

# SECURITIES AND EXCHANGE COMMISSION

## FORM DEF 14A

Definitive proxy statements

Filing Date: **2010-06-01** | Period of Report: **2010-06-28**  
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### FILER

#### **CAMBRIDGE HEART INC**

CIK: **913443** | IRS No.: **133679946** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
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SIC: **3845** Electromedical & electrotherapeutic apparatus

Mailing Address  
*100 AMES POND ROAD  
TEWKSBURY MA 01876*

Business Address  
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TEWKSBURY MA 01876  
9786547600*

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

**SCHEDULE 14A**

**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**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 Under Rule 14a-12

**Cambridge Heart, Inc.**

**(Name of Registrant as Specified In Its Charter)**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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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 of the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**CAMBRIDGE HEART, INC.**  
**100 Ames Pond Drive**  
**Tewksbury, Massachusetts 01876**

**NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON JUNE 28, 2010**

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Stockholders (the "Meeting") of Cambridge Heart, Inc., a Delaware corporation (the "Company"), will be held at the offices of the Company at 100 Ames Pond Drive, Tewksbury, Massachusetts 01876, on June 28, 2010 at 8:30 a.m., local time, for the purpose of considering and voting upon the following matters:

1. To elect five directors to serve one-year terms;
2. To ratify the appointment by the Audit Committee of the Board of Directors of Caturano and Company, P.C. as the Company's independent accountants for the year ending December 31, 2010; and
3. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on May 18, 2010 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof.

If you would like to attend the Meeting and your shares are held by a broker, bank or other nominee, you must bring to the Meeting a recent brokerage statement or a letter from the nominee confirming your beneficial ownership of such shares. You must also bring a form of personal identification. In order to vote your shares at the Meeting, you must obtain from the nominee a proxy issued in your name.

**Whether or not you plan to attend the Meeting, we urge you to promptly sign, date and mail the enclosed proxy card. A return envelope, which requires no postage if mailed in the United States, is enclosed for that purpose.**

By Order of the Board of Directors,

Vincenzo LiCausi, *Secretary*

Tewksbury, Massachusetts

June 1, 2010

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 28, 2010. THE PROXY STATEMENT, ANNUAL REPORT TO SHAREHOLDERS AND ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2009 ARE AVAILABLE AT [HTTP://WWW.CAMBRIDGEHEART.COM/PROXY.HTML](http://www.cambridgeheart.com/proxy.html).**

**CAMBRIDGE HEART, INC.**  
**100 Ames Pond Drive**  
**Tewksbury, Massachusetts 01876**

**PROXY STATEMENT**  
**2010 Annual Meeting of Stockholders**  
**To Be Held On June 28, 2010**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Cambridge Heart, Inc., a Delaware corporation (the “Company”), for use at the 2010 Annual Meeting of Stockholders to be held on Monday, June 28, 2010, at 8:30 a.m., local time, at the offices of the Company at 100 Ames Pond Drive, Tewksbury, Massachusetts 01876, and at any adjournment or postponement thereof (the “Meeting”). The Notice of Meeting, this Proxy Statement, the Company’s Annual Report to Stockholders for the year ended December 31, 2009 and the enclosed proxy card are being mailed to stockholders on or about June 1, 2010.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**What is the purpose of the Meeting?**

At the Meeting, our stockholders will consider and vote upon the following matters:

1. The election of five directors to serve one-year terms; and
2. The ratification of the appointment by the Audit Committee of the Board of Directors of Caturano and Company, P.C. as the Company’s independent accountants for the year ending December 31, 2010.

In addition, our stockholders also will transact any other business that may properly come before the Meeting. Members of our Board of Directors and management, and representatives of Caturano and Company, P.C., our independent registered public accounting firm, will be present at the Meeting to respond to appropriate questions from stockholders.

**Who is entitled to vote at the Meeting?**

Only stockholders of record at the close of business on the record date, May 18, 2010, are entitled to notice of and to vote at the Meeting. As of the record date, there were issued and outstanding and entitled to vote 69,991,634 shares of Common Stock, \$.001 par value per share (the “Common Stock”), 5,000 shares of Series C-1 Convertible Preferred Stock, \$.001 par value per share (the “Series C-1 Preferred”), and 1,852 shares of Series D Convertible Preferred Stock, \$.001 par value per share (the “Series D Preferred”). The holders of Common Stock, Series C-1 Preferred and Series D Preferred will vote together as a single class on each matter to be voted at the Meeting. Each share of Common Stock entitles the record holder to one vote on each matter, each share of Series C-1 Preferred entitles the record holder to 836.12 votes on each matter, and each share of Series D Preferred entitles the record holder to 12,195.12 votes on each matter.

**Am I entitled to vote if my shares are held in “street name”?**

If your shares are held by a bank or brokerage firm, you are considered the “beneficial owner” of shares held in “street name.” If your shares are held in street name, your bank, brokerage firm or other nominee (the record holder of your shares) forwarded these proxy materials, along with a voting instruction card, to you. As the beneficial owner, you have the right to direct your record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions. If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares with respect to “discretionary” items, but it will not be permitted to vote your shares with respect to “non-discretionary” items. In the case of a non-discretionary item, if you do not provide your broker or nominee with voting instructions, your shares will be considered “broker non-votes” on that proposal. **Please note that unlike previous years, members of the New York Stock Exchange holding shares beneficially owned by their clients will no longer have the ability**

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**to cast votes with respect to the election of directors unless they have received voting instructions from their clients. If you are a beneficial owner, it is important that you provide instructions to your bank, broker or other holder of record so that your vote on the election of directors is counted.**

As the beneficial owner of shares, you are invited to attend the Meeting. However, if you wish to attend the Meeting, please bring to the Meeting your bank or brokerage statement or a letter from your nominee evidencing your beneficial ownership of our stock and a form of personal identification. If you are a beneficial owner, you may not vote your shares in person at the Meeting unless you obtain from the record holder a proxy issued in your name.

### **Who can attend the Meeting?**

All of our stockholders as of the record date may attend the Meeting.

### **Can I find out who the stockholders are?**

A list of stockholders will be available for examination by any stockholder, for any purpose germane to the Meeting, during ordinary business hours for ten days prior to the Meeting at the office of the Secretary of the Company at the above address, and at the time and place of the Meeting.

### **How many shares must be present to hold the Meeting?**

A quorum must be present at the Meeting for any business to be conducted. With regard to the items to be voted upon by the holders of shares of Common Stock, Series C-1 Preferred, and Series D Preferred voting together as one group, stockholders representing a majority of the votes entitled to be cast on the item will constitute a quorum. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the Meeting.

### **How do I vote?**

If you are a registered stockholder, meaning that you hold your shares in certificate form or through an account with our transfer agent, American Stock Transfer and Trust Company, and you wish to vote prior to the Meeting, you have two options. You may vote:

by mail, by properly completing, signing and returning the accompanying proxy card in the enclosed envelope; or

in person, by attending the Meeting and delivering your completed proxy card in person.

If your shares are held in street name, your bank or brokerage firm forwarded these proxy materials, as well as a voting instruction card, to you. Please follow the instructions on the voting instruction card to vote your shares.

### **What if I do not specify how my shares are to be voted?**

If you are a registered stockholder and you submit a proxy but do not provide any voting instructions, your shares will be voted in accordance with the recommendations of our Board of Directors. If you hold your shares in street name and do not instruct your bank or brokerage firm how to vote your shares, it may vote your shares as it chooses with respect to discretionary items. It will not be able to vote your shares with respect to non-discretionary items, your shares will be considered broker non-votes on non-discretionary proposals.

### **Can I change my vote after I submit my proxy?**

Yes, you may revoke your proxy and change your vote by properly completing and signing another proxy card with a later date and returning the proxy card prior to the Meeting, by giving written notice of such revocation to the Secretary of the Company prior to or at the

Meeting or by voting in person at the Meeting, or by a request at the Meeting that the proxy be revoked. Your attendance at the Meeting itself will not revoke your proxy unless you give affirmative notice of revocation to the Secretary that you intend to revoke the proxy and vote in person.

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## How does the Board of Directors recommend I vote on the proposals?

Our Board of Directors recommends that you vote:

**FOR** the election of each of the nominees for director; and

**FOR** the ratification of Caturano and Company, P.C. as the Company's independent accountants for the year ending December 31, 2010.

## Will any other business be conducted at the Meeting?

We know of no other business that will be presented at the Meeting. However, if any other matter properly comes before the stockholders for a vote at the Meeting, the proxy holders will vote your shares in accordance with their best judgment.

## What votes are necessary to approve each of the proposals?

*Election of Directors.* The affirmative vote of a plurality of the votes cast by the holders of Common Stock, Series C-1 Preferred and Series D Preferred, voting together as one group, is required to elect the nominees for director. If you vote "Withhold" with respect to one or more nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for purposes of determining whether there is a quorum.

*Ratification of Appointment of Caturano and Company, P.C.* This proposal requires the affirmative vote of a majority of the votes cast on the matter by holders of Common Stock, Series C-1 Preferred and Series D Preferred, voting together as one group. For this vote, abstentions and broker non-votes will not be counted as votes in favor and also will not be counted as shares voting on this matter. Abstentions and broker non-votes will have no effect on the outcome of this proposal.

## What happens if a nominee is unable to stand for election?

If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have voted "Withhold" with respect to the original nominee.

