

GUIDED THERAPEUTICS INC
Form DEF 14A
June 30, 2011

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

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

Check the appropriate box:

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

Guided 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.

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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):
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3)
4)

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GUIDED THERAPEUTICS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON AUGUST 12, 2011

TO THE STOCKHOLDERS:

Notice is hereby given that the 2011 annual meeting of stockholders of Guided Therapeutics, Inc., a Delaware corporation (the "Company"), will be held on Friday, August 12, 2011 at 10:00 a.m., local time, at the Company's headquarters, located at 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092, for the following purposes:

1. to elect six directors;
2. to ratify the appointment of UHY LLP as the Company's independent registered public accounting firm for the 2011 fiscal year; and
3. to transact such other business as may properly come before the annual meeting or any adjournment of the annual meeting.

These matters are more fully described in the proxy statement accompanying this notice.

Only stockholders of record at the close of business on June 16, 2011 are entitled to notice of and to vote at the annual meeting.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to sign and return the enclosed proxy as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any stockholder attending the meeting may vote in person even if the stockholder has returned a proxy.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on August 12, 2011

The proxy statement and our 2010 annual report are available at <http://www.edocumentview.com/GTHP>

By Order of the Board of Directors

Mark L. Faupel, Ph.D.
President and Chief Executive Officer, Director

Norcross, Georgia

June 30, 2011

- 2 -

GUIDED THERAPEUTICS, INC.

PROXY STATEMENT

2011 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION CONCERNING SOLICITATION AND VOTING

General

We are soliciting proxies for use at our annual meeting of stockholders, to be held Friday, August 12, 2011 at 10:00 a.m., local time, or at any adjournment of the annual meeting, for the purposes listed in this proxy statement and in the accompanying notice of annual meeting of stockholders. We are holding the annual meeting at our corporate headquarters, located at 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092. Our office telephone number is (770) 242-8723.

We are first sending this proxy statement and the accompanying form of proxy to our stockholders on or about June 30, 2011.

Record Date and Voting Securities

Stockholders of record of our common stock at the close of business on June 16, 2011, which is referred to as the record date, are entitled to notice of and to vote at the annual meeting. Each stockholder is entitled to one vote for each share of common stock held as of the record date. As of the record date, we had 48,491,185 shares of our common stock issued and outstanding and held of record by 189 registered stockholders.

Revocability of Proxies

You may revoke your proxy given pursuant to this solicitation at any time before its use by delivering to our corporate secretary a written notice of revocation or a duly executed proxy bearing a later date, or by attending the annual meeting and voting in person.

Solicitation

We will pay the cost of soliciting proxies. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for their reasonable expenses in forwarding solicitation material to those beneficial owners. Our officers, directors and employees may also solicit proxies, without additional compensation, personally or by telephone or facsimile.

Quorum; Abstentions and Broker Non-Votes

The inspector of elections will tabulate the votes cast by proxy or in person at the annual meeting. Our stock transfer agent may serve as inspector, or may assist the inspector. The inspector will also determine whether or not a quorum

is present. Delaware law provides that a quorum consists of a majority of shares that are entitled to vote and present or represented by proxy at the meeting.

The inspector will treat shares that are voted "WITHHOLD" or "ABSTAIN," or proxies required to be treated as "non-votes," as being present and entitled to vote for purposes of determining the presence of a quorum, but not as votes for a particular matter. A "non-vote" occurs if a broker indicates on the enclosed proxy or its substitute that it does not have discretionary authority as to some shares to vote on a particular matter. Therefore, "non-votes" or shares voted "WITHHOLD" or "ABSTAIN" will not be considered as present for purposes of determining the number of votes required for a proposal to be approved.

Proxies that are properly executed and returned will be voted at the annual meeting in accordance with the instructions on the proxy. Any properly executed proxy on which there are no instructions indicated about a specified proposal will be voted as follows:

- FOR the election of the six persons named in this proxy statement as the nominees for election to the board of directors;
- FOR the ratification of UHY LLP as our independent registered public accounting firm for the 2011 fiscal year.

