

LIFELINE THERAPEUTICS, INC.

Form PRE 14A

October 06, 2006

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SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant b
Filed by a Party other than the Registrant o

Check the appropriate box:

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

LIFELINE THERAPEUTICS, 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:

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

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

- (4) Proposed maximum aggregate value of transaction:

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

(1) Amount Previously Paid:

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Lifeline Therapeutics, Inc.
6400 South Fiddler s Green Circle, Suite 1970
Greenwood Village, Colorado 80111
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held On November 21, 2006

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Lifeline Therapeutics, Inc., a Colorado corporation (the Company). The meeting will be held on Tuesday, November 21, 2006 at 9:00 a.m. local time at the offices of The Chemins Company, Inc., 1835 East Cheyenne Road, Colorado Springs, Colorado 80906 for the following purposes:

1. To elect 9 directors to hold office for a one-year term expiring at the annual meeting in 2007 and until their respective successors are elected and qualified.
2. To consider and act upon a proposal to amend and restate the Company s Articles of Incorporation.
3. To consider and act upon a proposal to approve the Company s 2007 Long-Term Incentive Plan.
4. To consider and act upon a proposal to ratify the appointment of Gordon, Hughes & Banks, LLP as independent auditors of the Company for its fiscal year ending June 30, 2007.
5. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

Our board of directors has fixed October 13, 2006 as the record date for determining the shareholders entitled to receive notice of and to vote at the Annual Meeting. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors

Gerald J. Houston
Secretary

Greenwood Village, Colorado
[October 20, 2006]

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

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Lifeline Therapeutics, Inc.
6400 South Fiddler s Green Circle, Suite 1970
Greenwood Village, Colorado 80111
PROXY STATEMENT
FOR THE 2006 ANNUAL MEETING OF SHAREHOLDERS
[October 20, 2006]

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We sent you this proxy statement and the enclosed proxy card because the board of directors of Lifeline Therapeutics, Inc. (sometimes referred to as the Company or Lifeline) is soliciting your proxy to vote at the 2006 Annual Meeting of Shareholders. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

We intend to mail this proxy statement and accompanying proxy card on or about [October 20, 2006] to all our shareholders of record as of the record date entitled to vote at the annual meeting.

Where and when is the Annual Meeting?

The annual meeting will take place Tuesday, November 21, 2006 at 9:00 a.m. local time at the offices of The Chemins Company, Inc., 1835 East Cheyenne Road, Colorado Springs, Colorado 80906

What am I voting on?

There are four matters scheduled to be voted on by shareholders at the annual meeting:

Election of nine directors to our board of directors: Javier W. Baz; Dr. James D. Crapo; Dr. Larry Gold; James J. Krejci; William L. Lister; Dr. Joe M. McCord; Stephen K. Onody; H. Leigh Severance and John B. Van Heuvelen;

Approval of a proposal to amend and restate the Company s Articles of Incorporation;

Approval of the Company s 2007 Long-Term Incentive Plan; and

Approval of a proposal to ratify the appointment of Gordon, Hughes & Banks, LLP as independent auditors of the Company for its fiscal year ending June 30, 2007.

Who can vote at the annual meeting?

Only shareholders of record at the close of business on October 13, 2006 will be entitled to vote at the annual meeting. On this record date, there were [22,118,034] shares of series A common stock outstanding and entitled to vote.

Shareholders of Record: Shares Registered in Your Name

If on October 13, 2006 your shares were registered directly in your name with Lifeline s transfer agent, Computershare Trust Co., Inc., then you are a shareholder of record. As a shareholder of record, you may vote by proxy or vote in person at the meeting. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

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Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on October 13, 2006 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the annual meeting provided that you bring with you proof of your beneficial ownership of shares, such as a brokerage account statement. However, if you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

How do I vote?

You may either vote For all the nominees to our board of directors or you may Withhold your vote for any nominee you specify. For each of the other matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are fairly simple:

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record, you may vote by proxy using the enclosed proxy card or in person at the annual meeting. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

Voting Your Proxy By Mail. To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

Vote in Person. To vote in person, come to the annual meeting and we will give you a ballot when you arrive.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Lifeline. Simply complete and mail the proxy card to ensure that your vote is counted.

Our board of directors recommends a vote For the election of each of our director nominees listed below, and For the other proposals described in this proxy statement.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of series A common stock you own as of October 13, 2006.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Withhold and, with respect to proposals other than the election of directors, Against votes, abstentions and broker non-votes. If your shares are held by your broker as your nominee in street name, you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. When a broker indicates on its proxy that it does not have authority to vote certain shares held in street name on particular proposals, the shares not voted are called broker non-votes. Broker non-votes occur when brokers do not have discretionary voting authority on certain proposals under the rules of the New York Stock Exchange and the beneficial owner has not instructed the broker how to vote on these proposals.

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Because the approval of each proposal (other than the election of directors) requires the affirmative vote of a majority of the outstanding shares of series A common stock, abstentions and broker non-votes will be counted towards the vote total for each such proposal and will have the same effect as Against votes.

How many votes are needed to approve each proposal?

