**Capstone Therapeutics Corp.**

5141 W 122nd Street

Alsip, IL 60803

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Held Wednesday, December 1, 2021

TO THE STOCKHOLDERS:

The Annual Meeting of Stockholders of Capstone Therapeutics Corp., a Delaware corporation, (the “Company”),

 was held on **Thursday, December 1, 2021 at 11:00 a.m. (local time) at the offices of the Company,** 5141 W 122nd Street

Alsip, IL 60803**,** for the following purposes:

(1) To elect two directors as Class III Directors to serve until the Annual Meeting of Stockholders to be held in the year 2024, or until a successor is elected and qualified; and

(2) To ratify the appointment of GBQ Partners, LLC, as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2021.

Stockholders of record at the close of business on November 30, 2021 are entitled to vote at the meeting and at any adjournment or postponement thereof.

 

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

Only stockholders of record at the close of business on June 30, 2021 (the “Record Date”) were entitled to vote at the Annual Meeting. On the Record Date, there were issued and outstanding 79,277 shares of the Company’s Common Stock. Each holder of Common Stock was entitled to one vote, exercisable in person or by proxy, for each share of the Company’s Common Stock held of record on the Record Date.

**VOTING PROCEDURES**

The presence of a majority of the shares of Common Stock entitled to vote, in person or by proxy, is required to constitute a quorum for the conduct of business at the Annual Meeting. Abstentions and broker non-votes are each included in the determination of the number of shares present for quorum purposes. The Inspector of Election appointed by the Chairman of the Board of Directors shall determine the shares represented at the meeting and the validity of proxies and ballots and shall count all proxies and ballots. The nominee for director receiving the highest number of affirmative votes (whether or not a majority) cast for the Director by the shares represented at the Annual Meeting and entitled to vote thereon, a quorum being present, shall be elected as a director. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election. The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote is required with respect to the approval of the other proposals set forth herein. Abstentions have the effect of negative votes.

The first paragraph of Section 9 of the Amended and Restated Certificate of Incorporation of the Company is as follows:

“9. Action by Consent of Stockholders. Any action required or permitted to be taken by the stockholders may be effected at a duly called and noticed annual or special meeting of such stockholders or may be taken without a meeting, without prior notice, and without a vote, if owners of a majority of the Company’s outstanding shares eligible to vote on matters at a Special Shareholder Meeting (called in accordance with the Company’s Certificate of Incorporation) or an Annual Shareholder Meeting, request the Company’s Board of Directors to accept written notice from a majority shareholder of its vote on the matters in the Special Shareholder Meeting or an Annual Shareholder Meeting in a consent voting format and to waive other requirements of shareholder notice and physical or proxy voting procedures; and the Company’s Board of Directors is authorized to accept such notice and take such actions.”

The Company currently has a shareholder, BP Peptides, LLC, that owns or has voting control of 43,441 shares (54.8%), a majority, of the Company’s outstanding Common Stock.

In accordance with the first paragraph of Section 9 of the Amended and Restated Certificate of Incorporation of the Company, BP Peptides, LLC has requested that the Company accept its written notice to hold the Annual Meeting in a consent voting format and to waive other requirements of shareholder notice and physical or proxy voting procedures and to accept their written consent to take the following actions, and the Company’s Board of directors has accepted that request.

PROPOSAL 1: ELECTION OF DIRECTORS.

Pursuant to the Company’s Certificate of Incorporation, the Board of Directors is classified into three classes, with each class holding office for a three-year period. The Certificate of Incorporation restricts the removal of directors under certain circumstances. The number of directors may be increased to a maximum of nine.

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting. Stockholders do not have the right to cumulate their votes in the election of directors.

By written consent of BP Peptides, LLC, two directors, Elwood D. Howse, Jr. and Michael M. Toporek, who are currently Class III Directors of the Company, were elected at the Annual Meeting to serve as a Class III Directors until the Annual Meeting of Stockholders to be held in the year 2024, or until a successor is elected and qualified.