We do not expect any business other than that listed in this proxy statement to come before the annual meeting. Should any other matter requiring a vote of stockholders properly arise, the persons named in the proxy will vote the shares they represent at their discretion.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and persons who beneficially own more than 10% of a registered class of our equity securities to file reports of ownership and reports of changes in ownership with the Securities and Exchange Commission, or SEC. These persons are required, by regulations of the SEC, to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of these forms received by us, we believe that, with respect to fiscal year 2010, our officers, directors and 10% stockholders were in compliance with all applicable filing requirements, except for director John E. Imhoff, who failed to timely file a Form 4 in connection with the conversion of notes and reclassification of preferred stock in February 2010 and in connection with the grant of equity awards in March 2010. As of the date hereof, Dr. Imhoff has filed all required Section 16(a) reports.

SHARE OWNERSHIP OF DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS

The following table lists information regarding the beneficial ownership of our common stock as of March 31, 2011 by (i) each person whom we know to beneficially own more than 5% of the outstanding shares of our common stock (a "5% stockholder"), (ii) each director, (iii) each officer named in the summary compensation table below, and (iv) all directors and executive officers as a group. Unless otherwise indicated, the address of each officer and director is 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
John E. Imhoff (3)	10,770,680	20.35%
Dolores Maloof (4) 2669 Mercedes Drive Atlanta, GA 30345	4,449,686	8.50%
The Whittemore Collection, Ltd. / George Landegger (5) 4 International Drive Rye Brook, NY 10573	4,074,075	8.40%
Michael C. James / Kuekenhof Equity Fund, LLP (6)	3,051,192	6.12%
Richard Blumberg (7) 821 Second Avenue, Suite 2200 Seattle, WA 98116	2,798,469	5.50%
Ronald Hart (8)	1,341,685	2.76%
Mark L. Faupel (9)	1,306,000	2.65%
Ronald W. Allen (10)	879,376	1.80%
Shabbir Bambot (11)	614,566	1.26%
Richard L. Fowler (12)	479,343	*
William E. Zachary, Jr. (13)	387,057	*
Jonathan Niloff (14)	23,334	*
All directors and executive officers as a group (9 persons) (15)	18,853,233	32.18%

(*) Less than 1%.

- (1) Except as otherwise indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.
- (2) Percentage ownership is based on 48,135,789 shares of common stock outstanding as of April 4, 2011. Beneficial ownership is determined in accordance with the rules of the SEC, based on factors that include voting and investment power with respect to shares. Shares of common stock subject to currently exercisable options, warrants, convertible preferred stock or convertible notes, or any such securities exercisable within 60 days after March 1, 2011, are deemed outstanding for purposes of computing the percentage ownership of the person holding those options, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.
- (3) Consists of 5,964,257 common shares, 4,783,923 warrants to purchase common stock at \$0.65 per share and 22,500 shares subject to stock options. Dr. Imhoff is on the board of directors.

- (4) Consists of 222,500 common shares and warrants to purchase 4,227,186 common shares at \$0.65 per share.
 - (5) Consists of 3,703,704 share of common stock and 370,371 warrants to purchase common stock at \$0.65 per share.
 - (6) Consists of 1,288,368 shares of common stock and 1,736,574 warrants to purchase common stock at \$0.65 per share, held by Kuekenhof Equity Fund, LP, plus 26,250 shares subject to stock options held by Michael C. James personally. Mr. James is on the board of directors.
 - (7) Consists of 2,798,469 warrants to purchase common shares at \$0.65 per share.
 - (8) Consists of 773,275 common shares, 218,410 warrants to purchase common shares at \$0.65 per share and 350,000 shares subject to stock options held by Hart Management, LLC, Ronald Hart, owner. Dr. Hart is on the board of directors.
 - (9) Consists of 100,000 common shares and 1,206,000 shares subject to stock options.
 - (10) Consists of 94,341 common shares, 242,535 warrants to purchase common shares at \$0.65 per share and 542,500 shares subject to stock options held by Ronald Allen. Mr. Allen is on the board of directors.
 - (11) Consists of 10,399 common shares and 604,167 shares subject to stock options.
 - (12) Consists of 87,223 common shares, 56,120 warrants to purchase common shares at \$0.65 per share and 336,000 shares subject to stock options.
 - (13) Consists of 50,493 common shares, 64,564 warrants to purchase common shares at \$0.65 per share and 272,000 shares subject to stock options held by William Zachary. Mr. Zachary is on our board of directors.
 - (14) Consists of 11,667 common shares and 11,667 shares subject to stock options held by Jonathan M. Niloff. Dr. Niloff is on our board of directors.
 - (15) Consists of 8,380,023 common shares, 7,102,126 warrants to purchase common shares at \$0.65 per share and 3,371,084 shares subject to stock options.
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PROPOSAL NO. 1:

