1 and 2 have been approved. If approved by the stockholders, the reduction in total authorized shares of undesignated preferred stock to 5,000,000 becomes effective upon the filing with the Secretary of State of the State of Nevada of a Certificate of Amendment to the Company's Articles of Incorporation, as amended.

The Board unanimously recommends a vote FOR approval of the proposal to authorize our Board of Directors, in its discretion, to amend our Articles of Incorporation, as amended, to reduce the total number of authorized shares of undesignated preferred stock to 5,000,000 shares.

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PROPOSAL 4: APPROVAL OF THE 2014 LONG-TERM INCENTIVE PLAN

Our Board adopted the CytoSorbents Corporation 2014 Long-Term Incentive Plan (the 2014 Plan), subject to stockholder approval and approval of Proposals 1, 2, and 3. We are asking you to approve the 2014 Plan, which will make an additional 2,400,000 shares of Common Stock available for issuance to our employees and other eligible participants, after giving effect to reverse stock split. The material features of the 2014 Plan are described below. The 2014 Plan is intended to replace our existing 2006 Long-Term Incentive Plan (the 2006 Plan). If our stockholders approve the 2014 Plan, no further awards will be made under the 2006 Plan, which is currently the primary equity compensation plan for our employees and directors, and no shares remaining under the 2006 Plan will be available under the 2014 Plan. The Company will not grant any awards under the 2014 Plan before approval by the stockholders of the Company.

Timing of Proposal

There are a number of reasons why we are seeking approval of the 2014 Plan at this time. Our stockholders have not previously approved a long-term equity incentive plan. The 2006 Plan has served us well, but since adopting the 2006 Plan, there have been a number of developments with respect to plan design and plan provisions, including governance-related best practices. Accordingly, we think it timely for us to approve a new long-term equity incentive plan to make it more consistent with current practices and our needs. In addition, adopting the 2014 Plan at this time will make an additional 2,400,000 shares of Common Stock of the Company available for issuance to participants. Adoption of the 2014 Plan also will enable us to qualify any performance-based compensation grants under Section 162(m) of the Internal Revenue Code. Stockholder approval of the performance measures is required.

Why We Support the Proposal

The 2014 Plan is key to our attracting and retaining top talent. Attracting and retaining top talent in this very competitive industry is one of our fundamental strategic imperatives. Our long-term equity compensation program for our key employees has been a significant element of our compensation strategy for attracting and retaining our top associates since before our initial public offering. We have found that equity-based awards are valued by our managers and professionals. That sense of value, when coupled with multi-year vesting periods, serves to enhance retention of these associates as well as collaboration among them. Our professional and key employee turnover is relatively low, which at least partially reflects the retention value of our long-term incentive plan. Furthermore, these professionals generally retain a large portion of their equity grants over relatively long periods (approximately nine years for stock options), thereby creating a community of interests between them and our stockholders. We believe this is key to our long-term success and the future success of our stockholders.

The 2014 Plan will be used to align the long-term interests of our associates with those of our stockholders. We consider it crucial to maintain a strong association between compensation of our key employees and our stockholders long-term interests. Our long-term equity compensation program is a significant factor in achieving this goal. Furthermore, we have relatively simple and straightforward compensation practices where compensation of our key personnel is based on a modest base salary coupled with an annual cash bonus plan which reflects performance over multiple years, and long-term equity awards which vest over four plus years. Equity compensation represents a material portion of total compensation of our key employees. We believe that this practice ties our associates to the best interest of our clients and the Company, and provides to them a significant incentive to protect and enhance stockholder value.

In the past, our dominant form of long-term equity compensation has been stock options. We intend to adjust our long-term equity compensation program in the future to provide participants with awards that are roughly evenly weighted in fair value between stock options and full value awards (e.g., restricted stock or restricted stock units). We will continue to use stock options with a ten year life to a significant degree. We believe that options incentivize our associates to create value for our clients and stockholders over the long-term because grantees receive no benefit without an increase in the price of our Common Stock. However, under certain circumstances, we may wish to issue restricted stock. Use of restricted stock as a vehicle for equity compensation has become more prevalent in recent years among many of our competitors, and we thus believe a mix of stock options and restricted stock may better achieve our key strategic imperative to attract and retain top talent.

The 2014 Plan will be used to grant performance-based awards to our named executive officers and certain other employees. We believe that including performance-based metrics as vesting hurdles in full value awards for these individuals will enhance the existing link between compensation and performance provided by our annual bonus and equity programs. Moreover, including performance-based metrics as vesting hurdles in full value awards benefits the Company as it enables such awards to qualify as performance-based awards that are exempt from the \$1,000,000 limit on deductions for compensation we pay to covered employees.