## ANNUAL REPORT ON FORM 10-K

**A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission, excluding exhibits, will be furnished without charge to any stockholder upon written request to the Company, 100 Ames Pond Drive, Tewksbury, Massachusetts, 01876, attention: Vincenzo LiCausi. Exhibits will be provided upon written request and payment of an appropriate processing fee.**

## AUDIT COMMITTEE REPORT

The Audit Committee of the Company's Board of Directors is composed of three members and acts under a written charter. A copy of this charter is available on the Company's website at [www.cambridgeheart.com](http://www.cambridgeheart.com).

The Audit Committee has reviewed the Company's audited financial statements for the fiscal year ended December 31, 2009 and has discussed these financial statements with the Company's management and the Company's independent auditors.

The Audit Committee also has received from, and discussed with, our independent auditors various communications that our independent auditors are required to provide to the Audit Committee, including the matters required to be discussed by Statement on Auditing Standards 61 (Communication with Audit Committees). SAS 61 (as codified in AU Section 380 of the Codification of Statements on Auditing Standards) requires our independent auditors to discuss with the Audit Committee, among other things, the following:

methods to account for significant unusual transactions;

the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditors' conclusions regarding the reasonableness of those estimates; and

disagreements with management over the application of accounting principles, the basis for management's accounting estimates and the disclosures in the financial statements.

The Company's independent auditors also provided the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). Independence Standards Board Standard No. 1 requires auditors annually to disclose in writing all relationships that in the auditors' professional opinion may reasonably be thought to bear on independence, confirm their perceived independence and engage in a discussion of independence. The Audit Committee has discussed with the independent auditors their independence from the Company. The Audit Committee also considered whether the independent auditors' provision of certain other, non-audit related services, if any, to the Company is compatible with maintaining such auditors' independence. See Proposal 2 "Ratification of Independent Accountants".

Based on its discussions with management and the independent auditors, and its review of the representations and information provided by management and the independent auditors, the Audit Committee recommended to the Company's Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

By the Audit Committee  
John F. McGuire (Chair)  
Jeffrey Wiggins  
Paul McCormick

## PROPOSAL 1

### ELECTION OF DIRECTORS

The Certificate of Incorporation of the Company provides that the number of directors of the Company shall be not less than three, with the exact number to be fixed by the Board of Directors from time to time. The Board of Directors has fixed the number of directors for the ensuing year at five.

After considering corporate governance issues, the Nominating and Governance Committee and the Board determined in December 2009 to reduce the size of the Board from seven members to five in order to reduce expenses and streamline the Company's decision making process. Reed Malleck, Richard J. Cohen, M.D., Ph.D. and Kenneth Hachikian resigned from the Board of Directors on December 30, 2009 in connection with the reduction in size of the Board of Directors. On December 30, 2009, the Board of Directors elected Mr. McCormick to serve as a director until the Meeting.

Each nominee below has consented to serve if elected. In the event that any nominee becomes unable to serve prior to the Meeting, the Board may designate a replacement nominee, and if you would otherwise be entitled to vote on such nominee, then your Proxy will be voted for such replacement. It is not presently contemplated that any of the nominees will be unable to or unwilling to serve as directors.

#### Vote Required

A plurality of votes cast will be required to elect each director nominee. Directions to withhold authority and broker non-votes will have no effect on the election of directors.

**The Company's Board of Directors recommends a vote FOR the election of the nominees below for election as director.**

#### Nominees for election at the 2010 Annual Meeting of Stockholders

RODERICK DE GREEF

Director since 2008

Age: 49

Mr. de Greef has been Chairman of the Board of the Company since November 2008. During the same period, Mr. de Greef has been employed by the Company to work with the Company's Chief Executive Officer and the Board of Directors to formulate the strategic plan of the Company and to oversee the execution of corporate strategy. In addition to serving as the Company's Chairman of the Board, Mr. de Greef provides corporate advisory services to several other companies. Mr. de Greef served as the Company's Chief Financial Officer from October 2005 to July 2007 and as the Company's Vice President of Finance and Administration from June 2006 to July 2007. From February 2001 to September 2005, Mr. de Greef was Executive Vice President and Chief Financial Officer of Cardiac Science, Inc., which merged with Quinton Cardiology, Inc. From 1995 to 2001, Mr. de Greef provided independent corporate advisory services to a number of early-stage companies. From 1986 to 1995, Mr. de Greef served as Chief Financial Officer of several publicly held, development stage medical technology companies. Mr. de Greef is a member of the board of directors of Endologix, Inc. and Bio Life Solutions Inc., both of which are in the life sciences field, and Elephant Talk Communications, Inc. Mr. de Greef has a B.A. in Economics and International Relations from California State University at San Francisco and earned his M.B.A. from the University of Oregon. Mr. de Greef's extensive business, managerial, executive and leadership experience in the medical device industry, including service on the boards of directors and as an executive officer of other public companies, as well as his position as Chairman of the Board and right to be nominated to the Board under the terms of his employment agreement, were among the factors considered by the Board of Directors in determining that Mr. de Greef should be nominated for election as a director.

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ALI HAGHIGHI-MOOD, Ph.D.

Director since 2007

Age: 50

Dr. Haghighi-Mood has been the President and Chief Executive Officer of the Company since December 2007. From December 2006 to December 2007, Dr. Haghighi-Mood served as the Company's Executive Vice President, Chief Operating Officer and Chief Technology Officer. From July 2003 to December 2006, Dr. Haghighi-Mood served as the Company's Vice President, Operations, Research and Development. From January 2002 to July 2003, he served as the Company's Director of Research and has worked in the Company's research and development department since January 1997. Dr. Haghighi-Mood holds B.S. and M.S. degrees in Electrical Engineering from the University of Tehran and a Ph.D. degree in Biomedical Engineering from the University of Sussex. Dr. Haghighi-Mood's long history with and extensive knowledge of the technology and operations of the Company, as well as his position as President and Chief Executive Officer and right to be nominated to the Board under the terms of his employment agreement, were among the factors considered by the Board of Directors in determining that Dr. Haghighi-Mood should be nominated for election as a director.

PAUL MCCORMICK

Director since 2009

Age: 57

Mr. McCormick currently serves as the Executive Chairman of Cardiogenesis, Inc. From April 2007 until July 2009, Mr. McCormick served as Chairman of the Board of Cardiogenesis, Inc. Mr. McCormick was a member of the executive management team of Endologix, Inc. from 1998 until 2008, most recently serving as President and Chief Executive Officer from January 2003 until May 2008. He served as a director of Endologix from February 2002 until May 2010. Mr. McCormick also serves as a director of Cianna Medical, Inc. Mr. McCormick holds a B.A. in Economics from Northwestern University and an Executive Sales and Marketing certification from Columbia University. Mr. McCormick's extensive executive, sales and marketing experience in the medical device industry were among the factors considered by the Board of Directors in determining that Mr. McCormick should be nominated for election as a director.

JOHN F. MCGUIRE

Director since 2007

Age: 63

Mr. McGuire is retired. From 2004 to 2007, he was President and Chief Executive Officer of the American Red Cross. Between 2003 and 2004, Mr. McGuire served as an Executive Vice President at the American Red Cross. Prior to joining the American Red Cross, Mr. McGuire was President of Whatman North America, an international leader in separations technology and provider of materials and devices to laboratory and healthcare markets. Previously, he served as President, Chief Executive Officer and a director of HemaSure, Inc., a publicly-traded blood filtration company. In addition, Mr. McGuire has held prominent positions for over 22 years in the field of biomedical technology. Mr. McGuire holds an M.B.A. from Harvard University. Mr. McGuire's substantial experience as an executive officer at numerous public companies, his prior leadership of the American Red Cross Blood Program, and his qualification as an audit committee financial expert were among the factors considered by the Board of Directors in determining that Mr. McGuire should be nominated for election as a director.

JEFFREY WIGGINS

Director since 2008

Age: 54

Mr. Wiggins is a former Principal of Dresdner RCM Capital Management, where he was responsible for in excess of \$4 billion dollars in healthcare related investments. Mr. Wiggins joined Dresdner RCM in 1993 and became a Principal in 1997. While there, he started and managed several portfolios, advised other managers in their healthcare holdings, and initiated two public mutual funds. Prior to that time,

Mr. Wiggins managed a derivative-based hedge fund portfolio investing in biotechnology, medical technology, pharmaceuticals, and healthcare services at O' Connor & Associates. Mr. Wiggins holds a B.A. from Hope College, with majors in Biology and Chemistry, Masters degrees from Northwestern University in Music and Management, and an M.F.A. from Vermont College. Mr. Wiggins' business and investment experience in biotechnology, life sciences and other industries, as well as his qualification as an audit committee financial expert, were among the factors considered by the Board of Directors in determining that Mr. Wiggins should be nominated for election as a director.

## PROPOSAL 2

### RATIFICATION OF INDEPENDENT ACCOUNTANTS

The Audit Committee of the Board of Directors has appointed the firm of Caturano and Company, P.C. as the Company's independent accountants for the fiscal year ending December 31, 2010, subject to ratification by the stockholders at the Meeting. Although stockholder approval of the Audit Committee's selection of Caturano and Company, P.C. is not required by law, the Board of Directors believes that it is advisable to give stockholders an opportunity to ratify this appointment. If this proposal is not approved at the Meeting, the Audit Committee will reconsider this appointment.