ELECTION OF DIRECTORS

Stockholders will elect a board of six directors at the annual meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the six nominees named below, all of whom are presently our directors. If any nominee is unable or declines to serve as a director at the time of the annual meeting, the proxy holders will vote for any nominee who is designated by the present board of directors to fill the vacancy. We do not expect that any nominee will be unable or will decline to serve as a director. The term of office of each person elected as a director will continue until the next annual meeting or until that person's successor has been elected.

The nominees for director are as follows:

Name	Age	Position with Guided Therapeutics
Mark L. Faupel, Ph.D.	56	Chief Executive Officer, Acting Chief Financial Officer, President and Director
Ronald W. Allen	69	Director
Ronald W. Hart, Ph.D.	69	Director
John E. Imhoff, M.D.	62	Director
Michael C. James	52	Director
Jonathan M. Niloff, M.D.	57	Director

Directors Nominated for Reelection to Serve until the 2012 Annual Meeting

Mark L. Faupel, Ph.D. has been a director since 2007 and has more than 25 years of experience in developing non-invasive alternatives to surgical biopsies and blood tests, especially in the area of cancer screening and diagnostics. Dr. Faupel has served as our Chief Executive Officer since May 2007 and prior thereto was our Chief Technical Officer from April 2001 to May 2007. Prior to coming to us in 1998, Dr. Faupel was the co-founder and Vice President of Research and Development at Biofield Corp. His work in early stage cancer detection has won two international awards and he is a former member of the European School of Oncology Task Force. Dr. Faupel serves as a National Institutes of Health reviewer, is the inventor on 15 U.S. patents and has authored numerous scientific publications and presentations, appearing in such peer-reviewed journals as *The Lancet*. Dr. Faupel earned his Ph.D. in neuroanatomy and physiology from the University of Georgia.

Dr. Faupel's extensive experience in founding and managing point of care cancer detection companies includes the basic scientific applications, clinical trials, regulatory affairs and financing. As such, Dr. Faupel is uniquely qualified to advise the board on all aspects of our business.

Ronald W. Allen has served on our board of directors since September 2008. Mr. Allen retired as Delta's Chairman of the Board, President and Chief Executive Officer in July 1997, and had been its chairman of the board and Chief Executive Officer since 1987. He is a Director of The Coca-Cola Company, Aaron Rents, Inc., Aircastle Limited and Forward Air Corporation. He also is a board member of the St. Joseph's Translational Research Institute, which endeavors to turn new medical discoveries into tangible cures.

Mr. Allen, as Chairman and CEO of Delta Airlines, pioneered the international expansion of Delta into new markets, much as we are seeking to pioneer new technology in the fight against cancer. Mr. Allen has extensive experience serving on many types of boards, both for small and large companies and for medical and non-medical entities. His

background in personnel is helpful to the board as we grow and add new personnel.

Ronald W. Hart, Ph.D. has served as a member of our board of directors since March 2007. He has published over 600 peer-reviewed publications, has been appointed to a number of academic positions and is credited with developing the first direct proof that DNA is causal in certain forms of cancer. He chaired a number of federal committees and task forces, including the development and implementation of the Technology Transfer Act of 1986 and the White House Task Force on Chemical Carcinogenesis. In 1980, Dr. Hart was appointed Director of the National Center for Toxicological Research, the research arm of the FDA, a position he held until 1992. In 1992, Dr. Hart was the first ever Presidential Appointee to the position of Distinguished Scientist in Residence for the US Public Health Service/FDA, a position he held until his retirement in 2000. Dr. Hart received his Ph.D. in physiology and biophysics from the University of Illinois. Dr. Hart currently serves on the Boards of Directors of Miltos Pharmaceuticals, WaterChef, Inc. and Immunovative, Inc. and since 2002, has helped in the development of business strategy for a number of start-up companies.

Dr. Hart adds considerable value to our board in at least four critical areas:

- (1) As a former FDA bureau chief, he advises the board on our FDA relationship and strategy.
- (2) As an active participant in the venture capital community, he advises the board on financing and other opportunities.
- (3) As an expert in organizational matters, he advises the board regarding corporate strategy and potential strategic partnerships.
- (4) As an expert in international trade, he advises the board on international partnering and distribution agreements.