If a quorum is present, then:

For the election of directors, the nine nominees receiving the most For votes (among votes properly cast in person or by proxy) will be elected;

The proposal to amend and restate the Company's Articles of Incorporation will be approved if a majority of the outstanding shares of series A common stock vote For such amended and restated Articles of Incorporation;

The Company's 2007 Long-Term Incentive Plan will be approved if a majority of the outstanding shares of series A common stock vote For the plan; and

The ratification of Gordon, Hughes & Banks, LLP as the Company's independent auditor for the fiscal year ended June 30, 2007 will be approved if a majority of the outstanding shares of series A common stock vote For such ratification.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date;

You may send a written notice that you are revoking your proxy to Lifeline's Secretary at 6400 South Fiddler's Green Circle, Suite 1970, Greenwood Village, Colorado, 80111; or

You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank to change your vote.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least one-third of the outstanding shares are represented by shareholders present at the meeting or by proxy. On the record date, there were [22,118,034] shares of series A common stock outstanding and entitled to vote. Thus, [7,372,678] shares of series A common stock must be represented by shareholders present at the meeting in person or by proxy to constitute a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, a majority of our shareholders entitled to vote at the meeting, present in person or by proxy, shall have the power to adjourn the meeting to another date.

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Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in our quarterly report on Form 10-QSB for the second quarter of fiscal year 2007, which we expect to file on or before February 14, 2007. You can obtain a copy of the Form 10-QSB by logging on to our website at www.lifelinetherapeutics.com, by calling the Securities and Exchange Commission at (800) SEC-0330 for the location of the nearest public reference room, or through the EDGAR system at www.sec.gov. Our website does not constitute part of this proxy statement.

IT IS THE INTENTION OF THE AGENTS DESIGNATED IN THE ENCLOSED PROXY CARD TO VOTE FOR THE ELECTION OF EACH NOMINEE FOR DIRECTOR IDENTIFIED BELOW (UNLESS AUTHORITY IS WITHHELD BY THE SHAREHOLDER GRANTING THE PROXY) AND FOR PROPOSALS 2, 3 AND 4 BELOW. IF ANY NOMINEE BECOMES UNAVAILABLE TO SERVE FOR ANY REASON, THE PROXY WILL BE VOTED FOR A SUBSTITUTE NOMINEE OR NOMINEES TO BE SELECTED BY THE COMPANY'S BOARD OF DIRECTORS, UNLESS THE SHAREHOLDER WITHHOLDS AUTHORITY TO VOTE FOR THE ELECTION OF DIRECTORS.

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PROPOSAL 1 ELECTION OF DIRECTORS

Lifeline's board of directors consists of nine directors. Our board of directors proposes that Mr. Javier W. Baz; Dr. James D. Crapo; Dr. Larry Gold; Mr. James J. Krejci; Mr. William L. Lister; Dr. Joe M. McCord; Mr. Stephen K. Onody; Mr. H. Leigh Severance and Mr. John B. Van Heuvelen be elected as directors of the Company. Each director to be elected will hold office until the next annual meeting of shareholders and until his successor is elected and qualified. We encourage nominees for directors to attend the annual meeting.

Directors are elected by a plurality of the votes properly cast in person or by proxy. Cumulative voting is not permitted. The nine nominees receiving the highest number of affirmative votes will be elected. Shares represented by properly executed proxies will be voted, if authority to do so is not withheld, for the election of the nine nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted to fill any vacancy so arising in accordance with the discretionary authority of the persons named in the proxy, unless contrary instructions are given. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

Information Concerning Director Nominees

The following information is furnished with respect to each of the director nominees for election at the Annual Meeting:

JAVIER W. BAZ age 53 Mr. Baz has been a member of our board of directors since February 2005, and served as Chairman of our board of directors from July 2005 through September 2006. Mr. Baz is a private investor. From January of 1994 through March 2004, Mr. Baz was responsible for several business areas at Trust Company of the West (TCW), a Los Angeles, California based investment management firm. He acted as chief investment officer and group head of the firm's Private Client Services Group, a unit with \$7 billion in clients' assets under management. He also was the chief investment officer for TCW's publicly traded international fixed income and equity strategies investing in Europe, Japan, Asia Pacific, Latin America and Africa. From 1995 through 2001 Mr. Baz chaired TCW's committee responsible for overseeing regional allocation of emerging markets and equity strategies. Before joining TCW in 1994, Mr. Baz established Condor Securities in Greenwich, Connecticut as a broker-dealer and asset management firm, and worked with Merrill Lynch, First Boston International, and McKinsey & Co. Mr. Baz received a Bachelor of Science in Economics from the Wharton School at the University of Pennsylvania in 1976, and a Masters of Business Administration from the Kellogg School at Northwestern University in 1981.

DR. JAMES D. CRAPO age 63 Dr. Crapo has been a member of our board of directors since April 2005. Dr. Crapo has nearly 30 years of experience in the health and science field. He has been a Professor at National Jewish Medical and Research Center since June 1996 and served as Executive Vice President of Academic Affairs and Chairman of Medicine from June 1996-2004. National Jewish is a private institution in immunology and allergic diseases. Dr. Crapo also served as Chief Executive Officer of Aeolus Pharmaceuticals, Inc. from July 2004 until December 2004. He was the first scientist to extend Dr. Fridovich's and Dr. Joe McCord's (a member of the board of directors and a Director of Science for Lifeline) original discovery of superoxide dismutase, a natural antioxidant (referred to as SOD) to mammalian models of disease. Prior to joining National Jewish, Dr. Crapo spent over 15 years as the Chief of the Pulmonary and Critical Care Medicine Division at Duke University Medical Center. He is involved in a number of professional societies, including service on the NHLBI Advisory Council and serving as President of the American Thoracic Society and President of the Fleischner Society.