Representatives of Caturano and Company, P.C. are expected to be present at the Meeting. They will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from stockholders.

The following table summarizes the fees of Caturano and Company, P.C. billed to the Company for each of the last two fiscal years for audit services and billed to the Company in each of the last two fiscal years for other services:

<u>Fee Category</u>	<u>2009</u>	<u>2008</u>
Audit Fees	\$137,250	\$125,000
Audit-Related Fees	\$-	\$6,050 (1)
Total Fees	\$137,250	\$131,050

(1) Consists of fees related to SEC filings and accounting consultation.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by the Company's independent auditor. This policy generally provides that the Company will not engage its independent auditor to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee or the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, the Audit Committee may pre-approve specified types of services that are expected to be provided to the Company by its independent auditor during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

The Audit Committee has also delegated to the chairman of the Audit Committee the authority to approve any audit or non-audit services to be provided to the Company by its independent auditor. Any approval of services by a member of the Audit Committee pursuant to this delegated authority is reported on at the next meeting of the Audit Committee.

There were no audit or non-audit services provided to the Company for the fiscal year ended December 31, 2009 that were not approved by the Audit Committee or its chairman.

### Vote Required

The proposal to ratify Caturano and Company, P.C. as the Company's independent accountants for the year ending December 31, 2010 will be approved if it is approved by the affirmative vote of the holders of a majority of the votes cast on the matter. Abstentions and broker non-votes will have no effect on the results of the vote.

**The Company's Board of Directors recommends a vote FOR the ratification of the selection of Caturano and Company, P.C. as the Company's independent auditors for the fiscal year ending December 31, 2010.**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of Common Stock, Series C-1 Preferred and Series D Preferred by: (i) each director and nominee, (ii) each of the executive officers named in the Summary Compensation Table above, (iii) all current directors and executive officers as a group, and (iv) each stockholder known to the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock, Series C-1 Preferred or Series D Preferred.

Unless otherwise indicated in the footnotes to the table, all information set forth in the table is as of April 30, 2010, and the address for each director and executive officer of the Company is: c/o Cambridge Heart, Inc., 100 Ames Pond Drive, Tewksbury, MA 01876. The addresses for the greater than 5% stockholders are set forth in the footnotes to this table.

	Common Stock		Series C-1 Preferred		Series D Preferred	
	Number of Shares Beneficially Owned(1)	Percentage of Class Outstanding(2)	Number of Shares Beneficially Owned(1)	Percentage of Class Outstanding	Number of Shares Beneficially Owned(1)	Percentage of Class Outstanding
<b>Directors</b>						
Ali Haghighi-Mood, Ph.D.	734,784 (3)	1.1 %	–	–	–	–
Roderick de Greef	1,572,332(4)	2.3 %	–	–	50	2.7 %
Paul McCormick	37,619 (5)	*	–	–	–	–
John McGuire	104,286 (6)	*	–	–	–	–
Jeffrey Wiggins	6,689,653(7)	9.2 %	–	–	300	16.2 %
<b>Named Executive Officers</b>						
Ali Haghighi-Mood, Ph.D.	734,784 (3)	1.1 %	–	–	–	–
Vincenzo LiCausi	248,491 (8)	*	–	–	–	–
All directors and executive officers as a group (6 persons)	9,387,165(9)	12.5 %	–	–	350	18.9 %
<b>5% Stockholders</b>						

Vincente Madrigal	6,585,367(10)	9.1	%	–	–	300	16.2	%
Saba Malak	8,608,924(11)	11.9	%	–	–	300	16.2	%
Luis Martins	9,814,634(12)	13.5	%	–	–	315	17.0	%
St. Jude Medical, Inc.	4,180,602(13)	6.0	%	5,000	100	%	–	–
Samana Capital, L.P.	3,754,736(14)	5.70	%	–	–	–	–	–

\* Represents less than 1% of the outstanding Common Stock.

- (1) The Company believes that each stockholder has sole voting and investment power with respect to the shares of Common Stock, Series C-1 Preferred and Series D Preferred listed, except as otherwise noted. The number of shares beneficially owned by each stockholder is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the person has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after April 30, 2010 through the exercise of any stock option, warrant, conversion of preferred stock or other right. The inclusion herein of any shares of Common Stock, Series C-1 Preferred or Series D Preferred deemed beneficially owned does not constitute an admission by such stockholder of beneficial ownership of those shares of Common Stock, Series C-1 Preferred or Series D Preferred. Shares of Common Stock, Series C-1 Preferred or Series D Preferred which an individual or entity has a right to acquire within the 60-day period following April 30, 2010 pursuant to the exercise of options, warrants or conversion rights are deemed to be outstanding for the purposes of computing the percentage ownership of such individual or entity, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or entity shown in the table.
- (2) Based on 65,872,365 shares of Common Stock outstanding as of April 30, 2010.

- (3) Consists of 734,784 shares of Common Stock that may be acquired under stock options that are presently exercisable or will be exercisable on June 29, 2010.
- (4) Consists of (i) 609,756 shares of Common Stock issuable upon the conversion of 50 shares of Series D Preferred, (ii) 474,771 shares of Common Stock that may be acquired under stock options that are presently exercisable or will be exercisable on June 29, 2010, and (iii) 487,805 shares of Common Stock issuable upon the exercise of warrants to purchase Common Stock.
- (5) Consists of 37,619 shares of Common Stock that may be acquired under stock options that are presently exercisable or will be exercisable on June 29, 2010.
- (6) Consists of 104,286 shares of Common Stock that may be acquired under stock options that are presently exercisable or will be exercisable on June 29, 2010.
- (7) Consists of (i) 3,658,537 shares of Common Stock issuable upon the conversion of 300 shares of Series D Preferred beneficially owned by Mr. Wiggins through his relationship with the Jeffrey Wiggins Trust, (ii) 104,286 shares of Common Stock that may be acquired under stock options that are presently exercisable or will be exercisable on June 29, 2010, and (iii) 2,926,830 shares of Common Stock issuable upon the exercise of warrants to purchase Common Stock beneficially owned by Mr. Wiggins through his relationship with the Jeffrey Wiggins Trust.
- (8) Consists of 248,491 shares of Common Stock that may be acquired under stock options that are presently exercisable or will be exercisable on June 29, 2010.
- (9) See notes 2 through 8 above.
- (10) As described in a Schedule 13G filed with the Securities and Exchange Commission on January 4, 2010, Vicente Madrigal beneficially owns 6,585,367 shares of Common Stock, including (i) 3,658,537 shares of Common Stock issuable upon conversion of 300 shares of Series D Preferred and (ii) 2,926,830 shares of Common Stock issuable upon exercise of warrants to purchase Common Stock. Mr. Madrigal's address is 79 East 79th Street, Apartment 12, New York, New York 10075.
- (11) As described in a Schedule 13G filed with the Securities and Exchange Commission on January 4, 2010, Saba Malak beneficially owns 8,608,924 shares of Common Stock, including (i) 2,023,557 shares of Common Stock, (ii) 3,658,537 shares of Common Stock issuable upon conversion of 300 Shares of Series D Preferred, and (iii) 2,926,830 shares of Common Stock issuable upon exercise of warrants to purchase Common Stock. Mr. Malak's address is 225 Commonwealth Avenue, Apartment 4, Boston,.
- (12) As described in a Schedule 13G filed with the Securities and Exchange Commission on January 4, 2010, Luis Martins beneficially owns 9,814,634 share of Common Stock, including (i) 2,900,000 shares of Common Stock, (ii) 3,841,463 shares of Common Stock issuable upon conversion of 315 shares of Series D Preferred, and (iii) 3,073,171 shares of Common Stock issuable upon exercise of warrants to purchase Common Stock. Mr. Martins' address is 1886 Beacon Street, Waban/Newton, Massachusetts 02468.
- (13) Includes 4,180,602 shares of Common Stock issuable upon the conversion of shares of Series C-1 Preferred. The business address of St. Jude Medical, Inc. is One Lillehei Plaza, St. Paul, MN 55117.
- (14) As described in a Schedule 13G/A (Amendment No. 3) filed with the Securities and Exchange Commission on February 16, 2010 by Samana Capital, L.P., Morton Holdings, Inc., and Philip B. Korsant, which share the power to vote and dispose of the shares of Common Stock. The principal business address of Samana Capital, L.P., Morton Holdings, Inc., and Philip B. Korsant is 283 Greenwich Avenue Greenwich, CT 06830.

## Board of Directors

The Board has determined that Messrs. Wiggins, McGuire and McCormick are independent directors, and that Messrs. Hachikian and Malleck, who served on the Board of Directors during 2009, were independent directors, as defined by the Nasdaq Marketplace Rules. The Board met 10 times during 2009, either in person or by teleconference. During 2009, each director attended at least 75% of the aggregate of the number of Board meetings and the number of meetings held by all committees on which he then served.

## Board Committees

The Board of Directors has established three standing committees—Audit, Compensation, and Nominating and Governance. The Audit and Nominating and Governance Committees each operate under a charter that has been approved by the Board. Current copies of the charters of the Audit and Nominating and Governance Committees are posted in the Corporate Governance section of the Company's website at [www.cambridgeheart.com](http://www.cambridgeheart.com).