John E. Imhoff, M.D. has served as a member of our board of directors since April 2006. Dr. Imhoff is an ophthalmic surgeon who specializes in cataract and refractive surgery. He is also one of our principal stockholders and invests in many other private and public companies. He has a B.S. in Industrial Engineering from Oklahoma State University, an M.D. from the University of Oklahoma and completed his ophthalmic residency at the Dean A. McGee Eye Institute. He has worked as an ophthalmic surgeon and owner of Southeast Eye Center since 1983.

Dr. Imhoff has experience in clinical trials and in other technical aspects of a medical device company. His background in industrial engineering is especially helpful to our company, especially as Dr. Imhoff can combine this knowledge with clinical applications. His experience in the investment community also lends itself as invaluable to a public company that participates in equity transactions.

Michael C. James has served as a member of our board of directors since March 2007. Mr. James is also the Managing Partner of Kuekenhof Capital Management, LLC, a private investment management company. He also holds the position of Managing Director of Kuekenhof Equity Fund, L.P. and Kuekenhof Partners, L.P. Mr. James currently sits on the Board of Directors of Millennium Biotechnologies Group, Inc. Mr. James was Chief Executive Officer of Nestor, Inc. from January 2009 to September 2009. He was on the Board of Directors of Nestor, Inc. from July 2006 to June 2009. He was employed by Moore Capital Management, Inc., a private investment management company from 1995 to 1999 and held position of Partner. He was employed by Buffalo Partners, L.P., a private investment management company from 1991 to 1994 and held the position of Chief Financial and Administrative Officer. He was employed by National Discount Brokers from 1986 to 1991 and held positions of Treasurer and Chief Financial Officer. He began his career in 1980 as a staff accountant with Eisner LLP. Mr. James received a B.S. degree in Accounting from Fairleigh Dickinson University in 1980.

Mr. James has experience both in the areas of company finance and accounting, which is invaluable to the Company during financial audits and offerings. Mr. James has extensive experience in the management of both small and large companies and his entrepreneurial background is relevant as we mature as a company.

Jonathan M. Niloff, M.D. has served as a member of our board of directors since April 2010. As Founder and Chief Medical Officer of MedVentive, Dr. Niloff is responsible for the strategic direction of that company. He served as an Associate Professor of Obstetrics, Gynecology and Reproductive Biology at Harvard Medical School. Prior to joining MedVentive, Dr. Niloff served as President of the Beth Israel Deaconess Physicians Organization, Medical Director for Obstetrics and Gynecology for its Affiliated Physicians Group, and Chief of Gynecology at New England Deaconess Hospital. He has deep expertise in all aspects of medical cost and quality improvement and has published extensively on the topic of gynecologic oncology, including the development of the CA125 test for ovarian cancer. Dr. Niloff received his undergraduate education at The Johns Hopkins University, a MD degree from McGill University and a MBA degree from Boston University.

Dr. Niloff is uniquely qualified to assist the board because he combines his clinical background as a Harvard Ob-Gyn with his business acumen developed through an MBA degree and as CEO of MedVenture. Dr. Niloff has specific experience in evaluating new medical technology and its implications to cost containment and

reimbursement. Furthermore, Dr. Niloff has numerous professional contacts in the Ob-Gyn community that can aid in the development and marketing of our cervical cancer detection technology.

Vote Required

The six nominees receiving the highest number of affirmative votes of the votes cast will be elected as directors.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE NOMINEES LISTED ABOVE.

PROPOSAL NO. 2:

RATIFICATION OF THE APPOINTMENT OF UHY LLP

UHY LLP is our current independent registered public accounting firm. UHY LLP personnel work under the direct control of UHY LLP partners and are leased from wholly-owned subsidiaries of UHY Advisors, Inc. in an alternative practice structure. Representatives of UHY LLP are expected to attend the annual meeting of stockholders, will have the opportunity to make a statement if they desire, and will be available to respond to appropriate questions.

	2010	2009
Audit fees	\$249,207	\$250,883
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total Fees	\$249,207	\$250,883

Audit Committee Pre-Approval Policy and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our audit committee pre-approves all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Our independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with the pre-approval, and the fees for the services performed to date. The audit committee may also pre-approve particular services on a case-by-case basis.