DR. LARRY GOLD age 65 Dr. Gold has been a member of our board of directors since October 2, 2006 and a member of our Scientific Advisory Board since February 2006. Since January 2000, Dr. Gold has been the Chief Executive Officer, Chief Science Officer and Chairman of the Board of SomaLogic, Inc., a life science research and clinical diagnostics company he founded in late 1999. He also was the founder of NeXstar Pharmaceuticals, Inc., serving as Director from its inception in 1991 until July 1999, and as Chairman of the Board and Chief Scientific Officer from February 1993 until July 1999, when the company was sold to Gilead Sciences. Dr. Gold was a co-founder of Synergen Inc. in 1981, a biotechnology company whose pharmaceutical activities were purchased by Amgen Inc. Dr. Gold has been a professor at the University of Colorado at Boulder since 1970, serving as Chairman of the Department of Molecular, Cellular and Developmental Biology from 1988 to 1993. He was awarded the Chiron prize for Biotechnology in 1995, and he is a member of the National Academy of Sciences and the American

Academy of Arts and Sciences. Dr. Gold received a Bachelor of Arts from Yale University in 1963 and a Ph.D. from the University of Connecticut in 1967.

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JAMES J. KREJCI age 64 Mr. Krejci has been a member of our board of directors since April 2005 and the Vice Chairman of our board of directors since September 2006. Since June 2006, Mr. Krejci has served as President and Chief Executive Officer of CheckAwards Corporation, a provider of promotional and reward programs. From July 2004 to June 2006, Mr. Krejci served as the Managing Director of the Epilepsy Foundation of Colorado. From July 2003 until July 2004, he served as Managing Director for the American Diabetes Association, and as its Area Director from July 2001 until July 2003. From September 1998 to July 2002, Mr. Krejci was the CEO and Chairman of Comtec International, Inc., a specialized mobile radio telecommunications company. Mr. Krejci has additional prior experience in the medical industry with the 3M Company, General Electric Medical Division, and as President of a division of the Becton-Dickinson Company, a global medical technology company. Mr. Krejci teaches Marketing Management, Principles of Leadership, Marketing Research and Management Theory and Practice at the University of Phoenix Online Graduate School of Business. He received a Bachelor of Science in Chemical Engineering and an Master of Business Administration in Marketing from the University of Wisconsin, graduating first in his MBA class.

WILLIAM L. LISTER age 62 Mr. Lister has been a member of our board of directors since August 2005. In December 2004, Mr. Lister retired from Roche Diagnostics Corporation, where he had been Senior Vice President and General Manager of Patient Care since January 1997. While at Roche Diagnostics Corporation he oversaw Roche's U.S. diabetes monitoring, insulin pump and point of care diagnostics businesses and was involved in the operation of the global Drugs of Abuse business unit. Prior to Roche Diagnostics Corporation, Mr. Lister spent 10 years with Boehringer Mannheim Corporation (subsequently acquired by Roche), most recently as Senior Vice President & General Manager of its U.S. Diabetes Care Commercial Operations. He worked for Eli Lilly, a U.S. based global pharmaceutical company, from 1973 until 1986 in various positions including Director of Market Research for the Pharmaceutical Division. Mr. Lister is currently a member of the board of directors of the American Diabetes Association Research Foundation and the Indiana Health & Educational Facility Financing Authority, as well as a member of the Management Resource Board of Linden Life Science, LLC. He received a Bachelor of Science in Management from Indiana State University in 1966 and a Master of Science in Marketing from Indiana State in 1967.

DR. JOE M. MCCORD age 61 Dr. McCord has been a member of our board of directors since February 2006 and a Director of Science since April 2004. Dr. McCord together with Dr. Irwin Fridovich discovered SOD in 1969. For this work, Drs. McCord and Fridovich received the Elliot Cresson Medal of the Franklin Institute. Dr. McCord currently serves as Professor of Medicine, Biochemistry, and Microbiology at the University of Colorado at Denver and Health Sciences Center (UCDHSC). Dr. McCord received a lifetime achievement award from the Oxygen Society for outstanding contributions to the field of free radical biology and medicine in 1997. He is Honorary President of the International Society of Antioxidants in Nutrition and Health (ISANH). He chaired the Third International Conference on Superoxide Dismutases: Recent Advances and Clinical Applications, held at the Institut Pasteur in Paris in 2004, as well as earlier conferences in the series. Dr. McCord has published articles in a number of scientific journals, including the New England Journal of Medicine.

STEPHEN K. ONODY age 53 Mr. Onody became Chief Executive Officer and a member of our board of directors on November 28, 2005. From November 2003 until just prior to joining Lifeline, Mr. Onody was Chairman and CEO of Onody Associates, LLC, a strategic partner to medical technology and biosciences companies, providing guidance from development through commercialization. During this period, Mr. Onody served as a Board member for three companies. Prior to that, from June 2000 through October 2003, Mr. Onody was Chief Executive Officer and Chairman of the Board of Directors of Colorado MEDtech, Inc. (CMED), a Nasdaq advanced medical and biotechnology company. In this position, Mr. Onody led a strategic re-direction of the Company and ultimately completed the sale of the company in July 2003. Mr. Onody holds a Bachelor of Science degree in Biology from Seton Hall University and a Masters of Business Administration, Marketing and Management from Fairleigh Dickinson University.

H. LEIGH SEVERANCE age 68 Mr. Severance has been a member of our board of directors since February 2005. Mr. Severance has been the president of Severance Capital Management, Greenwood Village, Colorado, since founding the firm in 1983. Severance Capital Management is a provider of investment management and research services to partnerships and individual investors. Prior to founding Severance Capital Management,

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Mr. Severance was a portfolio manager with J.M. Hartwell & Co., Founders Growth Fund, and Cambiar Investors. Mr. Severance is a member of the board of directors of Ikonics, Inc., a public imaging technology company located in Duluth, Minnesota, and two private companies, Secure64 Software Corporation of Greenwood Village, Colorado, a developer of software that enhances performance and security for server and network applications and Fiberstar, Inc., of Willmar, Minnesota, a company that enhances food freshness and nutrition. Mr. Severance received his Masters of Business Administration from the University of Chicago Business School in 1963.