### *Audit Committee*

The Audit Committee's responsibilities include:

appointing, approving the compensation of, and assessing the independence of the Company's independent auditor;

overseeing the work of the Company's independent auditor, including through the receipt and consideration of certain reports from the independent auditor;

reviewing and discussing with management and the independent auditors the Company's annual and quarterly financial statements and related disclosures;

monitoring the Company's internal control over financial reporting, disclosure controls and procedures and the code of business conduct and ethics;

overseeing the Company's internal audit function;

discussing the Company's risk management policies;

establishing policies regarding hiring employees from the independent auditor and procedures for the receipt and retention of accounting related complaints and concerns;

meeting independently with the Company's internal audit staff, independent auditors and management; and

preparing the audit committee report required by Securities and Exchange Commission rules (which is included on page 4 of this Proxy Statement).

The Board of Directors has determined that all members of the Audit Committee are independent as determined under Rule 10A-3 promulgated under the Securities Exchange Act of 1934 and as defined by the Nasdaq Marketplace Rules. The Board of Directors has determined that Messrs. McGuire and Wiggins are “audit committee financial experts” as defined in Item 407(d) of Regulation S-K. The members of the Audit Committee are Mr. McGuire (Chairman), Mr. McCormick and Mr. Wiggins. Mr. Malleck served as a member of the Audit Committee in 2009 until his resignation from the Board of Directors in December 2009. The Audit Committee met 4 times during 2009.

#### *Compensation Committee*

The Compensation Committee’s responsibilities include:

establishing compensation policies with respect to the Company’s executive officers, including the Chief Executive Officer and the other Named Executive Officers (as defined below);

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setting the compensation levels for the Chief Executive Officer and the other Named Executive Officers; and

overseeing and administering the Company' s equity incentive plans.

All members of the Compensation Committee are independent as defined under the Nasdaq Marketplace Rules. The members of the Compensation Committee are Mr. McCormick (Chairman), Mr. Wiggins and Mr. McGuire. Mr. Hachikian and Mr. Malleck served as members of the Compensation Committee in 2009 until their resignation from the Board of Directors in December 2009. All members of the Compensation Committee are independent as defined under the Nasdaq Marketplace Rules. The Compensation Committee met 5 times during 2009.

#### *Nominating and Governance Committee*

The Nominating and Governance Committee' s responsibilities include:

identifying individuals qualified to become Board members;

recommending to the Board the persons to be nominated for election as directors and to each of the Board' s committees;

monitoring issues and developments related to matters of corporate governance; and

recommending to the Board, where appropriate, changes in corporate governance principles and practices.

All members of the Nominating and Governance Committee are independent as defined under the Nasdaq Marketplace Rules. The members of the Nominating Committee are Mr. Wiggins (Chairman), Mr. McCormick and Mr. McGuire. Mr. Hachikian served as a member of the Nominating and Governance Committee in 2009 until his resignation from the Board of Directors in December 2009. The Nominating and Governance Committee met 5 times during 2009.

#### **Director Candidates**

The process followed by the Nominating and Governance Committee to identify and evaluate director candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Committee and the Board.

In considering whether to recommend any particular candidate for inclusion in the Board' s slate of recommended director nominees, the Nominating and Governance Committee will apply the criteria attached to the Committee' s charter. These criteria include the candidate' s integrity, business acumen, knowledge of the Company' s business and industry, age, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. Although the Nominating and Governance Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees, the Committee' s charter states that the value of diversity should be considered as part of the criteria considered in the director nomination process. In identifying director nominees, the Committee considers diversity as one of many factors in the director nomination process with the objective of having a Board with a diversity of professional experience, skills and backgrounds. Candidates normally should be able to serve for at least five years before reaching the age of 70. The Committee does not assign specific weights to particular criteria, and no particular criterion is a prerequisite for each prospective nominee. The Company believes that the

backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

Stockholders may recommend individuals to the Nominating and Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information

and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's Common Stock for at least a year as of the date such recommendation is made, to Nominating and Governance Committee of the Board of Directors, c/o Corporate Secretary, 100 Ames Pond Drive, Tewksbury, Massachusetts, 01876. Assuming that appropriate biographical and background material has been provided on a timely basis, the Committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If the Board of Directors determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in the proxy card for the next annual meeting of stockholders.

Stockholders also have the right under our By-laws to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Governance Committee or the Board of Directors, by following the procedures set forth in the second paragraph under the section entitled "Stockholder Proposals" below.

### **Compensation Committee Interlocks and Insider Participation**

Messrs. Wiggins, McGuire and McCormick served as members of the Compensation Committee in 2009. No executive officer of the Company has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a member of the Compensation Committee or director of the Company.

### **Communicating with the Independent Directors**

The Board will give appropriate attention to written communications that are submitted by stockholders and will respond if and as appropriate. Under procedures approved by a majority of the independent directors, the Chairman of the Board (if an independent director), or otherwise the Chairman of the Nominating and Governance Committee, is primarily responsible for monitoring communications from stockholders and other interested parties and providing copies or summaries of those communications to the other directors as he considers appropriate. Stockholders who wish to send communications on any topic to the Board should address such communications to Nominating and Governance Committee of the Board of Directors, c/o Corporate Secretary, 100 Ames Pond Drive, Tewksbury, Massachusetts, 01876.

### **Director Attendance at Annual Meeting of Stockholders**

The Company's policy is to encourage all directors to attend the Annual Meeting of Stockholders. Two of the current Board members who were serving as directors at the time of the 2009 Annual Meeting of Stockholders attended the meeting. One former Board member who was serving as a director at the time of the 2009 Annual Meeting of Stockholders attended the meeting.

### **Code of Business Conduct and Ethics**

The Company has adopted a written code of business conduct and ethics that applies to the Company's directors, officers and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company has posted a current copy of the code on its website, which is located at [www.cambridgeheart.com](http://www.cambridgeheart.com). In addition, the Company intends to post on its website all disclosures that are required by law concerning any amendments to, or waivers from, any provision of the code.

### **Review, Approval or Ratification of Transactions with Related Persons**

The Board of Directors of the Company reviews the material facts of transactions with a related person that are required to be disclosed under Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, as

amended. In general, that rule requires disclosure of any transaction in which the Company is a participant, the aggregate amount involved exceeds \$120,000, and any related person has or will have a direct or indirect material interest. A “related person” means any director or executive officer, any nominee for director, or any immediate family member of a director or executive officer of the registrant, or of any nominee for director. In reviewing related party transactions, the Board will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. Related party transactions are referred to the Board by management for review, approval, ratification or other action. This policy is not in writing but is followed consistently by the Board.

### **Board Leadership Structure**

The Company does not have a formal policy regarding the separation of its Chairman and Chief Executive Officer positions. Currently, as Chairman, Mr. de Greef leads the Board and, as an executive officer and part-time employee of the Company, works with the Company’s Chief Executive Officer in formulating and executing the Company’s business strategies and financing plans. Dr. Haghghi-Mood also leads the Company’s day-to-day operations as Chief Executive Officer. The Board of Directors believes that given the current size of both the Company and its Board of Directors as well as the distinct professional backgrounds and experience of Mr. de Greef and Dr. Haghghi-Mood, the Company is best served by the separating the Chairman and Chief Executive Officer roles as it has between Mr. de Greef and Dr. Haghghi-Mood. The Board has not designated a lead independent director because the three independent directors have not deemed it necessary to designate a lead independent director because of their small number and their ability to work directly together in an effective manner.

### **Role of Board in Risk Oversight**

While management is responsible for managing the various risks facing the Company and its business, the Board of Directors as a whole and through its various committees is responsible for oversight of risk management for the Company. The Audit Committee, in particular, has assumed a lead role in discharging this responsibility.

**Consulting and Technology Agreement with Richard J. Cohen, M.D., Ph.D.**

The Company and Richard J. Cohen, M.D., Ph.D., who serves as the Chairman of the Company's Scientific Advisory Board and, until December 30, 2009, served as a member of the Company's Board of Directors, are parties to a Consulting and Technology Agreement pursuant to which Dr. Cohen agreed to provide consulting services and license certain technologies to the Company in exchange for compensation and the payment of certain royalties by the Company. In May 2007, the Company and Dr. Cohen entered into an Amended and Restated Consulting and Technology Agreement (the "Consulting Agreement"), the material terms of which are described below.

Under the terms of the Consulting Agreement, during the period beginning January 1, 2007 and ending on December 31, 2009 (the "Interim Consulting Period"), Dr. Cohen agrees to be available to the Company for consultation for up to 42 days per year. Thereafter, Dr. Cohen agrees to be available to the Company for consultation for a minimum of 18 days per year until the expiration of the consulting period on December 31, 2015 (the "Additional Consulting Period").

Under the Consulting Agreement, the Company will pay Dr. Cohen royalties on net sales related to certain technologies (including the sale of the Company's HearTwave II System and other Microvolt T-Wave Alternans products) equal to 1.5% of such net sales. If the Company sublicenses, or grants rights to any sublicense with respect to, such technologies to an unrelated company, Dr. Cohen shall receive royalties equal to 7% of gross revenue to the Company from the sublicense. Pursuant to the terms of the Consulting Agreement, the Company will pay Dr. Cohen additional royalties of \$10,000 per month during the Interim Consulting Period, subject to an annual percentage increase equal to the annual percentage increase in the National Consumer Price Index for the prior year (the "Monthly Royalty").

Under the Consulting Agreement, Dr. Cohen received in May 2007, as compensation for his consulting effort, an aggregate of 175,000 shares of restricted Common Stock of the Company subject to the terms and conditions of the Company's 2001 Stock Incentive Plan. The restricted shares vested on January 1, 2010. Dr. Cohen will not receive any additional compensation for the Additional Consulting Period.

