RINGROSE PAUL A
Form 4
February 18, 2009

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
RINGROSE PAUL A

(Last) (First) (Middle)

C/O BRIGHTPOINT, INC., 7635 INTERACTIVE WAY, SUITE 200

(Street)

INDIANAPOLIS, IN 46278

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BRIGHTPOINT INC [CELL]

3. Date of Earliest Transaction (Month/Day/Year)
02/15/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) __X__ Other (specify below)
CFO BP Asia Pacific Division

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/15/2009		M		1,667	A	$ 0	21,657	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pr Deriv Secu (Inst
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Restricted Stock Units	$ 0 (1)	02/15/2009		M			1,667	(2)	(2)	Common Stock	1,667	$

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RINGROSE PAUL A C/O BRIGHTPOINT, INC. 7635 INTERACTIVE WAY, SUITE 200 INDIANAPOLIS, IN 46278				CFO BP Asia Pacific Division

Signatures

/s/ Steven E. Fivel, Attorney-in-Fact	02/18/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each Restricted Stock Unit ("RSU") represents a contingent right to receive one share of the Registrant's common stock.

(2) These RSUs vest as follows: 1,667 RSUs vested on 2/15/2009, 1,667 RSUs will vest on 2/15/2010 and 1,666 RSUs will vest on 2/15/2011, subject to the Registrant's 2004 Long-Term Incentive Plan and the Reporting Person's Restricted Stock Unit Agreement. Vested shares will be delivered to the Reporting Person following each vest date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. lign="bottom"> **Number of Shares (in thousands) Weighted Average Grant Date Fair Value**

Outstanding unvested restricted stock at December 30, 2006 422 $17.63
Granted 504 18.21
Vested (133) 16.53
Forfeited or expired

(28) 18.53

Outstanding unvested restricted stock at June 30, 2007
765 $18.17

Restricted Stock Units

In the first six months of 2007, we granted restricted stock units with no exercise price to certain of our non-U.S. employees under the 2006 Plan. At June 30, 2007, there was $0.3 million of unrecognized compensation expense related to these restricted stock units, which amount we expect to recognize over a weighted-average period of 3.31 years. The aggregate intrinsic value of the units outstanding, based on the Company s stock price on June 30, 2007, was $0.4 million.

Restricted stock unit activity is summarized as follows:

	Number of Units (in thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contract (in years)
Outstanding units at December 30, 2006	10	$ 19.08	1.74
Granted	14	18.25	
Released	(2)	20.27	
Forfeited or Expired			
Outstanding units at June 30, 2007	22	$ 18.47	1.94

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Employee Stock Purchase Plan

In May 2002, our shareholders approved the Company s Employee Stock Purchase Plan (ESPP) under which 500,000 shares of common stock were reserved for issuance. In addition, the ESPP provides for an annual, automatic increase of up to 250,000 shares in the total number of shares available for issuance thereunder on March 1st of each year, unless our Board of Directors specifies a smaller increase or no increase. Under this provision, an additional 250,000 shares were reserved for issuance under the ESPP on March 1, 2006 and our Board of Directors specified no increase as of March 1, 2007. Eligible employees may purchase a limited number of shares of the Company s common stock at 85% of the lower of the market value on the offering date or the market value on the purchase date. During the six months ended June 30, 2007, 84,752 shares of common stock were issued under the ESPP. As of June 30, 2007, approximately 134,336 shares remained available for issuance under this plan.

The estimated subscription date fair value of the current offering under the ESPP is approximately $0.3 million using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	5.01%
Expected volatility	40%
Expected option life	0.50 years
Dividends	None

At June 30, 2007, there was approximately $0.2 million of unrecognized compensation expense related to ESPP subscriptions that began on April 1, 2007, which amount we expect to recognize during the third and fourth quarters of 2007.

14. Net Income (Loss) Per Share

Basic and diluted net income (loss) per share were calculated as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
	(in thousands, except per share data)			
Net income (loss)	$ 1,253	$ 337	$ 978	$ (593)
Weighted average number of common shares-basic	53,370	52,291	53,055	52,254
Dilutive effect of stock-based compensation plans	1,358	1,025	1,366	
Weighted average number of common shares-diluted	54,728	53,316	54,421	52,254
Net income (loss) per common share, basic and diluted	$ 0.02	$ 0.01	$ 0.02	$ (0.01)

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Options to purchase 2.5 million shares and 4.4 million shares of common stock for the three months ended June 30, 2007 and July 1, 2006, respectively, were not included in the computation of diluted income per share as their inclusion would be antidilutive. Options to purchase 2.5 million shares and 2.3 million shares of common stock were not included in the computation of diluted income or losses per share for the six months ended June 30, 2007 and July 1, 2006, respectively, as their inclusion would be antidilutive. In addition, the computation of diluted net income (loss) per share for the three and six months ended June 30, 2007 and July 1, 2006, excludes the effect of assuming the conversion of our senior subordinated convertible notes, which are convertible at $19.72 per share into 7.3 million shares of common stock, because the effect would have been antidilutive for those periods.

Our share repurchase programs, which authorized us to repurchase up to a total of $130 million of the Company s common stock, were announced on February 11, 2004 as a $25 million program, on May 12, 2004 as a $60 million program, on July 29, 2004 as a $25 million program and on February 2, 2006 as a $20 million program. None and 1.0 million shares of our common stock were repurchased under our publicly announced repurchase programs during the six months ended June 30, 2007 and July 1, 2006, respectively. All repurchased shares have been retired and are not included in the net income (loss) per common share computation.

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15. Business Segment and Geographical Data

We organize and manage our business by functional operating entities. Our functional entities operate in two segments: Cardiovascular and ITC. The Cardiovascular segment designs, develops, manufactures and markets proprietary medical devices used for mechanical circulatory support and vascular graft applications. The ITC segment designs, develops, manufactures and markets proprietary point-of-care diagnostic test systems and incision devices.