Vote Required

The affirmative vote of a majority of shares present in person or represented by proxy at the meeting will ratify the appointment of UHY LLP as our independent registered public accounting firm for the 2011 fiscal year.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF UHY LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2011 FISCAL YEAR.

CORPORATE GOVERNANCE

Board Meetings and Committees

Our board of directors held four meetings during the fiscal year ended December 31, 2010. No director attended fewer than 75% of the meetings of the board of directors or the committees on which he served during the fiscal year ended December 31, 2010. We encourage our directors to attend the annual meeting of stockholders. In 2010, five of seven directors attended our annual meeting. The board of directors has an audit committee, a compensation committee and a nomination committee. Although we are not subject to the listing standards of any national securities exchange or inter-dealer quotation system, based on the definition of independence in the NASDAQ listing standards, Mr. Allen, Dr. Hart, Dr. Imhoff, Mr. James and Dr. Niloff are independent directors. The board works with its members and management to identify new board members. The board of directors will consider nominees recommended by stockholders. Any recommendation should be addressed in writing to the Board of Directors, c/o Corporate Secretary, 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092.

The audit committee selects and engages the independent registered public accounting firm to audit our annual financial statements and pre-approves all allowable audit services and any special assignments given to the accountants. The audit committee also determines the planned scope of the annual audit, any changes in accounting principles, the effectiveness and efficiency of our internal accounting staff and the independence of our external auditors. The audit committee currently consists of Messrs. Zachary (Chairman) and James. The audit committee met three times during 2010. The board of directors has determined that each member of the audit committee is independent in accordance with the NASDAQ listing standards for audit committee independence and applicable SEC regulations. None of the members of the audit committee has participated in the preparation of our financial statements at any time during the past three years. The board has also determined that Messrs. James and Zachary meet the criteria specified under applicable SEC regulations for an “audit committee financial expert” and that both committee members are financially sophisticated.

The compensation committee, in consultation with our Chief Executive Officer, sets the compensation for our officers, reviews management organization and development, reviews significant employee benefit programs and establishes and administers executive compensation programs. The compensation committee currently consists of Mr. James (Chairman) and Dr. Imhoff, each of whom is independent under NASDAQ listing standards. The compensation committee met once during 2010.

The nomination committee, in consultation with our Chief Executive Officer, reviews and recommends individuals to be nominated as directors. The nomination committee currently consists of Ronald Hart (Chairman) and Ronald W. Allen. The nomination committee was formed on February 26, 2010. The nomination committee has not yet established formal policies relating to the consideration of candidates for nomination to our board. Our board has historically evaluated all candidates based upon, among other factors, a candidate’s financial literacy, knowledge of our industry or other background relevant to our needs, status as a stakeholder, independence, and willingness, ability and availability for service. Other than the foregoing, there have been no stated minimum criteria for director nominees, although our board has considered such other factors as it has deemed to be in the best interests of us and our stockholders. The board has considered diversity as it has deemed appropriate in this context (without having a formal diversity policy), given current needs and the current needs of the board to maintain a balance of knowledge, experience and capability. When considering diversity, the board has considered diversity as one factor, of no greater or lesser importance than other factors and has considered diversity in a broad context of race, gender, age, business experience, skills, international experience, education, other board experience and other relevant factors.

The audit committee and the compensation committee have each adopted charters, which are available on our web site at, http://www.guidedinc.com/corp_gov/AUDIT_CMT_Charter_2009.pdf and http://www.guidedinc.com/corp_gov/Comp_comtte_charter.pdf. The nomination committee currently operates without a charter.

Board Leadership Structure and Role in Risk Oversight

Dr. Faupel, our Chief Executive Officer, also serves as a director; our board is led by the Chairman, Mr. Zachary, one of our independent directors. Our board, as a whole, has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees that report on their deliberations to the full board, as further described below. In addition, our management regularly communicates with the board to discuss important risks for their review and oversight, including regulatory risk and risks stemming from periodic litigation or other legal matters in which we are involved. Given the small size of the board, the board feels that this structure for risk oversight is appropriate (except for those risks that require risk oversight by independent directors only).

The audit committee is specifically charged with discussing risk management (primarily financial and internal control risk), and receives regular reports from management, independent auditors, internal audit and outside legal counsel on risks related to, among others, our financial controls and reporting. The compensation committee reviews risks related to compensation and makes recommendations to the board with respect to whether our compensation policies are properly aligned to discourage inappropriate risk-taking, and is regularly advised by management and, as deemed appropriate, outside legal counsel.