In March 2010, the Company entered into Amendment No. 1 to the Amended and Restated Consulting and Technology Agreement with Dr. Cohen ("Amendment No. 1"). Pursuant to Amendment No. 1, the Interim Consulting Period is extended to December 31, 2010. Additionally, Dr. Cohen agreed to accept a reduced Monthly Royalty payment of \$5,811.17 per month for the period beginning on January 1, 2010 and ending on December 31, 2010. In consideration for the reduction in Monthly Royalty payments, Dr. Cohen received a stock option to purchase 561,982 shares of Common Stock of the Company, which becomes exercisable in nine equal monthly installments beginning on April 11, 2010 and which was granted outside of the Company's 2001 Stock Incentive Plan, but nevertheless subject to the terms and conditions of the 2001 Stock Incentive Plan. Pursuant to Amendment No. 1, in recognition of his service as Chairman of the Scientific Advisory Committee, Dr. Cohen received a stock option, under the Company's 2001 Stock Incentive Plan, to purchase 100,000 shares of the Common Stock of the Company, which becomes exercisable in full on March 11, 2010. Additionally, in consideration for his services as Chairman of the Company's Scientific Advisory Board during 2010, Dr. Cohen received a stock option to purchase 43,407 shares of Common Stock of the Company, which becomes exercisable in nine equal monthly installments beginning on April 11, 2010 and which was granted outside of the Company's 2001 Stock Incentive Plan, but nevertheless subject to the terms and conditions of the 2001 Stock Incentive Plan, and will be paid a total cash fee of \$5,000, payable monthly for the fiscal year 2010. All of the options granted to Dr. Cohen in connection with Amendment No. 1 have an exercise price of \$0.16 per shares, which is the closing price of the Common Stock on the date of grant.

In 2009, the Company paid Dr. Cohen approximately \$178,202 in royalties under the Consulting Agreement.

Under the Consulting Agreement, the Company will have the right to terminate the Consulting Agreement within the 30-day period immediately following a Change in Control (as defined in the Consulting Agreement) of the Company, in which case the Company shall pay Dr. Cohen a termination royalty as determined in the Consulting Agreement. Either party may terminate the Consulting Agreement for material breach or default by the other party of the other party's obligations under the Consulting Agreement upon 90 days' notice.

### **Securities Purchase Agreement for Series D Convertible Preferred Stock**

On December 23, 2009, the Company issued and sold 1,852 shares of the Company's Series D Convertible Preferred Stock (the "Series D Preferred") at a purchase price of \$1,000 per share (the "Series D Original Issue Price") and Common Stock warrants described below to new and current institutional and private investors, including three directors of the Company, pursuant to the terms of a Securities Purchase Agreement dated December 23, 2009 between the Company and the purchasers of Series D Preferred (the "Series D Financing"). Three directors of the Company purchased an aggregate of 385 shares of Series D Preferred for a total purchase price of \$385,000. Specifically, Roderick de Greef, who serves as Chairman of the Board, Richard J. Cohen, who was then serving as a member of the Board, and Jeffrey Wiggins purchased 50, 35 and 300 shares of Series D Preferred, respectively, for a purchase price of \$50,000, \$35,000 and \$300,000 respectively, and were issued Short-Term Warrants (as defined below) to purchase 304,878, 213,415 and 1,829,269 shares of Common Stock, respectively, and Long-Term Warrants (as defined below) to purchase 182,927, 128,049 and 1,097,561 shares of Common Stock, respectively.

Each share of Series D Preferred is convertible into a number of shares of Common Stock of the Company equal to \$1,000 divided by the conversion price of the Series D Preferred, which is initially \$0.082. Each share of Series D Preferred is currently convertible into approximately 12,195 shares of Common Stock. The total number of shares of Common Stock initially issuable upon conversion of the 1,852 shares of Series D Preferred issued and sold in the financing is 22,585,366, or approximately 23.3% of the Company's issued and outstanding Common Stock after giving effect to the conversion of all issued and outstanding shares of Series C-1 Preferred and Series D Preferred.

The Company also issued to the investors two types of warrants. The first warrant, which expires on December 23, 2010, entitles the investor to purchase a number of shares of Common Stock equal to 50% of the number of shares of Common Stock into which the Series D Preferred purchased by the investor is convertible (the "Short-Term Warrant"). A total of 11,292,686 shares of Common Stock are issuable under the Short-Term Warrants. The exercise price of the Short-Term Warrants is \$0.107 per share. The second warrant, which expires on December 23, 2014, entitles the investor to purchase a number of shares of Common Stock equal to 30% of the number of shares of Common Stock into which the Series D Preferred purchased by the investor is convertible (the "Long-Term Warrant"). A total of 6,775,611 shares of Common Stock are issuable under the Long-Term Warrants. The exercise price of the Long-Term Warrants is \$0.142 per share. The Company may call the Long-Term Warrants if the closing price of the Company's Common Stock is at least \$0.284 for a period of 20 consecutive trading days. In April 2010, Jeffrey Wiggins exercised his short-term and long-term warrants to purchase 1,829,269 and 1,097,561, respectively, of the Company's Common Stock for an aggregate exercise price of \$351,585.

The conversion price of the Series D Preferred is subject to adjustment if the Company issues shares of Common Stock at a purchase price below the conversion price of the Series D Preferred at any time within 18 months after the issue date. In the event of a liquidation of the Company, the holders of Series D Preferred are entitled to receive an amount equal to the Series D Original Issue Price plus declared but unpaid dividends before the payment of any amount to the holders of Common Stock, Series C-1 Convertible Preferred Stock and all other equity or equity equivalent securities of the Company other than those securities that are explicitly senior to or on parity with the Series D Preferred with respect to liquidation preference.

## EXECUTIVE COMPENSATION

The following table sets forth information for the fiscal years ended December 31, 2008 and 2009 concerning the compensation paid to each person serving as the Company's Chief Executive Officer or acting in a similar capacity during the last completed fiscal year, each person serving as the Company's Chief Financial Officer or acting in a similar capacity during the last completed fiscal year, and the Company's only other executive officer who was serving as an executive officer at the end of the last completed fiscal year (the "Named Executive Officers").

### Summary Compensation Table For 2008 and 2009

<u>Name and Principal Position</u>	<u>Year</u>	Salary	Option	Non-Equity	All Other	<u>Total (\$)</u>
		(\$)	Award (\$)(1)	Incentive Compensation (\$)(2)	Compensation (\$)	
Ali Haghighi-Mood President and Chief Executive Officer	2009	275,000	1,032,545	77,000	–	1,384,545
	2008	275,000	1,091,939	–	–	1,366,939
Vincenzo LiCausi Vice President Finance and Administration, Chief Financial Officer	2009	155,000	245,958	26,040	–	426,998
	2008	155,000	244,595	23,000	–	422,595
Roderick de Greef(3) Chairman of the Board	2009	120,000	55,176	–	–	175,176
	2008	12,308	6,930	–	32,916 (4)	52,154

- (1) Reflects the compensation cost related to all outstanding awards recognized in 2008 and 2009 for financial statement reporting purposes in accordance with FASB ASC Topic 718, excluding the impact of estimated forfeitures related to service-based vesting conditions. Assumptions made in the calculation of these amounts are included in Note 2 to the Company's audited financial statements for the fiscal year ended December 31, 2009, included in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.
- (2) For 2008, consists of cash bonus earned pursuant to non-equity incentive plan awards. For 2009, represents the cash bonuses earned pursuant to non-equity incentive plan awards but foregone by the Named Executive Officers. In March 2010, Dr. Haghighi-Mood and Mr. LiCausi agreed to accept options to purchase 668,468 and 226,064 shares of Common Stock, respectively, in lieu of earned cash bonuses for 2009 of \$77,000 in the case Dr. Haghighi-Mood and \$26,040 in the case of Mr. LiCausi. See "Senior Management Bonus Plan for 2009" for a description of the terms of these option awards.
- (3) Mr. de Greef became our Chairman of the Board in November 2008.
- (4) Consists of fees paid to Mr. de Greef for consulting services provided from July 2008 until November 2008.

### Severance Arrangements with Chief Executive Officer and Chief Financial Officer

The Company has entered into agreements with Dr. Haghighi-Mood and Mr. LiCausi providing for the payment of severance benefits in the event of a qualifying termination of employment. Under these agreements, if the executive officer's employment is terminated by the Company without cause (as defined in the respective agreement), the executive officer will be entitled to receive severance compensation equal to the executive officer's base salary as in effect at the time of such termination and continued healthcare benefits for a period of six months in the case of Mr. LiCausi and 12 months in the case of Dr. Haghighi-Mood.

In the event that Dr. Haghighi-Mood terminates his employment within 30 days following the occurrence of changed circumstances, he is entitled to receive the severance benefits as though his employment had been terminated by the Company without cause. For purposes of his

employment agreement, changed circumstances includes (i) a material reduction in the nature or scope of Dr. Haghghi-Mood' s responsibilities, authority or powers as President and Chief Executive Officer of the Company, including, without limitation, due to the Board having hired or appointed another senior executive officer to whom Dr. Haghghi-Mood is requested by the

Board to report or who reports directly to the Board or who is given responsibilities or authority normally exercised by an executive in the positions of President and Chief Executive Officer of a company generally comparable to the Company, in each case without Dr. Haghghi-Mood's consent; and (ii) any failure by the Company to nominate and recommend to stockholders that they reelect Dr. Haghghi-Mood to serve as a director of the Company upon the expiration of his term.