The 2014 Plan will be used to continue our successful long-term equity compensation program. Our track record demonstrates that our long-term equity compensation program works. We have relatively low turnover among a team of top professionals and managers who have produced strong performance for our stockholders over the past decade.

Our stock began trading on the OTC Bulletin Board in June 2005 at \$0.05 per share. As of October 20, 2014, our stock is trading at \$0.254 per share. Through October 20, 2014, our overall pool of equity awards is equal to approximately 9.5% of the total shares outstanding. While our overhang (equity awards outstanding as a percentage of the aggregate of total shares outstanding and equity awards outstanding) may be somewhat higher than levels suggested by proxy advisory firms, we believe that our overhang is in part indicative of the success of our long-term equity compensation program in that our associates remain with us and retain their equity awards over the long term.

Governance-related Provisions. As discussed below, the 2014 Plan includes terms that reflect our strong commitment to governance measures and plan design features considered important by key institutional stockholders and proxy advisory firms.

For these reasons, we are asking you to approve the 2014 Plan and thereby enable us to continue to implement our long-term equity compensation program.

Key Features Designed to Protect Stockholders' Interests

The 2014 Plan's design reflects our commitment to strong corporate governance and the desire to preserve stockholder value as demonstrated by the following 2014 Plan features:

Independent Administrator. The Compensation Committee of our Board of Directors will generally be the administrator of the 2014 Plan. Administrative powers may be delegated to officers and other employees, but all determinations regarding awards to our executive officers must be made by the Compensation Committee, and all determinations regarding awards to our non-employee directors must be made by the Board.

No Evergreen Feature. The 2014 Plan does not contain an evergreen provision that automatically increases the number of shares authorized for issuance under the 2014 Plan.

Repricing Prohibited. The 2014 Plan requires that stockholder approval be obtained for any repricing, exchange or buyout of underwater awards.

Reloading Prohibited. The 2014 Plan prohibits granting stock options with replenishment features.

No Discount Awards; Maximum Term Specified. Stock options and stock appreciation rights must have an exercise price or base price no less than the closing price of our Common Stock on the date the award is granted and a term no longer than ten years.

Per-Participant Limits on Awards. The 2014 Plan limits the size of awards that may be granted during any one year to any one participant.

Performance-Based Awards. The 2014 Plan permits the grant of performance-based stock and cash-incentive awards that are payable only upon the attainment of specified performance goals. The 2014 Plan includes the provisions necessary to enable us to grant qualified performance-based awards which are intended to be exempt from the \$1,000,000 limit on deductions for compensation paid to covered employees.

No Dividends on Performance-Based Awards unless and until Performance Goals are Met. The 2014 Plan prohibits the payment of dividends or dividend equivalents on performance-based awards unless and until the applicable performance goals for such award have been met, as determined by the Board of Directors.

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No Liberal Definition of Change in Control. The 2014 Plan's definition of a change-in-control transaction provides that any award benefits triggered by such a transaction are contingent upon the actual consummation of the transaction, not merely its approval by our Board of Directors or stockholders.

No Transfers for Value. Participants are not permitted to transfer awards for value under the 2014 Plan.

Summary of the 2014 Plan

The following summary describes the most significant features of the 2014 Plan. This summary is not intended to be complete and is qualified in its entirety by reference to the full text of the 2014 Plan, a copy of which is attached as Annex B this Consent Solicitation Statement. As of the date of this Consent Solicitation Statement, three non-employee directors and approximately forty-five employees are eligible to participate in the 2014 Plan.

Eligibility and Participation

The administrator selects the individuals who will participate in the 2014 Plan. Eligibility to participate is open to officers, directors and employees of, and other individuals who provide bona fide services to or for, us or any of our subsidiaries. The Compensation Committee may also select as participants prospective officers, employees and service providers who have accepted an offer of employment or another service relationship from us or one of our subsidiaries. Any awards granted to such a prospect before the individual's start date may not become vested or exercisable, and no shares may be issued to such individual, before the date the individual first commences performance of services with us.

Administration

The Compensation Committee of our Board will generally be the administrator of the 2014 Plan. At any time the Board may serve as the administrator in lieu of or in addition to the Compensation Committee. Except as provided otherwise under the 2014 Plan, the administrator has plenary authority to grant awards pursuant to the terms of the 2014 Plan to eligible individuals, determine the types of awards and the number of shares covered by the awards, establish the terms and conditions for awards and take all other actions necessary or desirable to carry out the purpose and intent of the 2014 Plan.