Business Segments:

	Three Months Ended		Six Months Ended	
	June 30, 2007	July 1, 2006 As Restated (e)	June 30, 2007	July 1, 2006 As Restated (e)
	(in thousands)			
Product sales:				
Cardiovascular	$ 34,153	$ 35,797	$ 69,691	$ 65,612
ITC	23,180	18,986	44,952	37,926
Total product sales	$ 57,333	$ 54,783	$ 114,643	$ 103,538
Income (loss) before income taxes and other:				
Cardiovascular (a)(d)	$ 1,268	$ 2,700	$ 2,395	$ 3,336
ITC(a)(d)	1,861	796	3,259	1,486
Corporate (b)(d)	(2,488)	(3,288)	(6,491)	(6,586)
Litigation (c)		(390)		(447)
Income (loss) from operations	641	(182)	(837)	(2,211)
Other income and (expense):				
Interest expense (b)	(1,074)	(1,005)	(2,142)	(2,108)
Interest income and other (b)	1,766	1,791	3,953	3,492
Income (loss) before income tax benefit (expense)	$ 1,333	$ 604	$ 974	$ (827)

	As of	
	June 30, 2007	December 30, 2006
	(in thousands)	
Total assets:		
Cardiovascular	$ 319,520	$ 319,604
ITC	61,471	58,030
Corporate (b)	223,069	213,501
Total assets	$ 604,060	$ 591,135

(a)

Includes amortization expense on purchased intangible assets of $2.9 million and $5.9 million for the three and six months ended June 30, 2007, respectively, and $2.9 million and $5.9 million for the three and six months ended July 1, 2006, respectively, related to the Cardiovascular segment. The ITC segment includes amortization expense on purchased intangible assets of $0.2 million and $0.4 million for the three and six months ended June 30, 2007, respectively, and $40,000 and $79,000 for the three and six months ended July 1, 2006, respectively.

(b) Represents unallocated costs and income, not specifically identified to any particular business segment.

(c) Relates to litigation expenses not specifically identified to a particular business segment.

(d) Includes SFAS No. 123(R) expense of $1.5 million, $0.8 million and $0.6 million for Cardiovascular, ITC and Corporate, respectively, for the three months ended June 30, 2007 and $1.4 million, $0.8 million and $0.4 million for Cardiovascular, ITC and Corporate, respectively, for the three months ended July 1, 2006 and SFAS No. 123(R) expense of $3.4 million, $1.6 million and $1.2 million for Cardiovascular, ITC and Corporate, respectively, for the six months ended June 30, 2007 and $2.8 million, $1.5 million and $0.7 million for Cardiovascular, ITC and Corporate,

respectively, for the six months ended July 1, 2006.

(e) The restatement is to reclassify certain general and administrative expenses from the Corporate to the Cardiovascular segment on a basis consistent with our 2005 Annual Report on Form 10-K. As a result of this restatement, for the three months ended July 1, 2006, income before taxes from the Cardiovascular segment increased by $1.3 million and the loss before taxes from Corporate increased by $1.3 million. In addition, for the six months ended July 1, 2006, income before taxes from the Cardiovascular segment decreased by $0.4 million and the loss before taxes from Corporate decreased by $0.4 million.

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Geographic Areas:
The geographic composition of our product sales was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
	(in thousands)			
Domestic	$ 41,222	$ 42,065	$ 84,900	$ 78,711
International	16,111	12,718	29,743	24,827
Total product sales	$ 57,333	$ 54,783	$ 114,643	$ 103,538

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the words expects, projects, hopes, believes, intends, should, estimate, wi may, anticipates, plans, could and other similar words. Actual results, events or performance could differ materiall from these forward-looking statements based on a variety of factors, many of which are beyond our control. Therefore, readers are cautioned not to put undue reliance on these statements. Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include those more fully described in the Risk Factors section of our 2006 Annual Report on Form 10-K (the 2006 Annual Report) and in other documents we file with the Securities and Exchange Commission (SEC). These forward-looking statements speak only as of the date hereof. We are not under any obligation, and we expressly disclaim any obligation, to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

The following presentation of management s discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Overview

Thoratec Corporation (we, our, us, the Company) is a world leader in therapies to address advanced heart failure (HF) and point-of-care diagnostics.

For advanced HF we develop, manufacture and market proprietary medical devices used for mechanical circulatory support. Our primary product lines are our ventricular assist devices (VADs): the Thoratec Paracorporeal Ventricular Assist Device (PVAD), the Thoratec Implantable Ventricular Assist Device (IVAD), the HeartMate Left Ventricular Assist System (HeartMate XVE), and the HeartMate II Left Ventricular Assist System (HeartMate II). We refer to the PVAD and the IVAD collectively as the Thoratec product line. The PVAD, IVAD and the HeartMate XVE are approved by the U.S. Food and Drug Administration (FDA) and CE Mark approved in Europe. The HeartMate II is CE Mark approved in Europe and is in a Phase II pivotal trial in the U.S. We also manufacture a vascular access graft for renal dialysis.

In August 2006, we began marketing the CentriMag Blood Pumping System (CentriMag) for acute HF. CentriMag is manufactured by Levitronix LLC (Levitronix) and distributed by us in the U.S. under a distribution agreement with Levitronix.

In addition to our circulatory support products, we also develop, manufacture and market point-of-care diagnostic test systems for hospital point-of-care and alternate site point-of-care markets, as well as incision products.

Our Business Model

Our business is comprised of two operating divisions: Cardiovascular and ITC.

The product line of our Cardiovascular division is:

Circulatory Support Products. Our mechanical circulatory support products include the PVAD, IVAD, HeartMate XVE, HeartMate II and CentriMag for acute, intermediate and long-term mechanical circulatory support for patients with advanced HF. We also manufacture and sell small diameter grafts using our proprietary materials to address the vascular access market for hemodialysis.