Communication with Directors

Any stockholder is welcome to communicate with any director or the board of directors by writing to him or them, c/o Corporate Secretary, 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092.

Director Compensation

Generally, non-employee directors receive payments of \$3,000 per quarter, \$1,000 per meeting attended in person or \$500 if attended by telephone, and \$300 per committee meeting attended. None of our directors received any compensation or reimbursement in cash for fiscal year ended December 31, 2010; however, they did receive common stock and stock options in lieu of cash for 2010, in connection with their services as members of the board of directors.

Director Compensation Table, as of December 31, 2010

Name and Principal Position	Common Stock Awards	Option Awards	
	Share Awards (\$)	Option Awards (\$)	Total (\$)
Ronald W. Allen Director	22,050	22,050	44,100
Ronald W. Hart, Ph.D. Director	23,275	23,275	46,550
John E. Imhoff, M.D. Director	22,050	22,050	44,100
Michael C. James Director	25,725	25,725	51,450
Jonathan M. Niloff, M.D. Director	8,750	15,000	23,750
William E. Zachary, Jr. Chairman & Director	24,500	24,500	49,000

Executive Compensation

Summary Compensation Table

The following table lists specified compensation we paid during each of the fiscal years ended December 31, 2010 and 2009 to the chief executive officer and our two other most highly compensated executive officers, collectively referred to as the named executive officers:

2010 and 2009 Summary Compensation Table

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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards \$(1)	Total (\$)
Mark Faupel, Ph.D.	2010	228,000		520,000	748,000
President, CEO & Acting CFO	2009	228,000	-	380,000	608,000
Shabbir Bambot, Ph.D.	2010	175,000			175,000
Vice President of Research and Development	2009	175,000	7,500	-	182,500
Richard Fowler	2010	170,000	5,000	-	175,000
Senior Vice President of Engineering	2009	170,000	-	-	170,000

(1) See Note 3 to the consolidated financial statements that accompany our annual report on Form 10-K for the year ended December 31, 2010.

Dr. Faupel's 2010 and 2009 compensation consisted of a base salary of \$228,000 and usual and customary company benefits. In 2009, Dr. Faupel received no bonus and 1 million incentive stock options. Incentive stock options granted to employees, officers and directors under the Company's Stock Based Compensation Plan are exercisable for a period of up to 10 years from the date of grant, at an exercise price that is not less than the fair market value of the common stock on the date of the grant. The options vest in three installments: One-third of the options vest equally over a two year period; one-third vest upon a certain condition that was met as of December 31, 2009; and the remaining one-third vest when a certain condition is achieved. The condition had not been met as of December 31, 2010.

In December 2010, Dr Faupel was issued 100,000 shares of common stock, as a payment for a portion of his outstanding deferred salary of \$82,000, the value of our common stock on the date of issuance. As of December 31, 2010, Dr. Faupel's remaining deferred salary was approximately \$299,414. On March 22 and May 27, 2010, Dr. Faupel was issued 250,000 options each, to purchase common stock at \$1.33 and \$0.75, respectively, pursuant to his employment agreement.

Dr. Bambot's 2010 compensation consisted of a base salary of \$175,000 and usual and customary company benefits. He received \$7,500 in cash bonuses and no stock options in 2009. Incentive stock options granted to employees, officers and directors under the Company's Stock Based Compensation Plan are exercisable for a period of up to 10 years from the date of grant, at an exercise price that is not less than the fair market value of the common stock on the date of the grant. The options vest in three installments: One-third of the options vest equally over a two year period; one-third vest upon a certain condition that was met as of December 31, 2009; and the remaining one-third vest when a certain condition is achieved. The condition had not been met as of December 31, 2010.

As of December 31, 2009, Dr. Bambot's total salary deferred was approximately \$8,319. In 2010, Dr Bambot was issued 10,399 shares of common stock, valued at \$0.80 per share to offset the deferred salary. As of December 31, 2010, no amount was owed to Dr. Bambot.

Mr. Fowler's 2010 and 2009 compensation consisted of a base salary of \$170,000 and usual and customary company benefits. He received no bonus and no stock options in 2010 or 2009.

