

THORATEC CORP
Form DEF 14A
April 13, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

Thoratec Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

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April 13, 2010

Dear Shareholder:

You are cordially invited to attend the Thoratec Corporation 2010 Annual Meeting of Shareholders to be held on Wednesday, May 19, 2010 at 8:00 a.m., Pacific Daylight Time, at our executive offices located at 6101 Stoneridge Drive, Pleasanton, California 94588. Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote in person at the meeting or by mail, by telephone or over the Internet. Your vote by written proxy, by telephone or over the Internet will ensure your representation at the Annual Meeting if you cannot attend in person. Please review the instructions on the proxy card regarding your voting options.

Thank you for your ongoing support of and continued interest in Thoratec Corporation.

Very truly yours,

Gerhard F. Burbach
President and Chief Executive Officer

Corporate Headquarters
Thoratec Corporation, 6035 Stoneridge Drive, Pleasanton, CA 94588
Tel 925-847-8600 Fax 925-847-8574 www.thoratec.com

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THORATEC CORPORATION

**NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 19, 2010**

To the Shareholders of Thoratec Corporation:

NOTICE IS HEREBY GIVEN, that the 2010 Annual Meeting of Shareholders of Thoratec Corporation, a California corporation (Thoratec or the Company), will be held on Wednesday, May 19, 2010 at 8:00 a.m., Pacific Daylight Time, at our executive offices located at 6101 Stoneridge Drive, Pleasanton, California 94588 for the following purposes:

To elect eight directors to serve for the ensuing year or until their successors are elected and qualified;

To approve an amendment and restatement of the Thoratec Corporation 2006 Incentive Stock Plan increasing the number of shares of common stock reserved for issuance thereunder and revising certain related provisions thereunder;

To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company for its fiscal year ending January 1, 2011; and

To transact such other business as may properly come before the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only shareholders of record at the close of business on April 5, 2010 are entitled to notice of, to attend and to vote at the meeting and any adjournments thereof. All shareholders are cordially invited to attend the meeting in person. Any shareholder attending the meeting may vote in person even if such shareholder previously signed and returned a proxy. If you own shares through a broker, and you wish to attend and vote in person at the meeting, you must obtain from your broker a proxy issued in your name.

**Important Notice Regarding the Availability of Proxy Materials for the 2010
Annual Meeting of Shareholders to be Held on May 19, 2010.**

The Proxy Statement, the Proxy Card, and the Annual Report to Shareholders are available at <http://phx.corporate-ir.net/phoenix.zhtml?c=95989&p=proxy>.

For the Board of Directors

David A. Lehman
Senior Vice President, General Counsel and Secretary

Pleasanton, California

April 13, 2010

IMPORTANT: WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED POSTAGE PAID ENVELOPE OR VOTE BY TELEPHONE OR THROUGH THE INTERNET ACCORDING TO THE INSTRUCTIONS INCLUDED WITH THE PROXY CARD.

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THORATEC CORPORATION

**PROXY STATEMENT
FOR 2010 ANNUAL MEETING OF SHAREHOLDERS**

The Board of Directors of Thoratec Corporation, a California corporation (Thoratec or the Company), is furnishing this Proxy Statement to you in connection with our solicitation of proxies to be used at our 2010 Annual Meeting of Shareholders to be held on Wednesday, May 19, 2010 at 8:00 a.m., Pacific Daylight Time, or at any adjournments or postponements thereof (the Annual Meeting), for the purposes set forth in this Proxy Statement and in the accompanying Notice of 2010 Annual Meeting of Shareholders. The Annual Meeting will be held at our principal executive offices located at 6101 Stoneridge Drive, Pleasanton, California 94588. The telephone number at that address is (925) 847-8600.

The date of this Proxy Statement is April 13, 2010 and it will be mailed on or about April 15, 2010 to all shareholders entitled to vote at the Annual Meeting.

INFORMATION CONCERNING SOLICITATION AND VOTING

Record Date and Shares Outstanding

Shareholders of record at the close of business on April 5, 2010 (the Record Date), are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, 57,308,360 shares of the Company s common stock (Common Stock) were outstanding. The Company s Common Stock is listed on the NASDAQ Global Select Market.

Voting

Every shareholder voting for the election of directors may exercise cumulative voting rights and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder s shares held of record on the Record Date are entitled or, alternatively, distribute such shareholder s votes on the same principle among as many candidates as the shareholder may select, provided that votes cannot be cast for more than eight candidates. However, no shareholder will be entitled to cumulate votes for a candidate unless the candidate s name has been placed in nomination prior to the voting and the shareholder, or any other shareholder, has given notice at the meeting prior to the voting of the intention to cumulate votes. On all other matters, each share is entitled to one vote on each proposal that properly comes before the Annual Meeting.

Methods of Voting

You may vote by mail, by telephone, over the Internet or in person at the meeting.

Voting by Mail. By signing and returning the proxy card in the enclosed prepaid and addressed envelope, you are authorizing individuals named on the proxy card (known as proxies) to vote your shares at the meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting. In this way, your shares will be voted if you are unable to attend the meeting. If you received more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards to ensure that all of

your shares are voted.

Voting by Telephone. To vote by telephone, please follow the instructions included with your proxy card. If you vote by telephone, you do not need to complete and mail your proxy card. If you received the proxy materials over the Internet, please follow the voting instructions you will receive by e-mail on or about April 15, 2010.