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The product lines of our ITC division are:

Point-of-Care Diagnostics. Our point-of-care products include diagnostic test systems that monitor blood coagulation while a patient is being administered certain anticoagulants, as well as monitor blood gas/electrolytes, oxygenation and chemistry status.

Incision. Our incision products include devices used to obtain a patient s blood sample for diagnostic testing and screening for platelet function.

Cardiovascular Division

Our product portfolio of implantable and external mechanical circulatory support devices includes the following:

The PVAD is an external, pulsatile ventricular assist device for short to intermediate term mechanical circulatory support. This device provides left, right and biventricular mechanical circulatory support. The PVAD is approved by the FDA for use as a bridge-to-transplantation (BTT), including home discharge, and for post-cardiotomy myocardial recovery.

The IVAD is an implantable, pulsatile, ventricular assist device approved for BTT, including home discharge, and for post-cardiotomy myocardial recovery and provides left, right, or biventricular mechanical circulatory support. The IVAD utilizes the same internal working components as the PVAD, but has an outer housing made of a titanium alloy that makes it more suitable for implantation.

The HeartMate XVE is an implantable, pulsatile, left ventricular assist device for intermediate and longer-term mechanical circulatory support and is the only device approved in the U.S., Europe and Canada for permanent support of patients ineligible for heart transplantation. The unique, textured blood-contacting surface of this device eliminates the need for systemic anticoagulation. The system is comprised of the blood pump and a wearable controller and batteries providing a high degree of patient freedom and mobility.

The HeartMate II is an implantable, continuous flow, left ventricular assist device consisting of a miniature rotary blood pump designed to provide intermediate and long-term mechanical circulatory support. Its design is intended to be not only smaller, but also simpler, quieter, and longer lasting than other commercially available ventricular assist devices. The HeartMate II is CE Mark approved for distribution in Europe, and is in Phase II pivotal trial in the U.S.

CentriMag is an external device for short-term mechanical circulatory support consisting of a single-use blood pump, a motor and a device console. This device is 510(k) approved by the FDA for patients requiring extracorporeal circulatory support during cardiac surgery.

We market a portfolio of VAD products to provide mechanical circulatory support for a range of needs for patients suffering from HF. The primary market of our VAD products is for those patients suffering from late stage advanced HF. This type of HF is a chronic disease that occurs when degeneration of the heart muscle reduces the pumping power of the heart, causing the heart to become too weak to pump blood at a level adequate to meet the body s demands. HF can be caused by artery or valve diseases or a general weakening of the heart muscle itself. Other conditions, such as high blood pressure or diabetes, can also lead to HF.

In the U.S., there are currently two FDA-approved indications for the long-term use of VADs in patients with late stage HF: for BTT and for permanent support, known as Destination Therapy (DT). In addition to the chronic HF markets, VADs are also used to treat acute HF.

On April 7, 2003, the FDA approved the HeartMate XVE, an enhanced version of the HeartMate VE, for DT. We are the only company to offer a VAD approved by the FDA for DT and this approval marks the first time a VAD has been approved as a permanent treatment for late-stage HF patients who do not qualify for heart transplants because of age or extenuating health circumstances, and who otherwise have a life expectancy of less than two years. The FDA s decision to approve the HeartMate VAD for DT was based on data from a prospective randomized multi-center clinical trial called Randomized Evaluation of Mechanical Assistance for the Treatment of Congestive Heart Failure

(also known as REMATCH), which showed our HeartMate device nearly doubled and tripled survival over the drug therapy group at one and two years, respectively.

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The HeartMate II is designed to improve survival and quality of life and to provide five to ten years of mechanical circulatory support for a broad range of advanced HF patients. The HeartMate II is a small, implantable, continuous flow ventricular assist device. In addition to being significantly smaller than the HeartMate XVE, with only one moving part the HeartMate II is simpler and designed to operate more quietly than pulsatile devices. More than 700 patients worldwide have been implanted with the HeartMate II as of July 27, 2007. The Investigational Device Exemption (IDE) for our pivotal trial in the U.S. for both BTT and DT indications was fully approved by the FDA in May 2005. Enrollment in the BTT arm of the trial was completed in May 2006 and the Pre-Market Approval (PMA) application was submitted to the FDA in December 2006 with additional enrollment ongoing under an approved continued access protocol (CAP). The DT arm of the trial has been completely enrolled with two year follow-up ongoing. Additional patients are being enrolled in the DT arm under an approved CAP. We sell the HeartMate II in Europe under CE Mark approval received in November 2005.

We estimate that doctors worldwide have implanted more than 11,000 of our devices, primarily in patients awaiting a heart transplant or who require permanent support.

In August 2006, we entered into a distribution agreement under which we will distribute the CentriMag blood pump in the U.S. The initial term of the agreement expires in 2011. This device is 510(k) approved by the FDA for patients requiring short-term extracorporeal circulatory support.

In addition to our cardiac assist products, we sell vascular access graft products used in hemodialysis for patients with late-stage renal disease.

ITC Division

The following are our major point-of-care diagnostic test systems and incision products:

The Hemochron point-of-care coagulation system is used to monitor a patient s coagulation while being administered anticoagulants in various settings. For instance, it is used in the cardiovascular operating room and cardiac catheterization lab to monitor the drug Heparin, and in an anticoagulation clinic to monitor the drug warfarin. The system consists of a small portable analytical instrument and disposable test cuvettes.

The IRMA point-of-care blood gas/electrolyte and chemistry system is used to monitor a patient s blood gas/electrolyte and chemistry status. The system consists of a small, portable analytical instrument and disposable test cartridges.