The name of the directors, whose terms continue beyond the Annual Meeting, and certain information about them, are set forth below.

**INFORMATION CONCERNING DIRECTORS**

*Class I Director Whose Term Will Expire at the 2022 Annual Meeting*

**Fredric J. Feldman, Ph.D.** (1)(2) (3) Director since 1991

Fredric J. Feldman, Ph.D., 81, has been the President of FJF Associates, a consultant to health care venture capital and emerging companies, since February 1992 and has served as a director of the Company since 1991. From September 1995 to June 1996, he was the Chief Executive Officer of Biex, Inc., a women’s healthcare company. He served as Chief Executive Officer of Oncogenetics, Inc., a cancer genetics reference laboratory, from 1992 to 1995. Between 1988 and 1992, Dr. Feldman was the President and Chief Executive Officer of Microgenics Corporation, a medical diagnostics company.

Dr. Feldman received his Ph.D. in analytical chemistry from the University of Maryland. He has been a director of a number of public and private companies involved in the healthcare industry. The Board believes that Dr. Feldman’s over 40 years of operating, scientific and business experience in the medical/biotech industry qualifies him for service on our board.

 *Class II Directors Whose Term Will Expire at the 2023 Annual Meeting*

***John M. Holliman, III***  Director since 1987

John M. Holliman III, 67, has served as a director of the Company since September 1987 and served as Chairman of the Board of Directors from August 1997 thru March 2020. Since February 1993 he has been a general partner of entities which are the general partners of Valley Ventures, LP (formerly known as Arizona Growth Partners, LP), Valley Ventures II, LP, Valley Ventures III, LP, Valley Ventures III Annex, LP, all of which are venture capital funds that invest principally in life science companies.

 John M. Holliman, III has over thirty years of business experience, including service on the boards of over forty companies, commercial lending experience with major financial institutions, and has been active in venture capital financing for over thirty years, concentrating in the medical/biotech industries. Mr. Holliman earned a BBA in Finance and a MBA from Southern Methodist University and a Master of International Management from the Thunderbird School of Global Management. During his career Mr. Holliman has gained substantial executive and board level experience in business, finance and operations. The Board believes this experience and knowledge qualifies him to serve on our board.

***Matthew E. Lipman (1)*** Director since July 2017

Matthew E. Lipman, 41, has served as a director since July 14, 2017. Mr. Lipman has served as a director of Mechanical Technology, Incorporated (MKTY) since October 21, 2016. Since 2004, Mr. Lipman has served as Managing Director of Brookstone Partners, a lower middle market private equity firm based in New York and an affiliate of BP Peptides, LLC. Mr. Lipman’s responsibilities at Brookstone Partners include identifying and evaluating investment opportunities, performing transaction due diligence, managing the capital structure of portfolio companies and working with management teams to implement operational and growth strategies. In addition, Mr. Lipman is responsible for executing add-on acquisitions and other portfolio company-related strategic projects. From July 2001 through June 2004, Mr. Lipman was an analyst in the mergers and acquisitions group at UBS Financial Services Inc. responsible for formulating and executing on complex merger, acquisition and financing strategies for Fortune 500 companies in the industrial, consumer products and healthcare sectors. Mr. Lipman currently serves on the Board of Directors of Instone, LLC and Denison Pharmaceuticals, LLC.

Mr. Lipman has a B.S. in Business Administration from Babson College. Mr. Lipman brings over 15 years of experience working with companies to establish growth strategies and to execute acquisitions. He is proficient in reading and understanding financial statements, generally accepted accounting principles and internal controls as a direct result of his investment experience evaluating companies for potential investments, has experience managing the financial reporting and capital structure for three portfolio companies, and has relevant experience in board service. And for the reasons enumerated above the Board believes he is qualified to serve as a director.