JOHN B. VAN HEUVELEN age 59 Mr. Van Heuvelen has been a member of our board of directors since August 2005 and the Chairman of our board of directors since September 2006. Since January 2006, Mr. Van Heuvelen has served as the Chief Executive Officer, President and a member of the board of directors of WCS Telecom, a full service communications company that offers a wide range of telecommunication services. Since June 2002, Mr. Van Heuvelen has been a member of the board of directors of MasTec, Inc., a public company that is a specialty contractor for communications companies, utilities and governments throughout the United States and Canada, and he is currently the Chairman of its Audit Committee and a member of its Compensation Committee. Mr. Van Heuvelen spent 13 years with Morgan Stanley and Dean Witter Reynolds in various executive positions in the mutual fund, unit investment trust, and municipal bond divisions, including serving as president of Morgan Stanley Dean Witter Trust Company from 1993 until 1999. Since 1999, Mr. Van Heuvelen has been a private equity investor based in Denver, Colorado, investing primarily in telecommunications and technology firms.

Board Recommendation

Our board of directors recommends the shareholders vote FOR each named director nominee.

Director Independence

In September 2006, our board of directors undertook a review of the independence of the members of our board of directors audit committee and nominating committee. The purpose of this review was to determine whether any relationships or transactions involving the members of these committees, their family members and affiliates were inconsistent with a determination that the member is independent. Even though our shares are not traded on an exchange, in order to determine whether these members are independent, the Securities and Exchange Commission rules require that we use the definition of independence of a national securities exchange (like the New York Stock Exchange or the Nasdaq Stock Market) or national securities association when making this determination. In determining the independence of the members of our audit committee and nominating committee, our board of directors elected to use the definition of independence contained in Nasdaq's listing requirements. Based on that review, our board of directors has determined that each of James J. Krejci, H. Leigh Severance and John B. Van Heuvelen qualify as independent members of the audit committee and that each of James J. Krejci and H. Leigh Severance qualify as independent members of the nominating committee.

Compensation of Directors

Cash Compensation. Our current policy is to pay directors \$30,000 for each full year served as a director. We have paid each of Messrs. Baz, Severance, and Krejci the sum of \$30,000 for their first year of service on our board of directors and \$20,000 for their first year of service on the executive committee of our board of directors (under the previous policy). We have paid Dr. Crapo the sum of \$30,000 for his first year of service on our board of directors. We also reimburse our directors for travel related expenses related to Company business.

Compensation of Former Chairman. On October 12, 2005, we agreed that Mr. Baz would continue to serve as chairman of our board of directors from October 1, 2005 through September 30, 2006 with the following compensation (in addition to the cash compensation being paid to him as a director and a member of the executive committee of our board of directors): for each month from October 1, 2005 through September 30, 2006, the Company would grant Mr. Baz warrants to purchase 10,000 shares of our series A common stock at an exercise price equal to the volume weighted average trading price of our series A common stock on the Wednesday of each month that immediately preceded the last Thursday of that month. If that Wednesday was not a trading day, then the exercise price would be equal to the volume weighted average trading price on the first trading day immediately preceding that Wednesday. Each warrant would be issued at the close of business on the trading day on which its exercise price is determined, and it will expire at the close of business on the second anniversary of that trading day. In connection with the adoption of the 2006 Stock Option Plan on February 28, 2006

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Mr. Baz's compensation arrangement was amended so that all warrants that were to be granted for the remainder of his term under this agreement were granted on such date at an exercise price of \$3.37 per share. Mr. Baz was replaced as Chairman of our board of directors by John Van Heuvelen in September 2006.

Director Option Grants. For the 2006 calendar year, each member of the audit committee, marketing committee, science committee, and executive committee of our board of directors received options to acquire 12,000 shares of our series A common stock, with the chairman of each of the audit committee, marketing committee, and science committee receiving options to acquire 24,000 shares of our series A common stock. For the 2006 calendar year, each member of the compensation committee and nominating committee of our board of directors received options to acquire 6,000 shares of our series A common stock, with the chairman of each of the compensation committee and nominating committee receiving options to acquire 12,000 shares of our series A common stock. Each of these options has an exercise price of \$3.37. One-twelfth of each of these options vested on February 1, 2006, with the remainder of each option vesting in eleven equal monthly installments on the last calendar day of each month, beginning February 28, 2006. In the event that, for whatever reason, a committee member's service on a committee is terminated, that committee member shall lose that portion of the option that has not vested as of the last day of such committee member's service on that committee. The Chairman of the board of directors and the Chief Executive Officer are not entitled to receive any options described in this paragraph.

The director option grants described above were made pursuant to our 2006 Stock Option Plan. Our board of directors approved the termination of the 2006 Stock Option Plan and adopted the new 2007 Long-Term Incentive Plan (the "Incentive Plan"). In addition, our compensation committee approved the replacement of all awards of stock options made under the 2006 Stock Option Plan (including the option grants to directors set forth above), subject in all cases to the approval of the grantees. The new grants replacing these options made under the 2006 Stock Option Plan were made under the new Incentive Plan and are granted to the same director grantees who were awarded options under the 2006 Stock Option Plan. These new grants are on substantially the same terms as the options granted under the 2006 Stock Option Plan, including as to the same number of underlying shares. The exercise price under the new options remains the same \$3.37 per share as under the terminated options (on the record date, the last sale price for our series A common stock was \$[0.70]). In addition, these new option grants vest on the same dates as the existing options and the expiration dates are the same under the new option grants as under the existing options. The 2006 Stock Option Plan is described in more detail in the section titled "Equity Compensation Plan Information - 2006 Stock Option Plan."