In the event of a change in control (as defined in the severance agreements) that does not result in termination of the executive officer's employment, 50% of Mr. LiCausi's unvested options and 100% of Dr. Haghghi-Mood's unvested options that are then outstanding will become immediately exercisable. In the event of a change in control that results in the termination of the executive officer's employment without cause or by the executive officer for good reason (each as defined in the severance agreements), the executive officer will be entitled to receive severance compensation in an amount equal to the executive officer's base salary as in effect at the time of such termination for a period of 12 months, continued healthcare benefits for a period of 12 months, and all of the executive officer's unvested options which are then outstanding will become immediately exercisable.

The Company included enhanced severance benefits in the event of a change in control of the Company in order to remove any financial concerns an executive may have when evaluating a potential transaction and to allow the executive to focus on maximizing value for the Company's stockholders. The Board of Directors determined that these change in control benefits are necessary given the volatility and uncertainty inherent in the Company's line of business.

### **Employment Agreement with Chief Executive Officer**

On December 14, 2007, the Company appointed Dr. Haghghi-Mood as the Company's President and Chief Executive Officer and elected him as a director of the Company. Dr. Haghghi-Mood and the Company entered into an employment agreement dated December 14, 2007, the terms of which were approved by the Board of Directors of the Company after negotiations with Dr. Haghghi-Mood.

Under the terms of the employment agreement, Dr. Haghghi-Mood will be paid an annual base salary of \$275,000 per year and will be entitled to receive the severance benefits described above under the title "Severance Arrangements with Chief Executive Officer and Chief Financial Officer." Dr. Haghghi-Mood also will have the opportunity to earn an annual performance bonus based upon the achievement by the Company of performance goals to be agreed upon by Dr. Haghghi-Mood and the Board of Directors or the Compensation Committee.

Under the terms of the employment agreement, Dr. Haghghi-Mood will have the opportunity to earn an annual performance bonus in the amount, and contingent upon the achievement by the Company or Dr. Haghghi-Mood, as the case may be, of performance goals to be agreed upon by Dr. Haghghi-Mood and the Board of Directors of the Company. See "Senior Management Bonus Plan for 2009" for a description of the 2009 performance bonus criteria for Dr. Haghghi-Mood.

Effective March 1, 2010, Dr. Haghghi-Mood agreed to a 10% reduction in his base salary for 2010. See "Management Stock Option Awards" for a description of the terms of a stock option awarded to Dr. Haghghi-Mood in recognition of the reduced base salary.

### **Senior Management Bonus Plan for 2009**

Dr. Haghghi-Mood and Mr. LiCausi, as well as other senior management of the Company (excluding Mr. de Greef), were eligible to participate in the Senior Management Bonus Plan for 2009 (the "2009 Bonus Plan"). The objective of the 2009 Bonus Plan is to provide an effective tool to help motivate the senior management team's performance in achieving the Company's defined strategy and goals by aligning measurement and accountability with cash incentive rewards. The total bonus potential under the 2009 Bonus Plan for Dr. Haghghi-Mood and Mr. LiCausi was 50% and 30% of annual base pay, respectively.

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Rewards under the 2009 Bonus Plan were based on the achievement of performance goals for the Company established by the Compensation Committee and approved by the Board of Directors in consultation with Mr. Haghghi-Mood. The performance goals under the 2009 Bonus Plan consisted of four separate goals each weighted between 8% and 60% relating to:

the execution of one or more strategic distribution agreements approved by the Board of Directors;

the completion of the development of a MTWA OEM Module and any other requirements of any strategic distribution agreements to which the Company is a party;

the achievement of a cash balance at December 31, 2009 in an amount determined by the Board of Directors; and

the completion of a capital raising transaction upon terms agreed to by the Board of Directors that results in the Company achieving a total cash balance at December 31, 2009 in an amount determined by the Board of Directors.

The Compensation Committee determined that a portion of the performance goal related to the execution of one or more strategic distribution agreements, the entire performance goal related to the development of a MTWA OEM Module, and a portion of the performance goal related to the completion of a capital raising transaction had been achieved, and that the performance goal related to the achievement of an amount of cash at December 31, 2009 had not been achieved. Based on the foregoing, the Compensation Committee determined that the bonus amounts earned by Dr. Haghghi-Mood and Mr. LiCausi under the 2009 Bonus Plan were \$77,000 and \$26,040, respectively.

On March 11, 2010, the Compensation Committee awarded, and Dr. Haghghi-Mood and Mr. LiCausi agreed to accept, stock options in lieu of any cash bonus for 2009. Specifically, Dr. Haghghi-Mood and Mr. LiCausi were awarded options to purchase 668,468 and 226,064 shares of common stock, respectively, at an exercise price of \$0.16 per share, which was the closing price of the Company's common stock on the date of grant. The number of shares covered by each option award was determined based on the amount of the 2009 bonus earned by each recipient and the fair value of the option awards using the Black-Scholes option pricing model, which requires the Company to make certain assumptions regarding the expected term of the options, forfeiture rate and volatility of the underlying stock. The option awards are immediately exercisable and will continue to be exercisable following the termination of the employment of the recipient until the expiration of the ten-year term.

### **Employment Agreement with Chairman of the Board**

On November 24, 2008, the Board of Directors elected Mr. de Greef as a member of the Board of Directors and appointed him to serve as the Chairman of the Board. Mr. de Greef and the Company entered into an employment agreement dated November 24, 2008 the terms of which were approved by the Board of Directors of the Company after negotiations with Mr. de Greef.

The employment agreement provides that Mr. de Greef will devote approximately 50% of a regular work week to the business and interests of the Company. Specifically, the employment agreement provides that Mr. de Greef will work with the Company's Chief Executive Officer and the Board of Directors to formulate the strategic plan of the Company and to oversee the execution of corporate strategy. Mr. de Greef will serve on the Company's Board as the Chairman of the Board. During the term of Mr. de Greef's employment by the Company, at each annual meeting of the Company's stockholders at which Mr. de Greef's membership on the Board has expired, the Company will nominate Mr. de Greef to serve as a member of the Board.

The Employment Agreement has a term of three years commencing on November 24, 2008 and ending on November 24, 2011 (the "Employment Period"). The Employment Period will automatically be extended for successive one year periods unless either party gives the other 30 days written notice that it does not wish to extend the term of the employment agreement.



The employment agreement provides that Mr. de Greef will be paid an annual base salary of \$120,000 per year. He will be entitled to participate in any and all of the Company's employee benefit plans in effect for part-time employees, except to the extent that such benefits are in a category otherwise specifically provided to Mr. de Greef. In the event that Mr. de Greef is not eligible to participate in the Company's health insurance benefit plan, the Company will reimburse Mr. de Greef up to \$2,000 per month for the cost of maintaining his current family medical insurance coverage.

On November 24, 2008, the Board awarded to Mr. de Greef a stock option to purchase 550,000 shares of common stock of the Company. The option was granted under and subject to the terms of the Company's 2001 Stock Incentive Plan (the "2001 Plan"). The exercise price of the option was the closing price per share of the Company's common stock on November 24, 2008 (the "Grant Date"). The option becomes exercisable in three equal annual installments, beginning on the first anniversary of the Effective Date. The option will expire on the tenth anniversary of the Grant Date. The dates on which the option will become exercisable will accelerate with regard to a specified number of shares upon the occurrence of certain performance goals (the "Performance Goals"). The Performance Goals include: (i) the achievement by the Company of a specified 12-month trailing revenue target of \$7.0 million (the "Revenue Target"); (ii) the consummation by the Company of one or more equity financing transactions in a twelve-month period that result in the receipt by the Company of sufficient proceeds to fund the Company's operations for a 12-month period as determined in good faith by the Board (the "Financing Target"); and (iii) the consummation by the Company of a strategic distribution agreement (the "Strategic Transaction Target"). Upon the occurrence of a Performance Goal, the stock option will become exercisable with respect to a number of shares equal to the lesser of (A) the number of shares specified in the employment agreement for each Performance Goal (162,500 shares for each of the Revenue Target and the Financing Target and 62,500 shares for the Strategic Transaction Target) and (B) the positive difference between total number of shares under the stock option that are not yet exercisable and the number of shares specified in the employment agreement for the Performance Goal. The shares that become exercisable upon the achievement of a Performance Goal will reduce the number of shares that otherwise would next become exercisable on a regular annual vesting date following the date of achievement of the Performance Goal. As of December 31, 2009, both the Financing Target and the Strategic Transaction Target had been achieved.

In addition, prior to his appointment as Chairman of the Board, from July 2008 to November 2008, Mr. de Greef served as a consultant pursuant to the terms of a consulting agreement between the Company and Mr. de Greef dated July 29, 2008 (the "Consulting Agreement"). The Consulting Agreement provided that Mr. de Greef would provide consulting services to the Company to promote and execute the Company's business development activities as an independent contractor. Mr. de Greef was paid a total of \$32,916 in fees under the Consulting Agreement. On July 29, 2008, Mr. de Greef received an option to purchase 100,000 shares of the Common Stock of the Company at an exercise price of \$0.33 per share (the "July 2008 Option"). The option becomes exercisable if, during the term of the Consulting Agreement or within 12 months thereafter, the Company executes a strategic transaction in which Mr. de Greef was involved. The July 2008 Option became exercisable in 2009.