*Class III Directors Whose Term Will Expire at the 2024 Annual Meeting*

***Elwood D. Howse, Jr. (1) (3)*** Director since 1987

Elwood D. Howse, Jr., 81, has served as a director of the Company since September 1987.  In 1982, Mr. Howse founded Cable, Howse and Ragen, an investment banking and stock brokerage firm, subsequently known as Ragen MacKenzie.  In 1977, Mr. Howse co-founded Cable & Howse Ventures, an early stage venture capital firm focused on technology.  In 1976, he served as Vice President, Corporate Finance, for Foster & Marshall, a stock brokerage firm.  In 1974 he was the Chief Financial Officer of Seattle Stevedore Company and the Miller Produce Company.  Mr. Howse has served as a corporate director and advisor to various public, private and non-profit enterprises.  He served on the board of the National Venture Capital Association and is past President of the Stanford Business School Alumni Association.  He currently serves on the boards of directors of Formotus, Inc. and the NOVIM Group. Mr. Howse holds a BS in Engineering from Stanford University and an MBA from Stanford Graduate School of Business.

            The Board believes Mr. Howse’s education and experience, particularly Mr. Howse’s financial experience, which qualifies him to be designated as our financial expert on our Audit Committee, brings important financial and business experience to the board and qualifies him to serve on our board.

***Michael M. Toporek (2)*** Director since July 2017

Michael M. Toporek, 56, has served as a director since July 14, 2017 and as Chairman of the Board since April 1, 2020. Mr. Toporek has served as a director of Mechanical Technology, Incorporated (MKTY) since October 21, 2016. Since 2003, Mr. Toporek has served as the Managing General Partner of Brookstone Partners, a lower middle market private equity firm based in New York and an affiliate of BP Peptides, LLC. Prior to founding Brookstone Partners in 2003, Mr. Toporek was both an active principal investor and an investment banker. Mr. Toporek began his career in Chemical Bank’s Investment Banking Group, later joined Dillon, Read and Co., which became UBS Warburg Securities Ltd. during his tenure, and SG Cowen and Company. Mr. Toporek currently serves on the Board of Trustees of Harlem Academy.

Mr. Toporek has a B.A. in Economics and an M.B.A. from the University of Chicago. Mr. Toporek brings strategic and financial expertise to the Board as a result of his experience with Brookstone Partners, which the Board believes qualifies him to serve as a director.

Messrs. Lipman and Toporek were introduced and recommended to the Board as nominees for director by Brookstone. Their initial appointments were a condition of Brookstone’s purchase of shares of the Company’s Common Stock on July 14, 2017, and a condition of the secured loan of $2,427,500 from Brookstone in accordance with the Securities Purchase, Loan and Security Agreement (the “Brookstone Agreement”) entered into between Brookstone and the Company. Pursuant to the Brookstone Agreement, the Company is required to (i) nominate two candidates for a director position that have been recommended by Brookstone as long as Brookstone beneficially owns over 20% of the Company’s outstanding Common Stock and (ii) nominate one candidate for a director position that has been recommended by Brookstone as long as Brookstone beneficially owns over 5% but less than 20% of the Company’s outstanding Common Stock. Brookstone currently owns 43,441 shares (54.8%) of the Company’s outstanding Common Stock.

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(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance/Nominating Committee

## Board Meetings and Committees

The Board presently has an Audit Committee, a Compensation Committee and a Corporate Governance/Nominating Committee.

**Audit Committee**

The Audit Committee consists of Mr. Howse (Chairman), Dr. Feldman and Mr. Lipman. The Audit Committee assists the Board of Directors in its oversight of financial reporting practices, including the independent auditor’s qualifications and independence, and the performance of the Company’s internal audit function. The Audit Committee appoints the Company’s independent auditor. The Audit Committee meets independently with representatives of the Company’s independent auditor and with representatives of senior management. The Committee reviews the general scope of the Company’s annual audit, the fee charged by the independent auditor and other matters relating to internal control systems. In addition, the Audit Committee is responsible for approving, reviewing and monitoring the performance of non‑audit services by the Company’s auditor. The Audit Committee operates under a written charter that has been adopted by the Board of Directors, a copy of which is available on the Company’s website at www.capstonethx.com. Mr. Howse and Dr. Feldman are each an “independent director” as defined in Nasdaq Listing Rule 5605(a)(2).