The AVOXimeter system is used to assess a patient s oxygenation status and is commonly used in the cardiac catherization lab, the intensive care unit (ICU), the neonatal intensive care unit (NICU) and the emergency department. The system consists of a small, portable instrument and disposable test cuvettes.

The ProTime coagulation monitoring system is used to monitor patients coagulation while they are taking oral anticoagulants such as warfarin, and can be prescribed for use by patients at home or can be used in the physician s office or clinic. The system consists of a small, portable analytical instrument and disposable test cuvettes.

The Hemoglobin Pro is used by professionals, mainly in the doctor s office, to test for anemia. It provides quick results from a very small blood sample. The system consists of a small, portable, hand-held test meter and disposable test strips.

The Tenderfoot, the Tenderlett and the Surgicutt incision products are used by professionals to obtain a patient s blood sample for diagnostic testing. The Tenderfoot is a heel stick used for infant testing, the Tenderlett is used for finger incisions and the Surgicutt is used to perform screening tests to determine platelet function. These products feature permanently retracting blades for safe, incision with minimal pain, as compared to traditional lancets, which puncture the skin.

The Hemochron, IRMA and AVOXimeter systems are primarily sold into the hospital point-of-care segment of the market. The ProTime and Hemoglobin Pro products are sold into the alternate site (non-hospital) segment of the

point-of-care market, comprised of physicians offices, long-term care facilities, clinics, visiting nurse associations, and home healthcare companies.

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Our incision products are sold to both the hospital point-of-care and the alternate site point-of-care markets. Our highest revenue-generating incision product is the Tenderfoot.

In October 2006, we acquired A-VOX Systems, Inc. (Avox), a point-of-care company that develops and manufactures portable, bedside AVOXimeter systems to assist clinicians in assessing a patient s oxygenation status. These systems are used in hospitals in the cardiac catherization lab, the ICU and NICU and the emergency department. We are selling these systems along with our Hemochron and IRMA point-of-care products as well as our data management system which connects all of these systems.

Critical Accounting Policies and Estimates

We have identified the policies and estimates below as critical to our business operations and the understanding of our results of operations. The impact of, and any associated risks related to, these policies and estimates on our business operations are discussed below. For a more detailed discussion on the application of these and other accounting policies and estimates, see the notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q and our 2006 Annual Report filed with the SEC. Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. There can be no assurance that actual results will not differ from those estimates and assumptions.

Revenue Recognition

We recognize revenue from product sales for our Cardiovascular and ITC divisions when evidence of an arrangement exists, title has passed (generally upon shipment) or services have been rendered, the selling price is fixed or determinable and collectibility is reasonably assured. Sales to distributors are recorded when title transfers upon shipment. In addition, one of ITC s largest distributors has certain limited product return rights and we record a reserve for these returns by applying reasonable estimates based upon historical experience.

We recognize revenue from sales of certain Cardiovascular division products to first-time customers when we have determined that the customer has the ability to use the products. These sales frequently include products and training services under multiple element arrangements. Training is not considered essential to the functionality of the products. The amount of revenue under these arrangements allocated to training is based upon the fair market value of the training, which is typically performed on behalf of the Company by third party providers. The amount of revenue allocated to Cardiovascular products is made using the fair value method. Under this method, the total value of the arrangement is allocated to the training and the products based on the relative fair market value of the training and products.

In determining when to recognize revenue, management makes decisions on such matters as the fair values of the product and training elements when sold together, customer credit worthiness and warranty reserves. If any of these decisions proves incorrect, the carrying value of these assets and liabilities on our condensed consolidated balance sheets could be significantly different, which could have a material adverse effect on our results of operations for any fiscal period.

Reserves

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make payments owed to us for product sales and training services. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The majority of our products are covered by up to a two-year limited manufacturer's warranty from the date of shipment or installation. Estimated contractual warranty obligations are recorded when related sales are recognized and any additional amounts are recorded when such costs are probable and can be reasonably estimated, at which time they are included in Cost of product sales in our condensed consolidated statements of operations.

We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are supportable.

Management must make judgments to determine the amount of reserves to accrue. If any of these management estimates proves incorrect, our financial statements could be materially and adversely affected.

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Income Taxes

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, such as tax benefits from our non-U.S. operations and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of revenue and expense for tax and financial statement purposes.

We record a valuation allowance to reduce our deferred income tax assets to the amount that is more-likely-than-not to be realized. In evaluating our ability to recover our deferred income tax assets we consider all available positive and negative evidence, including our operating results, on-going tax planning and forecasts of future taxable income on a jurisdiction by jurisdiction basis. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made.

Determining our deferred tax liabilities involves uncertainties in the assessment of our domestic and foreign operations. We recognize liabilities for anticipated tax liabilities in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional tax payments are more-likely-than-not to meet the threshold. If we determine that payment of these amounts is not likely, we will reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary.

We adopted FIN 48 on December 31, 2006, as a result of which our tax positions are evaluated for recognition using a more-likely-than-not threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than fifty percent likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. As a result of adopting FIN 48, we reported a cumulative-effect adjustment of $0.5 million which increased our December 31, 2006 accumulated deficit balance.

On December 31, 2006, we had $9.3 million of unrecognized tax benefits, of which $3.9 million would impact our effective tax rate if recognized. An unrecognized tax benefit under FIN 48 is the difference between a tax position taken (or expected to be taken) in a tax return and the benefit measured and recognized in a company's financial statements in accordance with the guidelines set forth in FIN 48. Our liability for unrecognized tax benefits was reduced by approximately $0.5 million in the first six months of 2007 to reflect the FIN 48 impact of a payment to the State of New Jersey in settlement of a tax audit with respect to years 1997 through 2000. In addition, in the second half of 2007, we intend to file or amend its tax returns in certain jurisdictions and as a result of the liability for additional tax due expects to further decrease unrecognized tax benefits by approximately $2.4 million.