In addition, we granted an option to purchase 50,000 shares to Dr. Larry Gold upon his election to our board of directors on October 2, 2006. The option vests with respect to 1/12 of the shares per month until 100% vested. The exercise price is \$0.74 per share.

Committees of the Board of Directors

Our board of directors has (i) an audit committee, (ii) a nominating committee and (iii) a compensation committee. Below is a description of each committee of our board of directors.

Audit Committee. The current members of our board of directors' audit committee are Messrs. Krejci, Severance and Van Heuvelen, with Mr. Krejci serving as chairman. Our board of directors has determined that Mr. Van Heuvelen qualifies as an audit committee financial expert, as that term is defined in applicable SEC regulations. Our board of directors made a qualitative assessment of Mr. Van Heuvelen's level of knowledge and experience based on a number of factors, including his formal education and experience as an executive officer for public reporting companies. In addition to serving on our audit committee, Mr. Van Heuvelen also serves on the audit committee of MasTec, Inc. Our board of directors has determined that such simultaneous service does not impair Mr. Van Heuvelen's ability to effectively serve on our audit committee.

The audit committee oversees (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements; (3) the engagement of our independent auditor and its qualifications and independence; (4) the performance of our internal auditors and independent auditor; and (5) compliance with our code of ethics and code of business conduct and ethics for our personnel. For this purpose, the audit committee performs several functions. The audit committee evaluates the performance of and assesses the qualifications and independence of the independent auditors; determines and approves the engagement of the independent auditors; determines whether

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to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the audit engagement team as required by law; confers with management and the independent auditors regarding the effectiveness of internal controls over financial reporting; reviews and approves all related-party transactions; prepares an audit committee report as required by the Securities and Exchange Commission to be included in the annual proxy statement; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and meets to review our annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations. The audit committee operates under a written charter adopted by our board of directors that is attached as Appendix A to these proxy materials.

Compensation Committee. The current members of our board of directors' compensation committee are Messrs. Baz, Lister, Severance and Van Heuvelen, with Mr. Severance serving as chairman. The compensation committee reviews and approves our overall compensation strategy and policies. The compensation committee (1) reviews and approves corporate performance goals and objectives relevant to the compensation of our executive officers and other senior management; (2) reviews and approves the compensation and other terms of employment of our chief executive officer and other executive officers; (3) makes recommendations to our board of directors regarding new compensation plans and programs, including equity compensation plans; (4) administers the 2007 Long-Term Incentive Plan and any other similar programs and (5) reviews director compensation and recommends from time to time to our board of directors any proposed changes in such compensation. Our board of directors has not yet adopted a written charter for the compensation committee.

Nominating Committee. The current members of our board of directors' nominating committee are Messrs. Krejci and Severance, with Mr. Severance serving as chairman. The nominating committee of our board of directors is responsible for (1) identifying, reviewing and evaluating candidates to serve as directors of the Company (consistent with criteria set forth below under the section titled Director Nomination Procedures, approved by our board of directors), (2) reviewing and evaluating incumbent directors, (3) recommending to our board of directors candidates for election to the board of directors, (4) considering questions of independence of members of the board of directors, and (5) assessing the performance of our board of directors. Our board of directors has not yet adopted a written charter for the nominating committee.

Director Nomination Procedures

Our board of directors has established a nominating committee and assigned certain responsibilities to the committee, but we have not yet adopted a written nominating committee charter. Although our stock is not listed on the New York Stock Exchange or Nasdaq Stock Market and we are not currently required to have a nominating committee charter, our board of directors is nonetheless considering the proposed scope of the nominating committee's responsibilities to be reflected in a written charter. Currently, the nominating committee evaluates and reviews director nominee candidates and our board of directors is responsible for proposing a slate of nominees to the shareholders for election to the board, using information provided by the committee. Each of Messrs. Baz, Krejci, Lister, Onody, Severance and Van Heuvelen and Dr. Crapo, Dr. Gold and Dr. McCord were recommended by our board of directors for election at the Annual Meeting.

Our chief executive officer, members of the nominating committee, and other members of our board of directors are the primary sources for the identification of prospective nominees. The nominating committee may also retain third-party search firms to identify director candidates, and the committee may consider proposed nominees that are identified by shareholders in the manner prescribed by our bylaws. In order for a shareholder to recommend a prospective nominee for election to our board of directors at a shareholder meeting, our Bylaws require that the shareholder (i) be entitled to vote at the meeting, (ii) provide written advance notice regarding such nomination to our corporate Secretary and (iii) be a shareholder of record at the time of giving the notice. For a description of the required contents and applicable deadlines for this shareholder notice, see Shareholders' Proposals and Nominations

for 2007 Annual Meeting.

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While the nominating committee currently has no formal written process for evaluating proposed nominees, the members of the committee generally will review the resume of a proposed nominee and consult the proposed nominee's personal references. The nominating committee conducts any other appropriate and necessary background checks of possible candidates. The committee may also personally interview (and suggest that other members of our board of directors interview) the proposed nominee, if the committee considers the proposed nominee sufficiently suitable.

The nominating committee evaluates the prospective nominee in order to determine whether the nominee has experience and expertise in our industry, the ability to offer sound advice and guidance to management, sufficient time to devote to the affairs of the Company, and has demonstrated excellence in his or her field and the ability to exercise sound business judgment. Candidates for director nominees are reviewed in the context of the current composition of our board of directors, the operating requirements of the Company and its long-term best interests. In conducting this assessment, the nominating committee considers diversity, age, skills, and such other factors as it deems appropriate given the current needs of our board of directors and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the nominating committee reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors' independence. The nominating committee may modify these qualifications from time to time and is currently considering whether to establish a set of corporate governance practices and policies with additional standards and qualifications.

