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PRESS RELEASE

LAUNCH OF A €25.5m RIGHTS ISSUE WITH PREFERENTIAL SUBSCRIPTION RIGHTS

SUBMISSION OF REQUEST TO AFSSAPS FOR AUTHORISATION OF CLINICAL TRIALS

CARMAT CONFIRMS THE OBJECTIVE TO START THE FIRST-IN-MAN STUDY THIS YEAR

- Immediate acceleration in the development of the CARMAT system for optimal patient quality of life;
- Rights issue underwritten by founder shareholders and new institutional investors;
- Financing to cover period prior to approval for sale in Europe.

Paris, 12 July 2011

CARMAT (FR0010907956, ALCAR), designer and developer of the world's most advanced total artificial heart, announces the launch of a capital increase of 25.5 million euros with preferential subscription rights (PSRs) for existing shareholders. The proceeds of this capital increase will be used to finance the clinical trials and industrialisation of the CARMAT artificial heart, up to the submission for CE marking, and the accelerated development of its portable external system components (batteries, connectivity, monitoring unit, etc.) with a view to having them on the market in 2013.

Marcello Conviti, CEO of CARMAT, comments: *"Given the progress made in our project, we are confident we will meet the goal of a first implant of the CARMAT heart before the end of 2011, subject to AFSSAPS authorisation and the approval of Patient Protection Committees."*

Professor Alain Carpentier, Scientific Director of CARMAT, adds: *"The results of tests on the integrated model of the CARMAT bio-prosthetic heart have further increased my confidence in our prosthesis, which offers a real solution to the challenges of end-stage heart failure in patients who are not suitable for cardiac assistance systems. They encourage us now to move on and to prepare for the second phase of clinical trials which aims to improve patient autonomy and quality of life."*

- **Key achievements allow a step up in the pace of the CARMAT project**

- Application filed with AFSSAPS

CARMAT has applied to AFSSAPS for approval to conduct clinical trials following the progress made in recent months. A response from AFSSAPS regarding the authorisation to set up and to conduct the initial clinical trials is expected in the fourth quarter of 2011. The Company has used the pre-submission procedure accessible to innovative technologies. This procedure allows a preliminary application to be submitted and then supplemented with further information as data become available. Approval from Patient Protection Committees will be sought in parallel with the AFSSAPS approval process.

- Additional OSEO contract milestone in 2011

CARMAT's strategy of accelerated development has been validated by independent experts from OSEO. As a result of this validation, an amendment was signed with OSEO on 15 June 2011, granting CARMAT an additional contract milestone in 2011 and to receive, in July 2011, payment of 3.6 million euros in subsidies and 1.7 million euros in repayable advances. A second key stage is planned in November 2011, that would trigger the payment in early 2012 of 2.9 million euros in subsidies and 3.8 million euros in repayable advances.

- ISO 13485 and ISO 9001 certification

On 1 July 2011 CARMAT received confirmation of its certification under both the ISO 9001 and the ISO 13485 standards, which define the requirements of quality management systems for the medical devices industry. CARMAT's certification under both standards represents independent validation of the quality of the Company's design, production and quality control processes. ISO 13485 certification is a major step in the CE mark filing process for medical devices.

- Agreement signed with Amesys for provision of portable equipment

Amesys is developing a portable equipment for CARMAT that will give the patient satisfactory mobility for everyday life. This equipment will be available from early 2012 to provide good quality of life conditions for patients in the clinical phase. Amesys, a subsidiary of the Bull Group, has already developed for CARMAT the monitoring equipment for hospital use. This agreement is the subject of a different press release issued jointly with Bull.

- **Raising funds for clinical and industrial development**

Given the tangible progress made on the project, the Company has decided to raise fresh equity funding to enable it to conduct clinical trials of the CARMAT artificial heart up to the CE marking stage (allowing marketing in Europe) and to complete several major steps in its clinical and industrial development to help facilitate the commercial adoption of the product in European markets.