The Compensation Committee or Board may delegate to the officers and employees of the Company limited authority to perform administrative actions under the 2014 Plan to assist in its administration to the extent permitted by applicable law and stock exchange rules. This delegation of authority, however, may not extend to the exercise of discretion with respect to awards to participants who are covered employees within the meaning of Section 162(m) of the Internal Revenue Code of 1986 (Code) or officers under Section 16 of the Securities Exchange Act. With respect to any award to which Section 16 of the Securities Exchange Act applies, the administrator shall consist of either our Board or the Compensation Committee. With respect to any award that is intended to be a qualified performance-based award, the administrator shall consist of two or more directors, each of whom is intended to be an outside director as defined under Section 162(m) of the Code. Any member of the administrator who does not meet the foregoing requirements shall abstain from any decision regarding an award and shall not be considered a member of the administrator to the extent required to comply with Rule 16b-3 of the Securities Exchange Act or Section 162(m) of the Code.

Shares Available Under the 2014 Plan

The shares of our Common Stock issuable pursuant to awards under the 2014 Plan will be shares authorized for issuance under our Articles of Incorporation, as amended, but unissued. When the 2014 Plan first becomes effective,

the number of shares of our Common Stock issuable pursuant to awards granted under the 2014 Plan (Share Pool) will be, after giving effect to the reverse stock split, equal to 2,400,000. No further awards will be granted under the 2006 Plan once the 2014 Plan becomes effective.

Adjustments to Share Pool. Following the effective date of the 2014 Plan, the Share Pool will be adjusted as follows:

The Share Pool will be reduced by one share for each share of our Common Stock made subject to an award granted under the 2014 Plan;

The Share Pool will be increased by the number of unissued shares of our Common Stock underlying or used as a reference measure for any award or portion of an award granted under the 2014 Plan or any prior stock incentive plan of the Company that is cancelled, forfeited, expired, terminated unearned or settled in cash, in any such case without the issuance of shares, and by the number of shares of our Common Stock used as a reference measure for any award granted under our Plan that are not issued upon settlement of such award;

The Share Pool will be increased by the number of shares of our Common Stock that are forfeited back to us after issuance due to a failure to meet an award contingency or condition with respect to any award or portion of an award granted under our Plan;

The Share Pool will be increased by the number of shares of our Common Stock withheld by or surrendered (either actually or through attestation) to us in payment of the exercise price of any award granted under our Plan; and

The Share Pool will be increased by the number of shares of our Common Stock withheld by or surrendered (either actually or through attestation) to us in payment of the statutory minimum tax withholding obligation that arises in connection with any award granted under our Plan.

In the event of a merger, consolidation, stock rights offering, statutory share exchange or similar event affecting the

Company or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of the Company, our Board will adjust the Share Pool proportionately to reflect the transaction or event. Similar adjustments will be made to the award limitations described below and to the terms of outstanding awards.

Types of Awards

The 2014 Plan enables the grant of stock options, stock appreciation rights, stock awards, stock unit awards, performance shares, cash-based performance units and other stock-based awards, each of which may be granted separately or in tandem with other awards. The 2014 Plan contains all elements necessary to enable such awards granted to covered employees to qualify for the performance-based exemption to the \$1,000,000 deduction limit under Section 162(m) of the Code, if desired, to ensure maximum deductibility by the Company.

Stock Options and Stock Appreciation Rights. Stock options represent a right to purchase a specified number of shares of our Common Stock from us at a specified price during a specified period of time. Stock options may be granted in the form of incentive stock options, which are intended to qualify for favorable treatment for the recipient under U.S.

federal tax law, or as nonqualified stock options, which do not qualify for this favorable tax treatment. Only employees of the Company or its subsidiaries may receive tax-qualified incentive stock options within the U.S. The administrator may establish sub-plans under the 2014 Plan through which to grant stock options that qualify for preferred tax treatment for recipients in jurisdictions outside the U.S. Stock appreciation rights represent the right to receive an amount in cash, shares of our Common Stock or both equal to the fair market value of the shares subject to the award on the date of exercise minus the exercise price of the award. All stock options and stock appreciation rights must have a term of no longer than ten years duration. Stock options and stock appreciation rights generally must have an exercise price equal to or above the fair market value of our shares of Common Stock on the date of grant except as provided under applicable law or with respect to stock options and stock appreciation rights that are granted in substitution of similar types of awards of a company acquired by us or an affiliate or with which we or our affiliate combine (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) to preserve the intrinsic value of such awards. As of October 20, 2014, the fair market value of a share of our Common Stock was \$0.254 as reported on the OTC Bulletin Board.