After its evaluation of a candidate's qualifications, the nominating committee then selects a nominee for recommendation to our board of directors by majority vote. The board determines the nominees after considering the recommendation and report of the nominating committee.

To date, the nominating committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates and the nominating committee has not rejected a timely director nominee from a shareholder or shareholders holding more than 5% of our voting stock.

As we have described above in the section titled "Director Independence," in the opinion of the Board the members of the nominating committee, James J. Krejci and H. Leigh Severance, qualify as independent pursuant to the definition of independence established by Nasdaq's listing requirements.

Other Committees

In addition to the audit committee, compensation committee and nominating committee, our board of directors also has formed an executive committee, a science committee and a marketing committee. The current members of the executive committee are H. Leigh Severance, Stephen K. Onody, Javier W. Baz and James J. Krejci. The current members of the science committee are Dr. Crapo, Dr. McCord and Messrs. Lister, Van Heuvelen and Onody with Dr. Crapo serving as chairman. William L. Lister, James J. Krejci, Stephen K. Onody and H. Leigh Severance, serve on a marketing committee, with Mr. Krejci serving as chairman. Each of these other committees meet on an ad hoc basis as our board of directors deems necessary to review and advise the board of directors with respect to matters assigned by the board from time to time. These other committees do not have formal written charters.

Meetings of the Board of Directors

During the last fiscal year, our board of directors held twelve meetings, the audit committee held nine meetings, the compensation committee held one meeting and the nominating committee did not meet. Each of our incumbent directors except Dr. Crapo, attended at least 75% of the aggregate of (1) the total number of meetings of our board of directors (held during the period for which he has been a director) and (2) the total number of meetings held by all committees of our board of directors on which they served (held during the periods that he served). Although we did not hold an annual meeting last year, directors are encouraged to attend our annual meeting of shareholders, including the annual meeting to be held this year.

Table of Contents**Director Resignations and Disagreements**

On November 11, 2005, Paul Myhill resigned as a member of the board of directors, member of the Executive Committee and as Vice President of the Company. In connection with his resignation, Mr. Myhill provided us with a letter of resignation in which he made a number of suggestions for improving some of the Company's operations, policies and practices. Specifically, Mr. Myhill recommended that we provide information to our shareholders and the investment community on a more regular basis. He advised us to improve our marketing message and marketing resources by helping our advisors better understand our business, hiring experienced marketing personnel, allocating additional resources to our marketing department and acquiring new marketing employees with specific expertise in dietary supplements. Additionally, Mr. Myhill suggested that we consider new advertising media to promote our product. He also recommended that we better defend our intellectual property rights. He asked us to support the goal of giving towards global charitable causes. Mr. Myhill advised that we develop companion nutritional products for our existing product, Protandim®. Finally, he suggested that the Chief Executive Officer should be granted more authority and advised that we should consider terminating the Company's then existing outside legal counsel.

Shareholder Communications With the Board of Directors

Shareholders interested in communicating with our board of directors, a board committee, the independent directors or an individual director may do so by sending an email to our general counsel at EvanH@Protandim.com or writing to Board of Directors, Lifeline Therapeutics, Inc. at 6400 South Fiddler's Green Circle, Suite 1970, Greenwood Village, Colorado 80111, Attention Evan Husney, General Counsel. Communications should specify the addressee(s) and the general topic of the communication. Our general counsel will review and sort communications before forwarding them to the addressee(s). If no particular director is named, letters will be forwarded, depending on the subject matter, to the chairman of the appropriate committee.

Information Concerning Our Executive Officers

The following table sets forth the names, ages and titles of our executive officers.

Name	Age	Position
Stephen K. Onody	53	Chief Executive Officer and Director
Gerald J. Houston	62	Chief Financial Officer

Each officer serves at the discretion of our board of directors and holds office until his or her successor is appointed or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Set forth below is a description of the background of the persons named above, other than Mr. Onody, whose background is provided above in Information Concerning Director Nominees.

Gerald J. Houston has served as our Chief Financial Officer since January 4, 2006. Before joining the Company, he has served as an independent financial and management consultant advising management of medical, biosciences, and technology startup companies on matters of financing, strategy, and operations. From October 2000 to December 2003, he was chief financial officer of OpVista, Inc. an optical telecommunications equipment developer. Prior to that he held senior financial management positions in technology companies including SpaceLabs Medical, Inc., IBM and ROLM Corporation. Mr. Houston has a Bachelor of Arts degree from Georgetown University and a Masters in Business Administration from the Wharton School of the University of Pennsylvania.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding the ownership of the Company's series A common stock as of October 13, 2006 by: (i) each director and nominee for director; (ii) each of the executive officers named in the Summary Compensation Table; (iii) all executive officers and directors of the Company as a group; and (iv) each person who is known to us to own beneficially more than five percent of our series A common stock. The shares disclosed in this table are based upon information supplied by officers, directors and principal shareholders and filings made by shareholders with the Securities and Exchange Commission.

Except as otherwise noted, the address for each person listed below is c/o Lifeline Therapeutics, Inc., 6400 South Fiddler's Green Circle, Suite 1970, Greenwood Village, Colorado 80111.

The percentages of beneficial ownership set forth below are based on [22,118,034] shares of our series A common stock issued and outstanding as of October [13], 2006.