As of December 31, 2010, Mr. Fowler's total salary deferred was approximately \$76,064.

Outstanding Equity Awards

The following table sets forth certain information with respect to our outstanding equity awards at December 31, 2010 with respect to the named executive officers.

Outstanding Equity Awards to Officers at December 31, 2010

Name and Principal Position	Number of Securities Underlying Exercisable Options (#)(1)	Number of Securities Underlying Un-exercisable Options (#)	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Un-exercised Unearned Options	Option Exercise Price (\$)(2)	Option Expiration Date
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			(#)		
Mark Faupel, Ph.D. President, CEO & Acting CFO	958,778	-	647,222	0.62	05/27/2020
Richard Fowler Sr. Vice President of Engineering	336,000	-	-	0.30	11/12/2017
Shabbir Bambot, Ph.D. Vice President of Research and Development	506,667	-	178,333	0.33	12/12/2018

(1) Represents fully vested options.
 (2) Based on all outstanding options.

Change of Control Arrangements

We have a compensatory arrangement with our named executive officers that will result from a change of control of Guided Therapeutics, as described below. Under the stock option agreements with each of our executive officers named in the summary compensation table, upon a change of control, all options held by the officer will vest immediately. The board committee that administers the stock option plan may provide, by giving at least 30 days prior written notice, that all options will terminate if not exercised in connection with or before the change of control or, if provision is made for assumption of the options, permit the optionee to elect to accept the assumed options. Additionally, after a change of control, if the optionee's employment is terminated due to a reduction of responsibility, required relocation or other similar action, the executive officer will be entitled to receive, as specified in the agreement for each executive officer, three month's severance, which may be paid either as a lump sum or as a salary continuation, at our option. Generally, a change of control occurs upon an acquisition by any person or group in excess of 50% of our voting securities, a replacement of more than one-half of the members of our board of directors that is not approved by a majority of the members who were on the board before the transaction, the merger of Guided Therapeutics with or into another entity unless the holders of our securities before the transaction continue to hold a majority of our securities after the transaction, or the consolidation or sale of all or substantially all of our assets.

REPORT OF THE AUDIT COMMITTEE

The following report is provided to stockholders by the members of the audit committee of the board of directors:

The audit committee has reviewed and discussed with Guided Therapeutics' management and UHY LLP, Guided Therapeutics' independent registered public accounting firm for the fiscal year ended December 31, 2010, the audited financial statements of Guided Therapeutics contained in its annual report to stockholders for the year ended December 31, 2010.

The audit committee has received and reviewed the written disclosures and the letter from UHY LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding UHY LLP's communications with the audit committee concerning independence, and has discussed with UHY LLP its independence.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in Guided Therapeutics' Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the Securities and Exchange Commission.

Respectfully submitted,

William E. Zachary, Jr., Chairman
Michael C. James

The information contained in the report of the audit committee will not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor will this information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

CERTAIN TRANSACTIONS

On April 13, 2009, we issued a 15% note to John E. Imhoff, one of our directors, in the amount of \$535,660 and warrants to purchase 2,464,360 shares of our common stock, to replace the notes purchased by Dr. Imhoff that were previously owned by J.E. Funderburke, Robert Johnson, John C. Imhoff and Easy Money, in the amounts of \$154,403, \$102,470, \$158,787 and \$150,000, respectively, under the same terms and conditions. Thereafter, J.E. Funderburke, Robert Johnson and Easy Money, kept 150,000, 102,400 and 150,000 warrants, respectively, under the same terms and conditions. The note was ultimately converted into shares of common stock on February 26, 2010.

On April 15, 2009, we issued a 17% unsecured note to John E. Imhoff, one of our directors, in the amount of \$35,000, to replace note purchased by Dr. Imhoff that were previously issued to Dolores Maloof on April 3, 2009 and William Zachary on March 26, 2009, in the amounts of \$25,000 and \$10,000, respectively. The note was ultimately converted into shares of common stock on February 26, 2010.

Between March and April 2009, we received loans and issued promissory notes to: Ron Allen, a director, for \$10,000; Ronald W. Hart, a director, for a total of \$16,000; John E. Imhoff, a director, for \$35,000 and to Dolores Maloof, an individual, for \$50,000. The interest rate on the notes was 17% and they were due six months from issuance. The notes were ultimately converted into shares of common stock on February 26, 2010.