In the event the Company terminates Mr. de Greef's employment without cause, he would be entitled to severance benefits as set forth in the employment agreement, including payment of Mr. de Greef's salary for three months following termination. Mr. de Greef would also receive continuation of his health care benefits or reimbursement, as the case may be, for three months following termination. In addition, the stock option granted under the employment agreement would become exercisable for the number of shares that would have become exercisable had Mr. de Greef remained employed with the Company for an additional six months following termination and had the stock option become exercisable in 12 equal quarterly installments. If termination occurs prior to November 24, 2011, Mr. de Greef will have the right to exercise the stock option received under the Employment Agreement as well as the July 2008 Option for a period of two years following termination (but in no event after the expiration of the stock option) to the extent that he was entitled to exercise the stock option on that date.

In the event that a change in control of the Company occurs and Mr. de Greef's employment is terminated without cause within 12 months following the change in control, Mr. de Greef is entitled to receive the severance benefits described above for a period of six months following the date of termination. In the event of a change in control of the Company, Mr. de Greef's stock options received under the Employment Agreement and the July 2008 Option will become exercisable in full as of the date of the change in control, provided that all stock options must be exercised within the applicable dates provided in the applicable stock option agreement and the 2001 Plan.

Effective March 1, 2010, Mr. de Greef agreed to a 10% reduction in his base salary for 2010. See "2010 Management Stock Option Awards" for a description of the terms of a stock option awarded to Mr. de Greef in recognition of the reduced in base salary.

### **2010 Management Stock Option Awards**

Effective March 1, 2010, the senior management team of the Company agreed to a 10% reduction in their base salaries for 2010. After giving effect to this reduction, the annual salary rates for the Named Executive Officers will be as follows: \$247,500 for Dr. Haghighi-Mood, \$108,000 for Mr. de Greef, and \$83,700 for Mr. LiCausi. In recognition of the reduction of the salaries of the senior management team, the Compensation Committee granted to each senior management member a stock option award (the "Salary Reduction Option Award") on March 11, 2010 that becomes exercisable in nine equal monthly installments beginning on April 11, 2010, and will continue to be exercisable following the termination of the employment of the recipient to the same extent that the option was exercisable on the date of termination until expiration of the ten-year term. The Salary Reduction Option Awards were granted outside of the Company's 2001 Stock Incentive Plan, but are nevertheless subject to the terms and conditions of the plan as if granted thereunder. Dr. Haghighi-Mood, Mr. de Greef and Mr. LiCausi received Salary Reduction Option Awards to purchase 198,949, 86,814 and 67,281 shares of common stock, respectively, at an exercise price of \$0.16 per share, which was the closing price of the Company's common stock on the date of grant. The number of shares covered by each Salary Reduction Option Award was determined based on the amount of the reduction of the 2010 salary for each recipient and the fair value of the Salary Reduction Option Awards using the Black-Scholes option pricing model, which requires the Company to make certain assumptions regarding the expected term of the options, forfeiture rate and volatility of the underlying stock.

Additionally, on March 11, 2010, each of the members of the senior management team of the Company (other than Mr. de Greef) entered into individual option exchange agreements with the Company whereby previously granted stock options to purchase an aggregate of 2,983,333 shares of common stock issued at varying times and at varying prices (ranging from \$0.29 per share to \$4.00 per share) were cancelled and replaced with new stock options (the "Management Stock Option Awards") to purchase an aggregate of 3,583,333 shares of common stock of the Company at an exercise price of \$0.16 per share, which was the closing price of the Company's common stock on the date of grant. The Management Stock Option Awards become exercisable in three equal annual installments beginning on first anniversary of the date of grant. Dr. Haghighi-Mood and Mr. LiCausi received awards to purchase 2,383,333 and 450,000 shares of common stock of the Company, respectively, in exchange for the cancellation of previously granted stock options to purchase 2,383,333 and 350,000 shares of common stock. The Management Stock Option Awards were granted outside of the Company's 2001 Stock Incentive Plan, but are nevertheless subject to the terms and conditions of the plan as if granted thereunder.

The following table sets forth certain information concerning stock options held by the Named Executive Officers as of December 31, 2009.

### Outstanding Equity Awards At Fiscal Year-end For 2009

Name	Option Awards(1)			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date
Ali Haghighi-Mood, Ph.D.	333,333		\$ 0.29	8/15/2015
Ali Haghighi-Mood, Ph.D.	700,000		\$ 3.30	12/14/2016
Ali Haghighi-Mood, Ph.D.	600,000	300,000	\$ 1.15	12/11/2017
Ali Haghighi-Mood, Ph.D.	300,000	150,000	\$ 1.15	12/11/2017
Vincenzo LiCausi	50,000	100,000	\$ 2.53	10/16/2016
Vincenzo LiCausi	20,000		\$ 3.26	4/30/2017
Vincenzo LiCausi	20,000	10,000	\$ 4.00	5/18/2017
Vincenzo LiCausi	100,000	50,000	\$ 1.07	2/12/2018
Roderick de Greef	345,833	204,167 (2)	\$ 0.15	11/24/2018
Roderick de Greef	100,000		\$ 0.33	7/29/2018

(1) Except as otherwise noted, each option becomes exercisable in three equal annual installments, beginning on the first anniversary of the date of grant.

(2) Option becomes exercisable in three equal annual installments, beginning on the first anniversary of the date of grant. The dates on which the option will become exercisable will accelerate with regard to a specified number of shares upon the occurrence of certain performance goals (the "Performance Goals"). The Performance Goals include: (i) the achievement by the Company of a 12-month trailing revenue target of \$7.0 million (the "Revenue Target"); (ii) the consummation by the Company of one or more equity financing transactions in a 12-month period that result in the receipt by the Company of sufficient proceeds to fund the Company's operations for a 12-month period as determined in good faith by the Board (the "Financing Target"); and (iii) the consummation by the Company of a

strategic distribution agreement (the “Strategic Transaction Target”). Upon the occurrence of a Performance Goal, the stock option will become exercisable with respect to a number of shares equal to the lesser of (A) the number of shares specified for each Performance Goal (162,500 shares for each of the Revenue Target and the Financing Target and 62,500 shares for the Strategic Transaction Target) and (B) the positive difference between total number of shares under the stock option that are not yet exercisable and the number of shares specified for the Performance Goal. The shares that become exercisable upon the achievement of a Performance Goal will reduce the number of shares that otherwise would next become exercisable on a regular annual vesting date following the date of achievement of the Performance Goal.

## DIRECTOR COMPENSATION

In 2009, non-employee directors received a fee of \$2,500 per in-person meeting of the Board of Directors and \$500 per telephonic meeting of the Board of Directors or committee meeting, and non-employee directors who served as Chairman of the Board or as chairman of one or more committees of the Board of Directors (currently Messrs. McGuire, Wiggins and McCormick) received a fee of \$3,125 per in-person meeting of the Board of Directors and \$625 per telephonic meeting of the Board of Directors or committee meeting. In 2009, each of the Company's non-employee directors received an annual retainer of \$15,000, payable in equal quarterly installments.

Effective March 31, 2010, the Board of Directors has reduced the amount of cash compensation paid to the non-employee directors of the Company. Specifically, all per meeting fees have been eliminated and the cash annual retainer paid to non-employee directors has been reduced to \$12,000 per year, payable in equal quarterly installments.

In recognition of this reduction in fees, each of the non-employee directors was awarded a stock option to purchase 112,858 shares of common stock of the Company (the "Director Fee Reduction Option Award"), having a fair value of \$13,000 using the Black Scholes option pricing model. The Director Fee Reduction Option Awards become exercisable in nine equal monthly installments beginning on April 11, 2010 and will continue to be exercisable following the termination of the director's service with the Company to the same extent that the stock option was exercisable on the date of resignation or termination until expiration of the ten-year term. The Director Fee Reduction Option Awards were granted outside of the Company's 2001 Stock Incentive Plan, but are nevertheless subject to the terms and conditions of the plan as if granted thereunder.

Additionally, on March 11, 2010, the Compensation Committee granted each of the non-employee directors a stock option to purchase 100,000 shares of the common stock of the Company under and pursuant to the Company's 2001 Stock Incentive Plan. The stock options become exercisable in full on the one-year anniversary of the date of grant and will continue to be exercisable following the termination of services of the recipient to the same extent that it was exercisable on the date of termination until the expiration of the ten-year term.

The following table sets forth compensation actually paid, earned or accrued during 2009 by the Company's directors.

<u>Name</u>	<u>Fees Earned or</u>		<u>Option</u>		<u>Total (\$)</u>
	<u>Paid in Cash (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>Awards (\$)(1)</u>		
Richard J. Cohen(2)	27,500	233,180	(3)	20,147 (4)	280,828
Kenneth V. Hachikian(5)	36,250	–		22,398 (6)	58,648
Reed Malleck(7)	33,500	–		20,147 (8)	53,647
John F. McGuire	40,625	–		64,331 (9)	104,956
Keith M. Serzen(10)	6,250	–		–	6,250
Jeffrey Wiggins	36,875	–		17,059 (11)	53,934
Paul McCormick	–	–		–	–

- (1) Reflects the dollar amounts recognized for financial statement reporting purposes for the fiscal year ended December 31, 2009, in accordance with FASB ASC Topic 718 (excluding the impact of estimated forfeitures related to service-based vesting conditions), and thus may include amounts attributable to awards granted during and before 2009. Assumptions made in the calculation of these amounts are included in Note 2 to the Company' s audited financial statements for the fiscal year ended December 31, 2009, included in the Company' s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.
- (2) Dr. Cohen resigned as director on December 30, 2009. See "Consulting and Technology Agreement with Richard J. Cohen, M.D., Ph.D." contained in Item 13 for a description of royalty fees paid to Dr. Cohen under an Amended and Restated Consulting and Technology Agreement between Dr. Cohen and the Company.