Prohibition on Reload Options. The administrator is prohibited from granting stock options under the 2014 Plan that contain a reload or replenishment feature. A reload or replenishment feature means that if an option holder delivers shares of our Common Stock to us in payment of the exercise price or any tax withholding obligation upon exercise of an outstanding stock option, we grant to that option holder a new at-the-market option for the number of shares that he or she delivered.

Prohibition on Repricing. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of stock options and stock appreciation rights granted under the 2014 Plan may not be amended, after the date of grant, to reduce the exercise price of such stock options or stock appreciation rights, nor may outstanding stock options or stock appreciation rights be canceled in exchange for (i) cash, (ii) stock options or stock appreciation rights with an exercise price that is less than the exercise price of the original outstanding stock options or stock appreciation rights, or (iii) other awards, unless such action is approved by our stockholders.

Restricted Stock. Awards of restricted stock are actual shares of our Common Stock that are issued to a participant, but that are subject to forfeiture if the participant does not remain employed by us for a certain period of time and/or if certain performance goals are not met. Except for these restrictions and any others imposed by the administrator, the participant will generally have all of the rights of a stockholder with respect to the restricted stock, including the right to vote the restricted stock, but will not be permitted to sell, assign, transfer, pledge or otherwise encumber shares of restricted stock before the risk of forfeiture lapses.

Dividends declared payable on shares of restricted stock that are granted subject to risk of forfeiture conditioned solely on continued service over a period of time will be paid either at the dividend payment date or deferred for payment to such later date as determined by the administrator, and may be paid in cash or as unrestricted shares of our Common Stock or may be reinvested in additional shares of restricted stock. Dividends declared payable on shares of restricted stock that are granted subject to risk of forfeiture conditioned on satisfaction of performance goals will be held by us and made subject to forfeiture at least until the applicable performance goal related to such shares of restricted stock has been satisfied.

Restricted Stock Units. An award of restricted stock units represents a contractual obligation of the Company to deliver a number of shares of our Common Stock, an amount in cash equal to the fair market value of the specified number of shares subject to the award, or a combination of shares and cash. Until shares of our Common Stock are issued to the participant in settlement of stock units, the participant shall not have any rights of a stockholder of the Company with respect to the stock units or the shares issuable thereunder. Vesting of restricted stock units may be subject to performance goals, the continued service of the participant or both. The administrator may provide that dividend equivalents will be paid or credited with respect to restricted stock units, but such dividend equivalents will be held by us and made subject to forfeiture at least until any applicable performance goal related to such restricted stock units has been satisfied.

Performance Shares and Performance Units. An award of performance shares, as that term is used in the 2014 Plan, refers to shares of our Common Stock or stock units that are expressed in terms of our Common Stock, the issuance, vesting, lapse of restrictions or payment of which is contingent on performance as measured against predetermined objectives over a specified performance period. An award of performance units, as that term is used in the 2014 Plan, refers to dollar-denominated units valued by reference to designated criteria established by the administrator, other than our Common Stock, whose issuance, vesting, lapse of restrictions or payment is contingent on performance as measured against predetermined objectives over a specified performance period. The applicable award agreement will specify whether performance shares and performance units will be settled or paid in cash or shares of our Common Stock or a combination of both, or will reserve to the administrator or the participant the right to make that

determination prior to or at the payment or settlement date.

The administrator will, prior to or at the time of grant, condition the grant, vesting or payment of, or lapse of restrictions on, an award of performance shares or performance units upon (A) the attainment of performance goals during a performance period or (B) the attainment of performance goals and the continued service of the participant.

The length of the performance period, the performance goals to be achieved during

the performance period, and the measure of whether and to what degree such performance goals have been attained will be conclusively determined by the administrator in the exercise of its absolute discretion. Performance goals may include minimum, maximum and target levels of performance, with the size of the award or payout of performance shares or performance units or the vesting or lapse of restrictions with respect thereto based on the level attained. An award of performance shares or performance units will be settled as and when the award vests or at a later time specified in the award agreement or in accordance with an election of the participant, if the administrator so permits, that meets the requirements of Section 409A of the Code.

Qualified Performance-Based Awards. The administrator may, prior to or at the time of grant, designate an award of restricted stock, restricted stock units, performance shares or performance units as a qualified performance-based award intended to qualify for the performance-based exemption to the \$1,000,000 deduction limit under Section 162(m) of the Code, if desired. For any award so designated as a qualified performance-based award, the administrator will take steps to ensure that the terms of the award are consistent with such designation. The administrator may retain in an award agreement the discretion to reduce, but not to increase, the amount or number of qualified performance-based awards which will be earned based on the achievement of performance goals. Achievement of the performance goals will be certified by a committee of outside directors, within the meaning of Section 162(m) of the Code, before any payment is made under a qualified performance-based award.