In March and April 2008, we issued four short-term unsecured promissory notes to our directors in the amounts of \$10,000 each. The notes were non-interest bearing, matured sixty days from funding and were considered past due. However, subsequent to the third quarter of 2008, these notes were surrendered in exchange for new notes, which were ultimately converted into shares of common stock on February 26, 2010.

Between April and September 2008, we received loans and issued a promissory note to Dolores Maloof, a significant stockholder, for a total of \$512,358. The interest rate on the note was 15% and was due on December 1, 2011. The note was ultimately converted into shares of common stock on February 26, 2010.

On January 2, 2008, we received a loan and issued a promissory note to Dolores Maloof, a significant stockholder, for \$100,000. The interest rate on the promissory note was 13% and was due on April 2, 2008. The note was ultimately converted into shares of common stock on February 26, 2010.

In December 2010, we issued 100,000 shares of common stock to Mark Faupel, our President and CEO, as a payment for outstanding salary of \$82,000, the value of our common stock on the date of issuance.

Based on the definition of independence of the NASDAQ Stock Market, the board has determined that Messrs. Allen and James, and Drs. Hart, Niloff and Imhoff are independent directors.

OTHER MATTERS

We know of no other matters to be submitted at the meeting. If any other matters properly come before the meeting, the persons named in the accompanying proxy intend to vote the shares represented by proxy as they, acting in their sole discretion, may determine.

DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS
TO BE PRESENTED AT 2012 ANNUAL MEETING

We must receive proposals of our stockholders that are intended to be presented to stockholders at the 2012 annual meeting at our principal executive offices, no later than December 21, 2011, in order to be considered for inclusion in our proxy statement and form of proxy relating to that meeting. Moreover, with regard to any proposal by a stockholder not seeking to have the proposal included in the proxy statement but seeking to have the proposal considered at the 2012 annual meeting, if that stockholder fails to notify us in the manner just described by March 28, 2012, then the persons who are appointed as proxies may exercise their discretionary voting authority with respect to the proposal, if the proposal is considered at the 2012 annual meeting, even if stockholders have not been advised of the proposal in the proxy statement for that annual meeting. Any proposals submitted by stockholders must comply in all respects with the rules and regulations of the SEC.

THE BOARD OF DIRECTORS

Dated: June 30, 2011

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

GUIDED THERAPEUTICS, INC.
2011 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD AUGUST 12, 2011

The undersigned stockholder of GUIDED THERAPEUTICS, INC., a Delaware corporation (the “Company”), acknowledges receipt of the notice of annual meeting of stockholders and proxy statement for the 2011 Annual Meeting of Stockholders, and hereby appoints Mark L. Faupel, Ph.D. and William E. Zachary and each of them, proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2011 annual meeting to be held on August 12, 2011 at 10:00 a.m. local time, at the office of Guided Therapeutics, Inc., 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092 and at any adjournment or adjournments of the annual meeting, and to vote all shares of common stock which the undersigned would be entitled to vote if then and there personally present, on the matters set forth below:

- 1. ELECTION OF DIRECTORS:
FOR all nominees listed below WITHHOLD for all nominees listed below
FOR all nominees listed below, except WITHHOLD for the following nominee(s):

Mark L. Faupel, Ph.D.; Ronald W. Allen; Ronald W. Hart, Ph.D.; John E. Imhoff, M.D.; Michael C. James; and Jonathan M. Niloff, M.D.

- 2. RATIFICATION OF THE APPOINTMENT OF UHY LLP AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2011 FISCAL YEAR:
FOR AGAINST ABSTAIN

In their discretion, the proxies will vote upon any other matter or matters, which may properly come before the annual meeting or any adjournment or adjournments of the annual meeting.

THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO CONTRARY DIRECTION IS INDICATED, WILL BE VOTED FOR THE ELECTION OF DIRECTORS, AND FOR THE RATIFICATION OF THE APPOINTMENT OF UHY LLP, AND IN THE DISCRETION OF THE DESIGNATED PROXIES ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.

Dated: _____, 2011

Signature

Signature

(This proxy should be marked, dated and signed by the stockholder(s) exactly as his or her name appears on this proxy, and returned promptly in the enclosed envelope. Persons signing in a fiduciary capacity should so indicate. If shares are held by joint tenants or as community property, both should sign.)

- 15 -