Accordingly, the €25.5m that CARMAT expects to raise will be used in three main areas:

- Continued bench testing and second phase clinical trials on some twenty patients to generate the technical and clinical data required for CE marking and the beginning of commercialisation.
- Accelerated development of external elements of the CARMAT system to increase mobility, autonomy and quality of life for the patient, particularly thanks to an innovative energy transfer system that limits the risk of infection, and a new generation of batteries, that combine autonomy of more than 12 hours with reduced weight. These technologies will be major competitive edges for the CARMAT heart.
- Development of a solid and efficient industrial structure with a second source of supply for all critical components, optimisation of production processes and costs, manufacturing qualification of suppliers, and automation of certain fabrication processes to meet the requirements of commercialisation.

In conclusion Marcello Conviti, CEO of CARMAT, notes: *"We are launching this capital increase in order to have as soon as possible a complete, effective solution for the patients that will receive the CARMAT heart. We are very happy to have the support of our existing shareholders and of new investors, and we are counting on the support of all our shareholders to bring this unique project to fruition."*

- **Terms of the rights issue with PSRs**

- Main specifications of the capital increase

The capital increase will be accomplished in cash with preferential subscription rights for existing shareholders (PSRs) and will entail the creation and admission for trading on the NYSE-Alternext Paris market of 240,617 new shares at a price of €106 per share, on the basis of one new share for every sixteen existing shares, for a gross total, including issue premium, of €25,505,402.

Depending on demand, the Board of Directors may decide to increase the initial number of new shares to be issued by up to 15%, or to a maximum total of 276,709 shares, by exercise of the extension clause, raising the total amount of the capital increase to at most €29,331,154, it being noted that the exercise of the extension clause is exclusively available to satisfy orders on a reducible basis that could not otherwise be satisfied.

Each CARMAT shareholder will receive one PSR for each share held at the close of trading on 12 July 2011. Every 16 PSRs will entitle the holder to subscribe for 1 new share (subscription as of right), at a price of €106 per new share. Shareholders will also be able to subscribe for an allocation of new shares in excess of their entitlement.

On the basis of the closing price on 8 July 2011 (€174.58), the subscription price for new shares of €106 represents an apparent discount of 39.28% and a theoretical value of each PSR of €4.03, giving a discount of 37.85% to the theoretical value ex-rights of the shares.

The subscription period will open on 13 July 2011 and run through 29 July 2011. During the subscription period, the PSRs will be quoted and tradable on NYSE-Alternext (ISIN: FR0011076165). The offer will be open to the public only in France.

New shares will be quoted on the NYSE-Alternext Paris market from 10 August 2011 on the same line as the existing shares (Code ISIN FR FR0010907956). New shares will carry full dividend rights. They will be assimilated with existing shares from the time of issue and will carry the same rights.

- Subscription commitments

Institutional investors - most notably the independent Marie Lannelongue surgical centre - have undertaken to subscribe to the capital increase by irreducible right for €6.5 million by exercising a total of 874,457 PSRs to be acquired from TRUFFLE CAPITAL, Professor Alain Carpentier and the Association de Recherche Scientifique de la Fondation Alain Carpentier (at a price of €1 for the total number of rights acquired). These investors have undertaken not to subscribe to the capital increase on a reducible basis.

MATRA DÉFENSE and TRUFFLE CAPITAL, the founder shareholders, have undertaken to subscribe €1 million each by irreducible right to the capital increase.

In addition, the funds managed by TRUFFLE CAPITAL have undertaken to subscribe for a number of shares such that, under all circumstances and taking account of the commitments detailed above, the capital increase will be 75.00% subscribed (extension clause excluded), for a maximum amount of €10.6 million.

- Financial intermediaries and centralisation of the operation

This financial operation is managed by BNP PARIBAS and DEXIA SECURITIES FRANCE as Joint Lead Managers and Bookrunners and by PORTZAMPARC as Co-Lead Manager.

In addition, EXANE BNP Paribas and PORTZAMPARC will initiate coverage of the stock, thus joining DEXIA SECURITIES FRANCE in covering the stock.