Performance goals applicable to qualified performance-based awards may be applied on a per share or absolute basis and relative to one or more performance metrics, or any combination thereof, and may be measured pursuant to U.S. generally accepted accounting principles (GAAP), non-GAAP or other objective standards in a manner consistent with our or our subsidiary s established accounting policies, all as the administrator determines at the time the performance goals for a performance period are established. For this purpose, performance metrics mean criteria established by the administrator relating to any of the following, as it may apply to individual, one or more business units, divisions, or Affiliates, or on a company-wide basis, and in absolute terms, relative to a base period, or relative to the performance of one or more comparable companies, peer groups, or an index covering multiple companies:

Earnings or Profitability Metrics: any derivative of investment advisory revenue; mutual fund servicing revenue; earnings/loss (gross, operating, net, or adjusted); earnings/loss before interest and taxes (EBIT); earnings/loss before interest, taxes, depreciation and amortization (EBITDA); profit margins; operating margins; expense levels or ratios; provided that any of the foregoing metrics may be adjusted to eliminate the effect of any one or more of the following: interest expense, asset impairments or investment losses, early extinguishment of debt or stock-based compensation expense;

Return Metrics: any derivative of return on investment, assets, equity or capital (total or invested);

Investment Metrics: relative risk-adjusted investment performance; investment performance of assets under management;

Cash Flow Metrics: any derivative of operating cash flow; cash flow sufficient to achieve financial ratios or a specified cash balance; free cash flow; cash flow return on capital; net cash provided by operating activities; cash flow per share; working capital;

Liquidity Metrics: any derivative of debt leverage (including debt to capital, net debt-to-capital, debt-to-EBITDA or other liquidity ratios);

Stock Price and Equity Metrics: any derivative of return on stockholders equity; total stockholder return; stock price; stock price appreciation; market capitalization; earnings/loss per share (basic or diluted) (before or after taxes); and/or

Strategic Metrics: Metrics including, but not limited to, product research and development; completion of an identified special project; clinical trials; regulatory filings or approvals; patent application or issuance; manufacturing or process development; sales or net sales; market share; market penetration; economic value added; customer service; customer satisfaction; inventory

control; balance of cash, cash equivalents and marketable securities; growth in assets; key hires; employee satisfaction; employee retention; business expansion; acquisitions, divestitures, joint ventures; capital or fund raising to support operations; government grants; license arrangements; collaboration or customer agreements or arrangements; legal compliance or safety and risk reduction; or such other measures as determined by the Administrator consistent with these performance measures.

To the extent consistent with the requirements of the exemption to the \$1,000,000 deduction limit under Section 162(m) of the Code, the administrator may provide at the time performance goals are established for qualified performance-based awards that the manner in which such performance goals are to be calculated or measured may take into account, or ignore, capital costs, interest, taxes, depreciation and amortization and other factors over which the participant has no (or limited) control including, but not limited to, restructurings, discontinued operations, impairments, changes in foreign currency exchange rates, extraordinary items, certain identified expenses (including, but not limited to, cash bonus expenses, incentive expenses and acquisition-related transaction and integration expenses), the consolidation of investment products, other unusual non-recurring items, industry margins, general economic conditions, interest rate movements and the cumulative effects of tax or accounting changes.

Other Stock-Based Awards. The administrator may from time to time grant to eligible individuals awards in the form of our Common Stock or any other award that is valued in whole or in part by reference to, or is otherwise based upon, shares of our Common Stock, including without limitation dividend equivalents and convertible debentures (Other Stock-Based Awards). Other Stock-Based Awards in the form of dividend equivalents may be (A) awarded on a free-standing basis or in connection with another award other than a stock option or stock appreciation right, (B) paid currently or credited to an account for the participant, including the reinvestment of such credited amounts in Common Stock equivalents, to be paid on a deferred basis, and (C) settled in cash or our Common Stock as determined by the administrator; provided, however, that dividend equivalents payable on Other Stock-Based Awards that are granted as a performance award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until the applicable performance goal related to such Other Stock-Based Awards has been satisfied. Any such settlements, and any such crediting of dividend equivalents, may be subject to such conditions, restrictions and contingencies as the administrator may establish.

Award Limitations

The following limitations on awards are imposed under the 2014 Plan.

ISO Award Limit. No more than 2,400,000 shares of our Common Stock, after giving effect to the reverse stock split, may be issued in connection with awards granted under the 2014 Plan that are intended to qualify as incentive stock options under Section 422 of the Code.