The Board of Directors has determined that the composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee, as reflected in its charter, are in accordance with Nasdaq Marketplace Rules for audit committees. In particular, all Audit Committee members possess the required level of financial literacy, at least one member of the Audit Committee meets the current standard of requisite financial management expertise and the Board of Directors has determined that Elwood D. Howse, Jr., the Chairman of the Audit Committee, is an “audit committee financial expert” as defined in Item 407(d) of Regulation S-K of the Securities and Exchange Commission (the “SEC”). Additionally, Mr. Howse and Dr. Feldman are “independent directors” as defined in Nasdaq Listing Rule 5605(a)(2).

**Compensation Committee**

The Compensation Committee consists of Dr. Feldman (Chairman) and Mr. Toporek. Dr. Feldman is an “independent director” as defined in Nasdaq Listing Rule 5605(a)(2) and is an “outside director” as defined in Section 162(m) of the Internal Revenue Code. The Compensation Committee reviews salaries and benefit programs designed for senior management, officers and directors and administers certain grants under the Company’s stock option plans with a view to ensure that the Company is attracting and retaining highly qualified managers through competitive salary and benefit programs and encouraging extraordinary effort through incentive rewards. The Compensation Committee does not have a written charter.

**Corporate Governance/Nominating Committee**

The Corporate Governance/Nominating Committee examines and recommends nominations for the Board of Directors and officers of the Company. The Corporate Governance/Nominating Committee operates under a written charter, a copy of which is posted on our website at www.capstonethx.com. The Corporate Governance/Nominating Committee has not established a formal policy on Board diversity (differences of viewpoint, professional experience, education, skills, race, gender, national origin, and other qualities and attributes that contribute to board heterogeneity), or minimum standards for Board nominees. However, the Corporate Governance/Nominating Committee has developed an outline of core Board skills as a framework for the nominee evaluation process and considers diversity to strengthen the Board where overlapping skills are present.

When a new director is needed, the Committee seeks recommendations from current directors, officers and business associates.

The Corporate Governance/Nominating Committee consists of Dr. Feldman (Chairman) and Mr. Howse. Each member of the Committee is an “independent director” as defined in Nasdaq Listing Rule 5605 (a)(2).

**Stockholder Nomination of Director Candidates**

The Corporate Governance/Nominating Committee will consider for nomination as a director of the Company any director candidate recommended or nominated by stockholders. Director candidates recommended or nominated by stockholders are not evaluated differently from recommendations or nominations from other sources.

Stockholders wishing to recommend candidates for consideration by the Corporate Governance/ Nominating Committee may do so by providing the candidate’s name, contact details, biographical data, and qualifications in writing to the Corporate Governance/Nominating Committee, c/o Secretary, Capstone Therapeutics Corp., 5141 W. 122nd Street, Alsip, IL 60803.

**Stockholder Communications with Board**

Stockholders wishing to communicate with the Board of Directors or with a Board member should address communications to the Board or to the particular Board member, c/o Secretary, Capstone Therapeutics Corp., 5141 W. 122nd Street, Alsip, IL 60803. All communications sent in this manner to the Board members will be forwarded directly to the Board. From time to time, the Board may change the process for the means by which stockholders may communicate with the Board or its members. Please refer to the Company’s website at www.capstonethx.com for any changes to this process.

**PROPOSAL 2: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – GBQ Partners, LLC**

 The Board of Directors submitted the selection of the independent registered public accounting firm for the year ending December 31, 2021, for stockholder ratification at our 2021 Annual Meeting.

 The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote was required with respect to the approval of this Proposal 2.

 By written consent of BP Peptides, LLC, GBQ Partners, LLC was ratified as the Company’s independent registered public accounting firm for the year ending December 31, 2021.

**OTHER MATTERS**

No other matters were submitted at the Annual Meeting.

July 1, 2021 THE BOARD OF DIRECTORS