Evaluation of Purchased Intangibles and Goodwill for Impairment

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, we periodically evaluate the carrying value of long-lived assets to be held and used, including intangible assets subject to amortization, when events or circumstances warrant such a review. The carrying value of a long-lived asset to be held and used is considered impaired when the anticipated separately identifiable undiscounted cash flows from such an asset are less than the carrying value of the asset. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Management must make estimates of these future cash flows and the approximate discount rate, and if any of these estimates proves incorrect, the carrying value of these assets on our condensed consolidated balance sheets could become significantly impaired.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, we no longer amortize goodwill. We complete an annual impairment test of goodwill and other intangible assets subject to amortization as required by SFAS No. 142. Upon completion of our impairment tests as of the end of fiscal year 2006, we determined that neither goodwill nor intangible assets were impaired.

Valuation of Share-Based Awards

We account for share-based compensation in accordance with the fair value recognition provisions of SFAS No. 123(R). Under SFAS No. 123(R), share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. Determining the fair value of option awards

at the grant date requires judgment, including estimating the expected term of stock options, the expected volatility of our stock, expected forfeitures and expected dividends. The computation of the expected volatility assumption used in the Black-Scholes option pricing model for option grants is based on historical volatility. When establishing the expected life assumption, we review annual historical employee exercise behavior of option grants with similar vesting periods. In addition, judgment is also required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, share-based compensation expense and our results of operations could be materially affected.

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Results of Operations

The following table sets forth selected condensed consolidated statements of operations data for the periods indicated as a percentage of total product sales:

	Three Months Ended		Six Months Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Product sales	100%	100%	100%	100%
Cost of product sales	41	41	40	41
Gross profit	59	59	60	59
Operating expenses:				
Selling, general and administrative	33	35	36	36
Research and development	19	18	19	19
Amortization of purchased intangible assets	6	5	6	6
Litigation		1		
Total operating expenses	58	59	61	61
Income (loss) from operations	1		(1)	(2)
Interest expense	(2)	(2)	(2)	(2)
Interest income and other	3	3	4	3
Income (loss) before income tax benefit (expense)	2	1	1	(1)
Income tax benefit (expense)				
Net income (loss)	2%	1%	1%	(1)%

See Note 15 to our condensed consolidated financial statements in this Quarterly Report for data presented by business segment.

Three months ended June 30, 2007 and July 1, 2006

Product Sales

Product sales in the second quarter of 2007 were $57.3 million compared to $54.8 million in the second quarter of 2006. Cardiovascular sales decreased $1.7 million and ITC sales increased $4.2 million. Product sales changes are due to volume unless otherwise noted. The primary components of the total $2.5 million increase in product sales were the following:

Cardiovascular product sales decreased by $1.7 million, because of a decrease in sales of our Thoratec product line resulting from variability in the BTT market and increased usage of short term devices, partially offset by an increase in international sales of HeartMate II. In addition, product sales from CentriMag, contributed to increased sales with no comparative sales in the second quarter of 2006.

Point-of-care diagnostic product sales increased by $4.2 million, due primarily to increases in sales of our alternative site and incision products resulting from market expansion and competitor product recalls. In addition, product sales from the AVOXimeter system contributed to the increase in sales in the second quarter of 2007, with no comparative sales in the second quarter of 2006.

Sales originating outside of the U.S. and U.S. export sales accounted for approximately 28% and 23% of our total product sales in the second quarters of 2007 and 2006, respectively.

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Gross Profit

Gross profit in the second quarter of 2007 was $33.7 million compared to $32.1 million in the second quarter of 2006. As a percentage of product sales, gross profit in both the second quarters of 2007 and 2006 were 59%. Gross profit percentage included the following fluctuations:

Cardiovascular gross profit percentage remained consistent, as a result of unfavorable product mix offset by improved foreign currency exchange rates.

ITC gross profit percentage increased by 3.0% due to improved manufacturing variances.

Selling, General and Administrative

Selling, general and administrative expenses in the second quarter of 2007 were $19.1 million, or 33% of product sales, compared to $19.2 million, or 35% of product sales, in the second quarter of 2006. The $0.1 million decrease in expenses was primarily attributable to the following:

Cardiovascular costs increased by $0.4 million, primarily due to increase in personnel costs, related to the expansion of our sales force and marketing development initiatives, as we prepare to launch our HeartMate II, partially offset by lower outside consulting expenses.

ITC costs increased by $0.3 million, primarily due to higher personnel costs. In addition, there was an increase in selling costs related to AVOXimeter products with no comparative costs in the second quarter of 2006.

Corporate costs decreased by $0.8 million because of 2006 CEO transition costs and lower personnel expenses.

Research and Development

Research and development expenses in the second quarter of 2007 were $10.8 million, or 19% of product sales, compared to $9.8 million, or 18% of product sales, in the second quarter of 2006. Of the $1.0 million increase, of our Cardiovascular and ITC divisions incurred $0.4 million and $0.6 million, respectively. Research and development costs are largely project driven, and the level of spending depends on the level of project activity planned. The increase in research and development costs at our Cardiovascular division was due to higher personnel costs, which include regulatory and clinical costs associated with our compliance with FDA regulations and clinical trial expenses, for the Phase II of HeartMate II pivotal trial. The increase in research and development costs at our ITC division increased due to personnel and consulting costs related to product development.

Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets in the second quarter of 2007 was $3.1 million as compared to $3.0 million in the second quarter of 2006. The $0.1 million increase in our 2007 expense resulted from intangible assets acquired through our acquisition of Avox in the fourth quarter of 2006.

Interest Expense

Interest expense was $1.1 million for the second quarter of 2007 as compared to $1.0 million in the second quarter of 2006. Interest expense in the second quarter of 2007 was comprised of $0.9 million in interest costs, and $0.2 million of amortization of the debt issuance costs related to our senior subordinated convertible notes. Interest expense in the second quarter of 2006 was comprised of $0.8 million in interest costs, and $0.2 million of amortization of the debt issuance costs related to our senior subordinated convertible notes.