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- (3) As of December 31, 2009, Dr. Cohen held 175,000 shares of restricted stock.
  - (4) As of December 31, 2009, Dr. Cohen held options to purchase (a) 287,500 shares of Common Stock at exercise price of \$0.30 per share, (b) 30,000 shares of Common Stock at an exercise price of \$2.90 per share and (c) 300,000 shares of Common Stock at an exercise price of \$0.34 per share.
  - (5) Mr. Hachikian resigned as director on December 30, 2009.
  - (6) As of December 31, 2009, Mr. Hachikian held options to purchase (a) 80,000 shares of Common Stock at an exercise price of \$0.30 per share and (b) 30,000 shares of Common Stock at an exercise price of \$2.90 per share.
  - (7) Mr. Malleck resigned as director on December 30, 2009.
  - (8) As of December 31, 2009, Mr. Malleck held options to purchase (a) 80,000 shares of Common Stock at an exercise price of \$0.30 per share and (b) 30,000 shares of Common Stock at an exercise price of \$2.90 per share.
  - (9) As of December 31, 2009, Mr. McGuire held options to purchase 100,000 shares of Common Stock at an exercise price of \$2.40 per share.
  - (10) Mr. Serzen resigned as a director on April 22, 2009.
  - (11) As of December 31, 2009, Mr. Wiggins held options to purchase 100,000 shares of common stock at an exercise price of \$0.63 per share.

### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our directors, executive officers and holders of more than 10% of our Common Stock ("Reporting Persons") to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of our Common Stock and other equity securities. Based solely on its review of copies of reports filed by the Reporting Persons furnished to us, or written representations from Reporting Persons, we believe that, during the fiscal year ended December 31, 2009, the Reporting Persons complied with all Section 16(a) filing requirements.

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## OTHER MATTERS

The Board of Directors does not know of any other matters which may come before the Meeting. However, if any other matters are properly presented at the Meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgment on such matters. The Board of Directors knows of no matter to be acted upon at the meeting that would give rise to appraisal rights for dissenting stockholders.

All costs of solicitations of proxies will be borne by the Company. In addition to solicitations by mail, the Company's directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, telecopy, e-mail, personal interviews, and other means. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of stock held in their names, and the Company will reimburse them for their out-of-pocket expenses in connection therewith.

## STOCKHOLDER PROPOSALS

Under the federal securities laws, the deadline for submitting stockholder proposals for inclusion in the Company's proxy statement and form of proxy for the Company's 2011 Annual Meeting of Stockholders is February 1, 2011. Proposals must be submitted to the Secretary of the Company at its offices, 100 Ames Pond Drive, Tewksbury, Massachusetts 01876.

If a stockholder of the Company wishes to present a proposal before the 2011 Annual Meeting of Stockholders or wishes to nominate a candidate for election to the Company's Board of Directors, such stockholder must also give written notice to the Secretary of the Company at the address noted above. The Secretary must receive such notice not less than 60 days nor more than 90 days prior to the 2011 Annual Meeting of Stockholders; provided that, in the event that less than 70 days' notice or prior public disclosure of the date of the 2011 Annual Meeting of Stockholders is given or made, notice by the stockholder must be received not later than the close of business on the 10th day following the date on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever occurs first. If a stockholder gives notice of such a proposal or nomination after the applicable deadline, the stockholder will not be permitted to present the proposal or nomination to the stockholders for a vote at the meeting. The Company's by-laws also specify requirements relating to the content of the notice which stockholders must provide to the Secretary of the Company for any matter, including a stockholder nomination for director, to be properly presented at a stockholder meeting.

## HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our Proxy Statement or annual report may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you call or write us at the following address or phone number: 100 Ames Pond Drive, Tewksbury, MA 01876, (978) 654-7600. If you want to receive separate copies of the annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address and phone number.

## EXPENSES OF SOLICITATION

The Company will bear the costs of the solicitation of proxies, which may include the cost of preparing, printing and mailing the proxy materials. In addition, the Company will request banks, brokers and other custodians, nominees and fiduciaries to forward proxy materials to the beneficial owners of common stock and obtain their voting instructions. The Company will reimburse those firms for their reasonable expenses in doing

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so. Proxies may be solicited, without additional compensation, by directors, officers and employees of the Company by mail, personal interview, telephone, telegram, facsimile, advertisements in periodicals and postings on the Company' s website.

### **PARTICIPANTS IN THE SOLICITATION**

Under applicable regulations of the Securities and Exchange Commission, the directors and certain officers of the Company may be deemed to be "participants" in the solicitation of proxies by the Board of Directors in connection with the Meeting.

By Order of the Board of Directors,

Vincenzo LiCausi, *Secretary*

June 1, 2010

**THE BOARD OF DIRECTORS HOPES THAT STOCKHOLDERS WILL ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING ENVELOPE. PROMPT RESPONSE WILL GREATLY FACILITATE ARRANGEMENTS FOR THE MEETING AND YOUR COOPERATION WILL BE APPRECIATED.**

ANNUAL MEETING OF STOCKHOLDERS OF  
CAMBRIDGE HEART, INC.

June 28, 2010

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, Proxy Statement, Proxy Card  
are available at—www.cambridgeheart.com/proxy.html

Please sign, date and mail your proxy card in the  
envelope provided as soon as possible.

i Please detach along perforated line and mail in the envelope provided. i

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**THE BOARD OF DIRECTORS RECOMMEND A VOTE “FOR” THE ELECTION OF DIRECTORS AND “FOR” PROPOSAL 2.  
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN  
HERE**

1. For the election of all nominees listed below (except as indicated):

**FOR ALL NOMINEES**

**NOMINEES:**

Roderick de Greef

Ali Haghghi-Mood

**WITHHOLD AUTHORITY**

John McGuire

**FOR ALL NOMINEES**

Paul McCormick

**FOR ALL EXCEPT**

Jeffrey Wiggins

(See instructions below)

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s),  
mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to  
withhold, as shown here: ●

FOR AGAINST ABSTAIN

2. To ratify the appointment by the Audit Committee  
of the Board of Directors of the Company of  
Caturano and Company, P.C. as the Company’s  
independent accountants for the year ending  
December 31, 2010.

**THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS  
DIRECTED BY THE UNDERSIGNED. IF NO DIRECTION IS GIVEN WITH  
RESPECT TO ANY PROPOSALS SPECIFIED ABOVE, THIS PROXY WILL  
BE VOTED FOR SUCH PROPOSALS.**

Attendance of the undersigned at the meeting or at any adjourned session thereof will  
not be deemed to revoke this proxy unless the undersigned shall affirmatively indicate  
thereat the intention of the undersigned to vote said shares in person. If the undersigned  
hold(s) any of the shares of the Company in a fiduciary, custodial or joint capacity or  
capacities, this proxy is signed by the undersigned in every such capacity as well as  
individually.

**PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD  
PROMPTLY USING THE ENCLOSED ENVELOPE.**

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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**PROXY**

**CAMBRIDGE HEART, INC.**

**PROXY**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY**

The undersigned, having received notice of the meeting and the proxy statement therefor, and revoking all prior proxies, hereby appoint(s) Ali Haghighi-Mood and Vincenzo LiCausi, and each of them, attorneys or attorney of the undersigned (with full power of substitution in them and each of them) for and in the name(s) of the undersigned to attend the Annual Meeting of Stockholders of Cambridge Heart, Inc. (the "Company") to be held at the offices of the Company at 100 Ames Pond Drive, Tewksbury, Massachusetts 01876, at 8:30 a.m. (local time) on Monday, June 28, 2010, and any adjourned sessions thereof, and there to vote and act upon the following matters in respect of shares of Common Stock of the Company which the undersigned would be entitled to vote or act upon, with all powers the undersigned would possess if personally present. Each of the following matters is being proposed by the Company.

THE UNDERSIGNED HEREBY CONFER(S) UPON THE PROXIES, AND EACH OF THEM, DISCRETIONARY AUTHORITY (i) TO CONSIDER AND ACT UPON SUCH MATTERS, OTHER THAN THE BUSINESS SET FORTH HEREIN, AS MAY PROPERLY COME BEFORE THE MEETING FOR WHICH THE COMPANY DID NOT RECEIVE TIMELY NOTICE OF THE MATTER IN ACCORDANCE WITH THE COMPANY' S BY-LAWS; (ii) WITH RESPECT TO THE ELECTION OF DIRECTORS IN THE EVENT THAT ANY OF THE NOMINEES IS UNABLE OR UNWILLING, WITH GOOD CAUSE, TO SERVE; AND (iii) WITH RESPECT TO SUCH OTHER MATTERS UPON WHICH DISCRETIONARY AUTHORITY MAY BE CONFERRED.

**(Continued and to be signed on the reverse side)**