Name and Address of Beneficial Owner (1)	Position	Number of Shares	Percent of Class
Stephen K. Onody	Chief Executive Officer; Director	333,333(2)	1.5%
Gerald J. Houston	Chief Financial Officer	0(3)	*
Javier W. Baz	Director	1,110,725(4)	5.0%
Dr. James D. Crapo	Director	622,000(5)	2.8%
Dr. Larry Gold	Director	8,333(6)	*
James J. Krejci	Vice Chairman of the Board of Directors	110,500(7)	*
William L. Lister	Director	27,500(8)	*
Dr. Joe M. McCord	Director of Science, Director	1,606,800	7.3%
H. Leigh Severance	Director	1,083,506(9)	4.9%
John B. Van Heuvelen	Chairman of the Board of Directors	153,292(10)	*
Brenda March	Former Interim Chief Executive Officer	13,942(11)	*
William J. Driscoll 6367 S. Jamaica Court Englewood, CO 80111		3,586,717(12)	16.2%
Paul R. Myhill		2,853,711(13)	12.9%
Daniel W. Streets 22130 E. Costilla Drive Aurora, CO 80016		1,702,727(14)	7.7%

All named executive officers and directors as a group (eleven persons)	5,069,931(15)	22.9%
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* Less than one
percent.

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1 The shares of our Series A common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission (SEC) governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be

outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage.

Under these rules, more than one person may be deemed beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. Except as otherwise indicated in these footnotes and subject to community property laws where applicable, each of the beneficial owners has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

In accordance with the beneficial ownership rules of the SEC, the table does not reflect an aggregate of 1,073,834 shares

of series A common stock reserved for issuance upon the exercise of outstanding options not exercisable within 60 days held by certain of our directors and executive officers.

- 2 Consists of one-third of Mr. Onody's option to purchase 1,000,000 shares of our series A common stock for \$3.47 per share that will vest within 60 days of October 13, 2006. One-third of the option will vest on the date that the weighted average trading price of the Company's series A common stock is at least \$8.00, \$14.00, and \$18.00 for 90 consecutive days. Notwithstanding the foregoing, to the extent not previously vested, one-third of the stock option will vest on November 28, 2006, and the remaining two-thirds will vest quarterly in

eight equal installments, beginning 90 days after November 28, 2006 until fully vested on November 28, 2008.

- ³ Does not include an option to purchase 240,000 shares of our series A common stock for \$2.00 per share, none of which has vested or will vest within 60 days of October 13, 2006. One-third of the stock option will vest on the date that the weighted average trading price of the Company's series A common stock is at least \$8.00, \$14.00, and \$18.00 for 90 consecutive days. Notwithstanding the foregoing, to the extent not previously vested, one-third of the stock option will vest on January 4, 2007, and the remaining two-thirds will vest quarterly in eight equal installments, beginning 90 days after

January 4, 2007
until fully vested
on January 4,
2009.

- 4 Includes 101,699 shares underlying Bridge Warrants exercisable at \$2.00 per share, 444,513 shares underlying Unit Warrants exercisable at \$2.50 per share. The Bridge Warrants and the Unit Warrants expire on April 18, 2008. Also includes 120,000 shares underlying stock warrants granted to Mr. Baz in connection with his service as Chairman of the board of directors. The stock warrants have been granted at various times since October 26, 2005 and have exercise prices equal to the volume weighted average trading price of our series A common stock on the Wednesday of each month that immediately precedes the last Thursday of that month that the warrants were issued. For

Mr. Baz's warrants, the exercise prices have ranged between \$1.98 and \$4.22 per share.

- ⁵ Includes 25,000 shares underlying Unit Warrants exercisable at \$2.50 per share owned by Dr. Crapo and his wife as tenants in common. The Unit Warrants expire on April 18, 2008. In addition, this amount includes 125,000 shares owned by Dr. Crapo and his wife as tenants in common and 450,000 shares held in Dr. Crapo's Individual Retirement Account. Also includes 22,000 shares which Dr. Crapo has the right to acquire or will have the right to acquire within 60 days of October 13, 2006 pursuant to an option to purchase shares of our series A common stock for \$3.37 per share. Does not include 2,000 shares underlying such option

which Dr. Crapo will not have the right to acquire within 60 days of October 13, 2006.

- 6 Consists of one-sixth of Dr. Gold's option to purchase 50,000 shares of our series A common stock for \$0.74 per share that will vest within 60 days of the date of October 13, 2006. The remaining shares subject to the option will vest in ten equal monthly installments thereafter, beginning January 2, 2007.

Does not include an option to purchase 108,000 shares of our series A common stock for \$3.37 per share, none of which has vested or will vest within 60 days of the date of this proxy statement.

One-half of the stock option will vest on January 31, 2007 and the other one-half will vest on January 31,

2008.

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7 Includes 25,000 shares underlying Unit Warrants exercisable at \$2.50 per share owned by Race Place Investments Corporation, LLC and an additional 25,000 shares held directly by Race Place Investments Corporation, LLC. Mr. Krejci is the indirect beneficial owner of these shares held by Race Place Investments Corporation, LLC as the manager of Race Place Investments Corporation, LLC and has sole voting authority over the shares held by the entity. Also includes 60,500 shares which Mr. Krejci has the right to acquire or will have the right to acquire within 60 days of October 13, 2006 pursuant to an option to purchase shares of our series A common stock

for \$3.37 per share. Does not include 5,500 shares underlying such option which Mr. Krejci will not have the right to acquire within 60 days of October 13, 2006.

8 Consists of 27,500 shares which Mr. Lister has the right to acquire or will have the right to acquire within 60 days of October 13, 2006 pursuant to an option to purchase shares of our series A common stock for \$3.37 per share. Does not include 2,500 shares underlying such option which Mr. Lister will not have the right to acquire within 60 days of October 13, 2006.