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Interest Income and Other

Interest income and other for the second quarters of both 2007 and 2006 were $1.8 million. Interest income and other in the second quarter of 2007 included $1.9 million of interest income, partially offset by an impairment loss from an investments of $0.2 million, and in the second quarter of 2006 included $1.7 million of interest income and $0.1 million of lease revenue. The increase in interest income was primarily due to higher short-term interest rates compared to the same quarter last year.

Income Taxes

Our effective income tax rates were 6% and 44% for the three months ended June 30, 2007 and July 1, 2006, respectively. This decrease in our tax rate of 38% was primarily due to a 2006 second quarter cumulative-effect tax adjustment based on revised annual projected earnings.

Our effective tax rate is calculated based on the statutory tax rate imposed on projected annual pre-tax income or loss in various jurisdictions. Since relatively small changes in our forecasted profitability for 2007 can significantly affect our projected annual effective tax rate, we believe our quarterly tax rate will depend on our profitability and could fluctuate significantly.

Six months ended June 30, 2007 and July 1, 2006

Product Sales

Product sales in the first six months of 2007 were $114.6 million compared to $103.5 million in the first six months of 2006. Cardiovascular sales increased $4.1 million and ITC sales increased $7.0 million. Product sales changes are due to volume unless otherwise noted. The primary components of the total $11.1 million increase in product sales were the following:

Cardiovascular product sales increased $4.1 million, primarily due to higher sales of HeartMate II, partially offset by lower sales in our Thoratec product line resulting from variability in the BTT market and increased usage of short term devices. In addition, total product sales from CentriMag also contributed to the increase in sales, with no comparative sales in the first six months of 2006.

Point-of-care diagnostic product sales increased by $7.0 million, primarily due to an increase in sales of our hospital point-of-care along with an increase in alternative site and incision products resulting from market expansion and competitor product recalls. In addition, product sales from the AVOXimeter system also contributed to the increase in sales, with no comparative sales in the first six months of 2006.

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Sales originating outside of the U.S. and U.S. export sales accounted for approximately 26% and 24% of our total product sales in the first six months of 2007 and 2006, respectively.

Gross Profit

Gross profit in the first six months of 2007 was $68.2 million compared to $60.8 million in the first six months of 2006. As a percentage of product sales, gross profit was 60% and 59%, respectively. Gross profit percentage included the following fluctuations:

Cardiovascular gross profit percentage increased 0.2% due to improved foreign currency exchange rates offset by unfavorable product mix.

ITC division gross profit percentage increased by 3.0% due to improved manufacturing variances.

Selling, General and Administrative

Selling, general and administrative expenses in the first six months of 2007 were $41.1 million, or 36% of product sales, compared to $37.3 million, or 36% of product sales, in the first six months of 2006. The $3.8 million increase in spending was due to the following:

Cardiovascular costs increased by $1.6 million, primarily due to an increase in personnel costs related to our preparation for the launch of our HeartMate II and related increase in share-based compensation costs.

ITC costs increased by $1.1 million, primarily due to higher personnel costs and consulting fees. In the first six months of 2007 included costs related to the AVOXimeter products with no comparative costs in the first six months of 2006.

Corporate costs increased by $1.1 million because of higher consulting and legal expenses related to the review we conducted of our stock option granting practices in the first six months of 2007 as compared to the first six months of 2006.

Research and Development

Research and development expenses in the first six months of 2007 were $21.7 million, or 19% of product sales, compared to $19.3 million, or 19% of product sales, in the first six months of, 2006. Of the $2.4 million increase, our Cardiovascular and ITC divisions incurred $1.5 million and $0.9 million, respectively. Research and development costs are largely project driven, and the level of spending depends on the level of project activity planned and subsequently approved and conducted. The increase in costs at our Cardiovascular division was primarily due to higher personnel costs, which include regulatory and clinical costs associated with our compliance with FDA regulations, and clinical trial expenses for the Phase II of the HeartMate II pivotal trial. The increase in costs at our ITC division was primarily due to higher to personnel and consulting costs related to product development.

Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets in the first six months of 2007 was $6.3 million compared to $5.9 million for the first six months of 2006. The $0.4 million increase resulted from intangible assets acquired through our acquisition of Avox in the fourth quarter of 2006.

Interest Expense

Interest expense for the first six months of both 2007 and 2006 was $2.1 million. The interest expense for the first six months of both 2007 and 2006 is comprised of $1.8 million in interest costs and $0.3 million in amortization of the debt issuance costs related to our senior subordinated convertible notes.

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Interest Income and Other

Interest income and other for the first six months of 2007 was $4.0 million compared to $3.5 million for the first six months of 2006. Interest income and other included $3.9 million of interest income in 2007 and $3.1 million of interest income in 2006. The increase in interest income was primarily due to higher short-term interest rates compared to the same period last year.

Income Taxes

Our effective tax rates were (0.4)% and 28% for the six months ended June 30, 2007 and July 1, 2006, respectively. This decrease in our effective tax rate of 28% on a comparative basis was primarily due to increased interest income from tax favorable investments, nondeductible stock based compensation costs under SFAS No. 123(R) and continuing benefits related to research and development tax credits.

Our effective tax rate is calculated based on the statutory tax rate imposed on projected annual pre-tax income or loss in various jurisdictions. Since relatively small changes in our forecasted profitability for 2007 can significantly affect our projected annual effective tax rate, we believe our quarterly tax rate will depend on our profitability and could fluctuate significantly.