Centralisation of the operation will be handled by CACEIS, 14 rue Rouget de Lisle, 92862 Issy-les-Moulineaux cedex 9.

- Indicative Timetable

11 July 2011	Visa to the Prospectus from the Autorité des Marchés Financiers (AMF)
12 July 2011	Publication by the Company of a press release setting out the main details of the capital increase and details of the availability of the prospectus.
	Publication by NYSE-Euronext of the issue notice
13 July 2011	Beginning of subscription period. Detachment and start of trading of the PSRs on NYSE-Alternext.
	Publication of the Summary of the Prospectus in the national financial press.
29 July 2011	End of subscription period. End of listing of the PSRs.
8 August 2011	Decision by the Board of Directors regarding exercise of the extension clause.
	Publication of a press release by the Company announcing the result of subscriptions.
	Publication by NYSE-Euronext of notice of listing of new shares indicating the final amount of the capital increase and the distribution table for subscriptions on a reducible basis.
10 August 2011	Issuance an listing of the new shares on NYSE-Alternext Paris. Settlement and delivery.
	Start of trading in new shares on NYSE-Alternext Paris.

- Tax regime

CARMAT has qualified as an Entreprise Innovante (Innovative Company) since 2010. This qualification allows innovation mutual funds (Fonds Commun de Placement dans l'Innovation, or FCPI) to include CARMAT in their obligatory share of investment in innovative companies.[1] Subscription to CARMAT's capital increase may qualify for a capped reduction in income tax and/or wealth tax. An investment in CARMAT may also be exempt from capital gains tax, under its status as a Young Innovative Company (Jeune Entreprise Innovante or JEI).

- Availability of the Prospectus

Copies of the prospectus, consisting of the Reference Document registered under number R. 11-017 on 27 April by the Autorité des Marchés Financiers and the Issue Document registered under n°11-308 on 11 July 2011, are available without charge and on demand from CARMAT, Direction Administrative et financière, 36 avenue de l'Europe – CS 40533 – 78941 Vélizy Villacoublay Cedex and on the websites of the Autorité des Marchés Financiers (www.amf-france.org) and CARMAT (www.carmatsa.com/investisseurs).

Members of the public are invited to consider the sections headed "Risk Factors" in the prospectus as approved by the Autorité des Marchés Financiers. These risk factors are described in Section 4 of the Reference Document and Section 2 in the Issue Document.

[1] *As defined in the 1997 Finance Law (article 102), in decree n° 97.237 of 14 March 1997 and in the 2002 Finance Law (article 78).*

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About CARMAT: CARMAT, the world's most advanced total artificial heart

The only credible response for all cases of end-stage heart failure - a true public health issue. CARMAT's ultimate aim is to provide a response to a major public health issue associated with cardiovascular disease, the world's leading cause of death: heart failure. This disease currently affects over 20 million patients in Europe and the United States. By pursuing the development of its total artificial heart, CARMAT intends to overcome the well-known shortfall in heart transplants for the tens of thousands of people suffering from end-stage heart failure.

The result of combining two types of unique expertise: the medical expertise of Professor Carpentier, known throughout the world for inventing Carpentier-Edwards® heart valves - most widely used worldwide - and the technological expertise of EADS, a global aerospace leader.

Imitating the natural heart. Given its size and weight, the choice of structural materials and its innovative physiological functions, CARMAT's total artificial heart could, assuming upcoming clinical trials are successful, potentially benefit tens of thousands of patients a year – with no risk of rejection and providing them with unparalleled quality of life.

A project leader acknowledged at the European level: with the backing of the European Commission, CARMAT has received the largest grant-in-aid (a total of €33 million) made to an SME by OSEO (the French state innovation agency).

Strongly committed, prestigious founders and shareholders: Truffle Capital (the leading European venture capital firm), EADS, the Foundation Alain Carpentier and thousands of institutional and individual shareholders have placed their trust in CARMAT.

For more information, visit www.carmatsa.com

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