Code Section 162(m) Individual Limits:

Appreciation Awards. The maximum number of shares of our Common Stock that may be made subject to awards granted under the 2014 Plan during a calendar year to any one person in the form of stock options or stock appreciation rights is, in the aggregate, 500,000 shares.

Stock-Based Performance Awards. The maximum number of shares of our Common Stock that may be made subject to awards granted under the 2014 Plan during a calendar year to any one person in the form of performance shares is, in the aggregate, 250,000 shares. If such performance shares will be settled in cash, the maximum cash amount payable thereunder is the amount equal to the number of performance shares to be settled in cash multiplied by the closing price of the shares, as determined as of the payment date.

Cash-Based Performance Units. In connection with awards granted under the 2014 Plan during a calendar year to any one person in the form of cash-based performance units, the maximum cash amount payable under such performance units is \$500,000.

Adjustments to Limits during Initial Year of Service. Each of the individual limits set forth above (as required by Section 162(m) of the Code) are multiplied by two when applied to awards granted to any individual during the calendar year in which such individual first commences service with us.

Adjustments for Multi-year Performance Periods. The individual limits set forth above for stock-based performance awards are multiplied by the number of calendar years over which the applicable performance period spans (in whole or in part), if the performance period is longer than 12 months duration.

If any award is terminated, surrendered or canceled in the same year as the year in which it is granted, that award nevertheless will continue to be counted against the Code Section 162(m) individual limits set forth above for the calendar year in which it was granted.

Adjustments to Awards for Corporate Transactions and Other Events

Mandatory Adjustments. In the event of a merger, consolidation, stock rights offering, statutory share exchange or similar event affecting us (a Corporate Event) or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of the Company, the administrator will make such equitable and appropriate substitutions or proportionate adjustments to:

the aggregate number and kind of shares of Common Stock or other securities on which awards under the 2014 Plan may be granted to eligible individuals;

the maximum number of shares of Common Stock or other securities with respect to which awards may be granted during any one calendar year to any individual;

the maximum number of shares of Common Stock or other securities that may be issued with respect to incentive stock options granted under the 2014 Plan;

the number of shares of Common Stock or other securities covered by each outstanding award and the exercise price, base price or other price per share, if any, and other relevant terms of each outstanding award; and

all other numerical limitations relating to awards, whether contained in the 2014 Plan or in award agreements.

Discretionary Adjustments. In addition to the adjustments specified above, in the case of Corporate Events, the administrator may make such other adjustments to outstanding awards as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding awards in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such awards, (ii) the substitution of securities or other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the shares of Common Stock subject to outstanding awards, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the administrator, of the surviving or successor entity or a parent thereof. The administrator may, in its discretion, adjust the performance goals applicable to any awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes.

Treatment of Awards upon Dissolution or Liquidation or a Change in Control

Dissolution or Liquidation. Unless the administrator determines otherwise, all awards outstanding under the 2014 Plan will terminate upon the dissolution or liquidation of the Company.

Continuation, Assumption, Substitution or Termination of Awards. If any transaction results in a change in control (as defined in the 2014 Plan) of the Company, outstanding awards under the 2014 Plan will terminate when such transaction becomes effective unless provision is made in connection with the transaction by the surviving or successor entity or a parent of such entity for outstanding awards to be continued or assumed or for equivalent awards to be substituted. In the event outstanding awards will terminate in this manner, (i) the outstanding awards that will terminate upon the effective time of the change in control

transaction will, immediately before the effective time of the change in control, become fully exercisable, be considered to be earned and payable in full, any deferral or other restriction thereon will lapse, and any restriction period thereon will terminate, (ii) the holders of stock options, stock appreciation rights and other awards granted under the 2014 Plan that are exchangeable for or convertible into our Common Stock will be permitted, immediately before the change in control becomes effective, to exercise or convert all portions of such awards, and (iii) the administrator may make any of the discretionary adjustments described above with respect to any or all awards granted under the 2014 Plan. Implementation of the provisions of the immediately foregoing sentence will be conditioned upon consummation of the change in control, not merely the approval of the transaction by our Board of Directors or stockholders.

Under the terms of the 2014 Plan, a change in control is generally defined as (i) any acquisition by a person or entity of more than 35% of the total voting power of the Company's stock, with certain exceptions, (ii) a contested change in the majority of the Board members within a 12-month period, (iii) acquisition by a person or entity over a 12-month period of assets from the Company that have a total gross fair market value equal to or more than 60% of the total gross fair market value of all of the Company immediately prior to such acquisitions, or (iv) a reorganization, merger, tender offer, share exchange, consolidation or other business combination, acquisition of the Company's equity securities, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity, unless, in any such case, the holders of the outstanding voting stock of the Company immediately prior to such merger, reorganization or consolidation, hold more than 50% of the voting power of the surviving Company.