9 In addition to shares owned by Mr. Severance directly, this amount includes (i) 126,884 shares underlying Bridge Warrants exercisable at \$2.00 per share

owned by Mr.
Severance,
(ii) 139,384
shares
underlying Unit
Warrants
exercisable at
\$2.50 per share
owned by
Mr. Severance,
(iii) 76,500
shares owned by
Mr. Severance s
Pension Plan &
Trust, (iv)
76,500 shares
underlying
Bridge Warrants
exercisable at
\$2.00 per share
owned by Mr.
Severance s
Pension Plan &
Trust, (v) 76,500
shares
underlying Unit
Warrants
exercisable at
\$2.50 per share
owned by
Mr. Severance s
Pension Plan &
Trust,
(vi) 63,255
shares owned by
Mr. Severance s
Profit Sharing
Plan & Trust,
(vii) 50,755
shares
underlying
Bridge Warrants
exercisable at
\$2.00 per share
owned by
Mr. Severance s
Profit Sharing
Plan & Trust,
(viii) 63,255
shares
underlying Unit

Warrants
exercisable at
\$2.50 per share
owned by
Mr. Severance's
Profit Sharing
Plan & Trust,
(ix) 5,077 shares
owned by
Mr. Severance's
wife, (x) 5,077
shares
underlying
Bridge Warrants
exercisable at
\$2.00 per share
owned by
Mr. Severance's
wife, (xi) 5,077
shares
underlying Unit
Warrants
exercisable at
\$2.50 per share
owned by
Mr. Severance's
wife. The Bridge
Warrants and the
Unit Warrants
expire on
April 18, 2008.
Also includes
55,000 shares
which
Mr. Severance
has the right to
acquire or will
have the right to
acquire within
60 days of
October 13, 2006
pursuant to an
option to
purchase shares
of our series A
common stock
for \$3.37 per
share. Does not
include 5,000
shares
underlying such

option which Mr. Severance will not have the right to acquire within 60 days of October 13, 2006.

- ¹⁰ Includes
- (i) 15,264 shares held of record by GGV Investors, LLC, (ii) 15,264 shares underlying Bridge Warrants exercisable at \$2.00 per share held of record by GGV Investors, LLC and
 - (iii) 15,264 shares underlying Unit Warrants exercisable at \$2.50 per share held of record by GGV Investors, LLC. Mr. Van Heuvelen is one of three members of GGV Investors, LLC and has shared voting and investment power over such shares. Mr. Van Heuvelen also beneficially owns 80,000 shares through his Individual Retirement Account. Also includes 27,500 shares which Mr. Van Heuvelen has the right to acquire

or will have the right to acquire within 60 days of October 13, 2006 pursuant to an option to purchase shares of our series A common stock for \$3.37 per share. Does not include 2,500 shares underlying such option which Mr. Van Heuvelen will not have the right to acquire within 60 days of October 13, 2006.

- ¹¹ Includes 13,942 shares underlying stock warrants granted to Ms. March in connection with her prior service as the interim Chief Executive Officer. The stock warrants have been granted at various times between August 1, 2005 and January 31, 2006 and have exercise prices equal to the volume weighted average trading price for our series A common stock for each Friday of the month that the warrants

were issued. For Ms. March's warrants, the exercise prices ranged between \$3.13 and \$9.85 per share. Does not include 3,486 shares underlying stock warrants granted to Tatum CFO Partners, LLP pursuant to an agreement under which Ms. March served as our interim Chief Executive Officer. Ms. March is a partner of Tatum CFO Partners.

- ¹² Includes 593,450 shares held by Mr. Driscoll, 714,096 held jointly by Mr. Driscoll and his wife, 983,450 shares held in trust and 1,295,721 shares held directly by Mr. Driscoll's wife. Does not include 158,821 shares held by Mr. Driscoll's adult sons and daughter-in-law. Pursuant to a voting agreement and irrevocable proxy with us dated July 1, 2005, Mr. Driscoll agreed, among other things, to

vote his shares of
series A
common stock as
directed by our
board of
directors until
July 1, 2015.

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13 Includes
400,000 shares
held in trust
with Mr. Myhill
as trustee,
874,945 shares
held by
Mr. Myhill's
wife, and
500,000 shares
owned by
Lifeline Orphan
Foundation, of
which Mr.
Myhill is a
trustee. On
October 3,
2005,
Mr. Myhill
resigned from
his positions as
our vice
president,
member of our
executive
committee, and
member of our
board of
directors.
Pursuant to a
voting
agreement with
us dated
February 9,
2006,
Mr. Myhill and
his wife agreed,
among other
things, to vote
their shares of
series A
common stock
as directed by
our board of
directors until
February 7,
2016.

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Includes 54,661 shares held by Mr. Streets directly, 600,000 shares held in a grantor retained annuity trust with Mr. Streets as trustee, 1,004,250 shares held by Mr. Streets wife and 43,816 shares held in his wife s Individual Retirement Account. Does not include 204,250 held by Equity First Holdings, LLC (Equity First) pursuant to a pledge of such shares to Equity First.

¹⁵ See notes (2) through (11) above.

Table of Contents**Executive Compensation and Other Matters****Summary Compensation Table**

The following table shows for the fiscal years ended December 31, 2004, June 30, 2005 and June 30, 2006, compensation awarded or paid to, or earned by, our Chief Executive Officer, any other person serving as our Chief Executive Officer during the last fiscal year, our Chief Financial Officer and two other highly compensated officers of the Company required by the rules of the Securities and Exchange Commission to be included therein (the named executive officers):

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation Awards Securities Underlying	All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation(\$)	Options/SARs(#)	
Stephen K. Onody, Chief Executive Officer(1)	2006	\$ 166,564	\$42,000	N/A	1,000,000	\$ 13,221(2)
	2005	N/A	N/A	N/A		
	2004	N/A	N/A	N/A		
Gerald J. Houston,	2006	\$ 95,000	\$28,500	\$25,000(4)	240,000	