Liquidity and Capital Resources

At June 30, 2007, we had net working capital of $290.0 million compared with $265.7 million at December 30, 2006. Cash and cash equivalents at June 30, 2007 were $16.9 million compared to $67.5 million at December 30, 2006. The decrease in cash and cash equivalents was mainly due to an increase in net purchases of short-term available-for-sale investments. In addition, we acquired property, plant and equipment, repurchased restricted shares for payment of income withholding taxes due upon vesting and used cash in operations, partially offset by proceeds from exercises of stock options and ESPP exercises.

Cash used in operating activities for the six months ended June 30, 2007 was $1.1 million. This amount includes cash used in changes in assets and liabilities of approximately $20.2 million and $1.1 million related to excess tax benefits from share-based compensation partially offset by net income for the period of $1.0 million and an increase of positive non-cash adjustments to net income of approximately $19.2 million. The cash used in changes in assets and liabilities were primarily due to $10.1 million increase in inventory, $1.2 million increase in prepaid expenses and other assets, $5.2 million decrease in accounts payable and $4.1 million decrease in accrued income taxes. The positive non-cash adjustments to net income were primarily comprised of $10.8 million for depreciation and amortization, $6.2 million related to share-based compensation expense and $2.0 million of tax benefit related to stock option exercises.

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Investing activities for the six months ended June 30, 2007 used $59.6 million, comprised primarily of $56.2 million net purchases of available-for-sale investments and $3.4 million for purchases of property, plant and equipment, net of $2.0 million in transfers of drivers and demonstration equipment from inventory into fixed assets. The purchased property, plant and equipment included $1.7 million for leasehold improvements and purchases of management information systems equipment. ITC used $1.5 million of cash primarily for facility expansion costs.

Financing activities for the six months ended June 30, 2007 provided $10.1 million, comprised primarily of $9.7 million from proceeds from stock option exercises and employee stock plan purchases and $1.1 million from excess tax benefits from share-based compensation, partially offset by $0.8 million from repurchases of restricted stock for payment of income withholding taxes due upon vesting.

We believe that cash and cash equivalents, short-term available-for-sale investments on hand and expected cash flows from operations will be sufficient to fund our operations, capital requirements and stock repurchase programs for at least the next twelve months. There were no other material changes in contractual obligations outside our normal course of business.

Off Balance Sheet Arrangements

We maintain an Irrevocable Standby Letter of Credit as part of our workers compensation insurance program. The Letter of Credit is not collateralized. The Letter of Credit automatically renews on June 30th of each year, unless terminated by one of the parties. At June 30, 2007, our Letter of Credit balance was $460,000.

Contractual Obligations

Upon adoption of FIN 48 on December 31, 2006, we decreased our current taxes payable by approximately $2.5 million and increased our long-term taxes payable by approximately $5.2 million as FIN 48 specifies that tax positions for which the timing of the ultimate resolution is uncertain should be recognized as long-term liabilities. In addition, we made a payment of approximately $1.0 million during the six months ended June 30, 2007 and recognized additional long-term taxes payable of approximately $0.2 million. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years beyond twelve months due to uncertainties in the timing of tax audit outcomes.

During the second quarter of 2007, we entered into a lease agreement for office space in the U.K. under which we are obligated to pay approximately $0.2 million per year for the next ten years, with the option to renew the lease for a five-year period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

Our investment portfolio is comprised of marketable investments in money market funds, auction rate securities, U.S. Treasury securities and debt instruments of government agencies, local municipalities, and high quality corporate issuers. All investments are carried at market value and are treated as available-for-sale. All investments mature within two years or less from the date of purchase. Our holdings of the securities of any one issuer, except government agencies, do not exceed 10% of the portfolio. If interest rates rise the market value of our investments may decline, which could result in a loss if we are forced to sell an investment before its scheduled maturity. If interest rates were to rise or fall from current levels by 25 basis points, the change in our net unrealized loss or gain on investments would be approximately $0.3 million. We do not utilize derivative financial instruments to manage interest rate risk.

Our senior subordinated convertible notes and the Levitronix convertible debenture do not bear interest rate risk as they were issued at a fixed rate of interest.

Foreign Currency Rate Fluctuations

We conduct business in foreign countries. Our international operations consist primarily of sales and service personnel for our mechanical circulatory support products who report to our U.S. sales and marketing group and are internally reported as part of our Cardiovascular division. All assets and liabilities of our non-U.S. operations stated in UK pounds are translated into U.S. dollars at the period-end exchange rates and the resulting translation adjustments are included in comprehensive income (loss). The period-end translation of the non-functional currency assets and liabilities (primarily assets and liabilities on our UK subsidiary s consolidated balance sheet that are not denominated in UK pounds) at the period-end exchange rates result in foreign currency gains and losses, which are included in our condensed consolidated statements of operations in Interest income and other.

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We use forward foreign currency contracts to hedge the gains and losses generated by the re-measurement of non-functional currency assets and liabilities (primarily assets and liabilities on our UK subsidiary s consolidated balance sheet that are not denominated in UK pounds). These contracts typically have maturities of three months or less.

Our financial instrument contracts qualify as derivatives under SFAS No. 133 Accounting for Derivative Instrument and Hedging Activities and we value these contracts at the estimated fair value at June 30, 2007. The change in fair value of the forward currency contracts is included in Interest income and other, and offsets the foreign currency exchange gains and losses in the condensed consolidated statement of operations. The impact of these foreign currency contracts was none and a loss of $0.2 million for the three months ended June 30, 2007 and July 1, 2006, respectively, and none and a loss of $0.3 million for the six months ended June 30, 2007 and July 1, 2006, respectively. The impact of the foreign currency translation adjustments from conducting our foreign operations was a loss of $0.1 million and a gain of $0.2 million for the three months ended June 30, 2007 and July 1, 2006, respectively, and none and a gain of $0.3 million for the six months ended June 30, 2007 and July 1, 2006, respectively.