Amendment and Termination

Our Board or Compensation Committee may terminate, amend or modify the 2014 Plan or any portion of it at any time, subject to such restrictions on amendments and modifications as may apply under applicable laws or listing rules. No such amendment may be made without the approval of our stockholders, however, to the extent such amendment would (i) materially increase the benefits accruing to participants under the 2014 Plan, (ii) materially increase the number of shares of our Common Stock which may be issued under the 2014 Plan or to a participant, (iii) materially expand the eligibility for participation in the 2014 Plan, (iv) eliminate or modify the prohibition on repricing of stock options and stock appreciation rights, (v) lengthen the maximum term or lower the minimum exercise price or base price permitted for stock options and stock appreciation rights, or (vi) modify the limitation on the issuance of reload or replenishment options.

The 2014 Plan is scheduled to expire on October 19, 2024 which is ten years after its adoption by our Board of Directors.

Compliance with Listing Rules

While shares are listed for trading on any stock exchange or market, our Board of Directors and the administrator agree that they will not make any amendments, issue any awards or take any action under the 2014 Plan unless such action complies with the relevant listing rules.

Material U.S. Federal Income Tax Consequences of the 2014 Plan

The following discussion is intended only as a general summary of the material U.S. federal income tax consequences of awards issued under the 2014 Plan, based upon the provisions of the Code as of the date of this Consent Solicitation

Statement, for the purposes of stockholders considering how to vote on this proposal. It is not intended as tax guidance to participants in the 2014 Plan. This summary does not take into account certain circumstances that may change the income tax treatment of awards for individual participants, and it does not describe the state income tax consequences of any award or the taxation of awards in jurisdictions outside of the U.S.

Stock Options and Stock Appreciation Rights. The grant of a stock option or stock appreciation right generally has no income tax consequences for a participant or the Company. Likewise, the exercise of an incentive stock option generally does not have income tax consequences for a participant or the Company, except that it may result in an item of adjustment for alternative minimum tax purposes for the participant. A participant usually recognizes ordinary income upon the exercise of a nonqualified stock option or stock appreciation right equal to the fair market value of the shares or cash payable (without regard to income or

employment tax withholding) minus the exercise price, if applicable. We should generally be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income recognized by the participant as a result of the exercise of a nonqualified stock option or stock appreciation right.

If a participant holds the shares acquired under an incentive stock option for the time specified in the Code (at least two years measured from the grant date and one year measured from the exercise date), any gain or loss arising from a subsequent disposition of the shares will be taxed as long-term capital gain or loss. If the shares are disposed of before the holding period is satisfied, the participant will recognize ordinary income equal to the lesser of (1) the amount realized upon the disposition and (2) the fair market value of such shares on the date of exercise minus the exercise price paid for the shares. Any ordinary income recognized by the participant on the disqualifying disposition of the shares generally entitles us to a deduction by us for federal income tax purposes. Any disposition of shares acquired under a nonqualified stock option or a stock appreciation right will generally result only in capital gain or loss for the participant, which may be short- or long-term, depending upon the holding period for the shares.

Full Value Awards. Any cash and the fair market value of any shares of Common Stock received by a participant under a Full Value Award are generally includible in the participant's ordinary income. In the case of restricted stock awards, this amount is includible in the participant's income when the awards vest, unless the participant has filed an election with the Internal Revenue Service to include the fair market value of the restricted shares in income as of the date the award was granted. In the case of restricted stock units, performance shares and performance units, generally the value of any cash and the fair market value of any shares of Common Stock received by a participant are includible in income when the awards are paid. Any dividends or dividend equivalents paid on unvested Full Value Awards are also ordinary income for participants.

Deductibility of Compensation. Except as explained below, the Company generally is entitled to a deduction equal to the amount included in the ordinary income of participants and does not receive a deduction for amounts that are taxable to participants as capital gain. The Code allows publicly held corporations to deduct compensation that is in excess of \$1,000,000 paid to the corporation's chief executive officer and to any of its three most highly compensated executive officers (other than the chief executive officer and the chief financial officer) if the compensation is payable solely based on the attainment of one or more performance goals and where certain statutory requirements are satisfied. We intend for compensation arising from grants of stock options and stock appreciation rights under the 2014 Plan to be deductible by the Company as performance-based compensation not subject to the \$1,000,000 limitation on deductibility. We may also choose to grant performance awards under the 2014 Plan that satisfy the requirements for deductibility of compensation. We reserve the right, however, to grant awards under the 2014 Plan that do not result in qualified performance-based compensation and, as such, may not entitle us to a tax deduction.