As of June 30, 2007, we had forward contracts to sell euros with a notional value of 5.4 million and purchase UK pounds with a notional value of 3.0 million and as of July 1, 2006 we had forward contracts to sell euros with a notional value of 4.4 million and purchase UK pounds with a notional value of 2.0 million. As of June 30, 2007, our forward contracts had an average exchange rate of one U.S. dollar to 0.7415 euros and one U.S. dollar to 0.5010 UK pounds. It is highly uncertain how currency exchange rates will fluctuate in the future. The potential fair value loss for a hypothetical 10% adverse change in foreign currency exchange rates at June 30, 2007 would be approximately $1.4 million.

ITEM 4. CONTROLS AND PROCEDURES

Attached as exhibits to this Form 10-Q are certifications of our Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the Exchange Act). This Controls and Procedures section includes information concerning the controls and controls evaluation referred to in the certifications. Item 9A of our 2006 Annual Report on Form 10-K sets forth management s report on internal control over financial reporting as of December 30, 2006. This section should be read in conjunction with management s report of internal control over financial reporting as of December 30, 2006.

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, as of June 30, 2007. The evaluation of our disclosure controls and procedures included a review of our processes and implementation and the effect on the information generated for use in this Quarterly Report on Form 10-Q. In the course of this evaluation, we sought to identify any significant deficiencies or material weaknesses in our disclosure controls and procedures, to determine whether we had identified any acts of fraud involving personnel who have a significant role in our disclosure controls and procedures, and to confirm that any necessary corrective action, including process improvements, was taken. This type of evaluation is made quarterly so that our conclusions concerning the effectiveness of these controls can be reported in our periodic reports filed with the SEC. The overall goals of these evaluation activities are to monitor our disclosure controls and procedures and to make modifications as necessary. We intend to maintain these disclosure controls and procedures, modifying them as circumstances warrant.

Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that as of June 30, 2007 the Company s disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and then reported within the time periods specified in the SEC s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer, as appropriate to allow timely decisions regarding required disclosures.

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Changes to Internal Controls

As part of our implementation of section 404 of the Sarbanes Oxley Act of 2002, the Company instituted internal controls that were designed to detect errors. There have been no changes in our internal controls over financial reporting during the quarter ended June 30, 2007 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Inherent Limitations on Controls and Procedures

Our management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that internal controls will prevent all error and all fraud. A control system, no matter how well designed and operated, can only provide reasonable assurances that the objectives of the control system are met. The design of a control system reflects resource constraints; the benefits of controls must be considered relative to their costs. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been or will be detected. As these inherent limitations are known features of the financial reporting process, it is possible to design into the process safeguards to reduce, though not eliminate, these risks. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns occur because of simple error or mistake. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. While our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, there can be no assurance that any design will succeed in achieving its stated goals under all future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

We intend to review and evaluate the design and effectiveness of our disclosure controls and procedures on an ongoing basis and to improve our controls and procedures over time and to correct any deficiencies that we may discover in the future. While our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2007, the design of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, was effective, future events affecting our business may cause us to significantly modify our disclosure controls and procedures.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our 2006 Annual Report, which could materially affect our business, financial condition or future results. The risks described in our 2006 Annual Report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of our equity securities during the three months ended June 30, 2007.

The following table sets forth certain information about our common stock repurchased during the three months ended June 30, 2007:

	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased under publicly announced programs (2)	Approximate value of shares authorized to be purchased under publicly announced programs
		(in thousands, except per share data)		
April 1, 2007 through April 28, 2007	2.2	$ 21.22		$
April 29, 2007 through May 26, 2007	0.9	18.37		
May 27, 2007 through June 30, 2007	2.1	19.17		
Total	5.2	$ 19.88		$

(1) Shares purchased that were not part of our publicly announced repurchase programs represent the surrender value of shares of restricted stock used to pay income taxes due upon vesting, and do not reduce the dollar value that may yet be purchased under our publicly announced repurchase

programs.

(2) Our share repurchase programs, which authorized us to repurchase up to a total of $130 million of the Company s common shares, were publicly announced on February 11, 2004 as a $25 million program, on May 12, 2004 as a $60 million program, on July 29, 2004 as a $25 million program and on February 2, 2006 as a $20 million program. These programs authorize us to acquire shares in the open market or in privately negotiated transactions and do not have an expiration date. No shares were repurchased under these programs during the three months ended June 30, 2007.

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ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of shareholders was held on May 18, 2007. The following items were voted upon and approved at the meeting:

1. To elect the following directors to serve for the ensuing year until their successors are elected:

	Number of Votes	
	For	**Withheld**
Gerhard F. Burbach	46,518,672	1,615,905
Howard E. Chase	46,312,625	1,821,952
J. Daniel Cole	46,552,709	1,581,868
Neil F. Dimick	47,980,928	153,649
D. Keith Grossman	46,265,020	1,869,557
J. Donald Hill	47,826,801	307,776
Daniel M. Mulvena	47,885,105	249,472

2. To ratify of the appointment of Deloitte & Touche LLP as the Company s independent auditors for its fiscal year ending December 29, 2007:

	Number of Votes
For	47,991,524
Against	126,435
Abstain	16,617

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ITEM 6. EXHIBITS

10.1 Thoratec Corporation Amended and Restated Deferred Compensation Plan Effective January 1, 2005.

31.1 Section 302 Certification of Chief Executive Officer.

31.2 Section 302 Certification of Chief Financial Officer.

32.1 Section 906 Certification of Chief Executive Officer.

32.2 Section 906 Certification of Chief Financial Officer.

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SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THORATEC CORPORATION

Date: August 9, 2007

/s/ Gerhard F. Burbach
Gerhard F. Burbach
Chief Executive Officer

Date: August 9, 2007

/s/ David V. Smith
David V. Smith
Chief Financial Officer