New Plan Benefits

No awards have been previously granted under the 2014 Plan. The awards that are to be granted to any participant or group of participants are indeterminable at the date of this Consent Solicitation Statement because participation and the types of awards that may be granted under the 2014 Plan are subject to the discretion of the administrator.

Consequently, no New Plan Benefits Table is included in this Consent Solicitation Statement.

Our Board of has approved and declared advisable the 2014 Plan. If Proposal 4 is approved, the Board will implement the 2014 Plan only if Proposals 1, 2 and 3 have been approved.

The Board unanimously recommends a vote FOR approval of the form, terms and provision of the Cytosorbents Corporation 2014 Long-Term Incentive Plan.

**PROPOSAL 5: TO APPROVE THE CHANGE OF
DOMICILE OF THE COMPANY FROM THE
STATE OF NEVADA TO THE STATE OF DELAWARE
THROUGH THE MERGER OF THE
COMPANY WITH AND INTO CYTOSORBENTS
CORPORATION, A NEWLY-ORGANIZED,
WHOLLY-OWNED SUBSIDIARY OF THE COMPANY
ORGANIZED UNDER
THE LAWS OF THE STATE OF DELAWARE.**

Our Board unanimously approved and is proposing that the stockholders approve the Company's change of domicile from the State of Nevada to the State of Delaware through the mechanism of a merger, which involves the Company establishing a wholly-owned Delaware subsidiary, CytoSorbents Corporation, a Delaware corporation (CytoSorbents DE or the Surviving Entity) and then merging with and into CytoSorbents DE, which is the surviving entity. The Merger will be consummated pursuant to the Agreement and Plan of Merger between the Company and its Delaware subsidiary, a copy of which is attached to this Consent Solicitation Statement as Annex C (the Agreement and Plan of Merger).

Pursuant to the Agreement and Plan of Merger, each share of our Common Stock outstanding immediately prior to the Effective Time (as defined the Agreement and Plan of Merger) shall by virtue of the Merger and without any action on the part of the holder thereof, be converted into one (1) share of fully-paid and non-assessable shares of CytoSorbents DE common stock, \$0.001 par value per share.

The Merger will effect a change in the legal domicile of the Company and other changes of a legal nature, the most significant of which are described below. However, the Merger will not result in any change in the Company's business, management, location of its principal executive offices, assets, liabilities or net worth (other than as a result of the costs incident to the Merger, which are immaterial) and the shares of Delaware common stock will continue to trade, without interruption, on the OTCBB under the same symbol as the Nevada common stock.

New Delaware Corporation

Our newly-formed, wholly-owned Delaware subsidiary, incorporated under the Delaware General Corporation Law (the DGCL) on October 28, 2014 under the name CytoSorbents Corporation, will be the surviving corporation of the Merger. It was incorporated exclusively for the purpose of merging with and implementing the change in domicile of the Company from Nevada to Delaware.

The Agreement and Plan of Merger

As of the Effective Time, each share of our Common Stock outstanding immediately prior to the Effective Time shall by virtue of the Merger and without any action on the part of the holder thereof, be converted into one (1) share of

fully-paid and non-assessable shares of CytoSorbents DE Common Stock. Assuming the approval by the stockholders of Proposals 1, 2, 3 and 4, and after giving effect to the reverse stock split contemplated in Proposal 1, the Company will have approximately 23,262,801 shares of Common Stock issued and outstanding. As of the Effective Time under the Agreement and Plan of Merger, all of the issued and outstanding shares of our Common Stock will be converted into 23,262,801 shares of CytoSorbents DE common stock. In addition, as of the Effective Time, all outstanding shares of CytoSorbents DE common stock, which shares are held by the Company, shall be canceled and returned to the status of authorized and unissued shares of the Surviving Entity. None of such redeemed shares shall be retained by the Surviving Entity as treasury shares.

All of the options and warrants to acquire, or instruments convertible into, shares of our Common Stock held by any person shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted, share for share, into options and warrants, or convertible instruments, respectively, of the Surviving Entity.

From and after the Effective Time, all of the outstanding certificates which immediately prior to the Effective Time represented shares of the Company shall be deemed for all purposes to evidence ownership of, and to represent, shares of CytoSorbents DE common stock into which such shares have been converted as herein provided. The registered owner on the books and records of the Company of any such outstanding stock certificates shall, until such certificates shall have been surrendered for transfer or otherwise accounted for to the Surviving Entity, have and be able to exercise any voting and other rights with respect to and receive any dividend or other distributions upon the CytoSorbents DE common stock evidenced by such outstanding certificates as provided.