Voting over the Internet. To vote over the Internet, please follow the instructions included with your proxy card. If you vote over the Internet, you do not need to complete and mail your proxy card. If you received the proxy

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materials over the Internet, please follow the voting instructions you will receive by e-mail on or about April 15, 2010.

Voting in Person. If you plan to attend the meeting and vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, that is, you hold a share certificate, you are considered the shareholder of record and you have the right to vote in person at the meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote such shares. Contact your broker or other record holder of the shares for assistance if this applies to you.

Quorum; Abstentions; Broker Non-Votes

The presence in person or by proxy of a majority of the shares of Common Stock outstanding and entitled to vote on the Record Date is required for a quorum at the Annual Meeting. Both abstentions and broker non-votes are counted as present for purposes of determining the presence of a quorum, but broker non-votes will not be counted towards the tabulation of votes cast on proposals presented to shareholders.

Broker non-votes include shares for which a bank, broker or other nominee (i.e., record) holder has not received voting instructions from the beneficial owner and for which the nominee holder does not have discretionary power to vote on a particular matter. Under the rules that govern brokers who are record owners of shares that are held in brokerage accounts for the beneficial owners of the shares, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on routine matters but have no discretion to vote the uninstructed shares on non-routine matters. The proposals to be voted on at the Annual Meeting include both routine matters, such as the ratification of our independent auditors, and non-routine matters, such as the election of directors and the approval of the proposal regarding the amendment and restatement of the Thoratec Corporation 2006 Incentive Stock Plan.

Vote Required

The election of directors at the Annual Meeting requires the affirmative vote of a plurality of the votes cast at the Annual Meeting.

Each other item to be voted on at the Annual Meeting requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

All votes will be tabulated by the inspector of elections appointed for the Annual Meeting. The inspector of elections will separately tabulate affirmative and negative votes, abstentions and broker non-votes. David A. Lehman, Senior Vice President, General Counsel and Secretary of the Company, has been appointed as the inspector of elections for the Annual Meeting.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it 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. Your presence at the Annual Meeting will not in and of itself be sufficient to revoke your proxy.

Solicitation of Proxies

The cost of soliciting proxies in connection with this Proxy Statement has been or will be borne by us. In addition to solicitation by mail, we may request that banks, brokers and other custodians, nominees and fiduciaries send Proxy Statements to the beneficial owners of Common Stock. We may reimburse these banks, brokers and other custodians, nominees, fiduciaries and other persons representing beneficial owners of Common Stock for their expenses in forwarding solicitation material to such beneficial owners. Some of our directors, officers and other employees may, without additional compensation, solicit proxies personally, or by telephone, facsimile or e-mail.

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We have also engaged Georgeson Inc., an outside proxy solicitor, to assist us in soliciting proxies in conjunction with the Annual Meeting. We estimate the cost of the outside proxy solicitation services will be \$10,000.

Availability of Proxy Materials

This Proxy Statement, our Annual Report, and the form of Proxy Card are available on the internet at <http://phx.corporate-ir.net/phoenix.zhtml?c=95989&p=proxy>. Each of these documents can be viewed online or printed and will remain available through the conclusion of the Annual Meeting.

Householding of Annual Disclosure Documents

The Securities and Exchange Commission (the SEC) has approved a rule governing the delivery of annual disclosure documents. This rule allows us to send a single set of our Annual Report and Proxy Statement to any household at which two or more Thoratec shareholders reside if we believe that the shareholders are members of the same family. Some banks, brokers and other intermediaries may be participating in this practice of householding proxy statements and annual reports. If you and others who share your mailing address own Common Stock in street name, meaning through bank or brokerage accounts, you may have received a notice that your household will receive only one annual report and proxy statement from each company whose stock is held in such accounts. Unless you responded that you did not want to participate in householding, a single copy of this Proxy Statement and the 2009 Annual Report have been sent to your address. This rule benefits both our shareholders and us. It reduces the volume of duplicate information received at a shareholder's house and helps reduce our expenses. Each shareholder, however, will continue to receive individual proxy cards or voting instruction forms.

If your household has previously received a single set of disclosure documents, but you would prefer to receive your own copy this year or in future years, you should contact your bank, broker or other nominee record holder. We can also deliver a separate copy of either our Annual Report or Proxy Statement to any shareholder upon either written request to Thoratec Corporation, 6035 Stoneridge Drive, Pleasanton, California 94588, Attention: Corporate Secretary, or upon oral request by calling (925) 847-8600. Similarly, if you share an address with another Thoratec shareholder and together both of you wish to receive only a single set of our annual disclosure documents, please follow the same instructions. In addition, copies of our SEC filings and certain other submissions are made available free of charge on the investor relations page of our website at www.thoratec.com as soon as practicable after electronically filing or furnishing these documents with the SEC.

BOARD OF DIRECTORS STRUCTURE AND COMPENSATION

Structure and Committees

The current members of our Board of Directors (the Board) are Gerhard F. Burbach, J. Daniel Cole, Steven H. Collis, Neil F. Dimick, Elisha W. Finney, D. Keith Grossman, Paul A. LaViolette and Daniel M. Mulvena. Mr. Dimick serves as Chairman of the Board. Howard E. Chase and J. Donald Hill, M.D. were members of the Board until the 2009 Annual Meeting of Shareholders, at which time they did not stand for re-election pursuant to the retirement age provision of our Corporate Governance Guidelines. The Board held a total of seventeen meetings during our 2009 fiscal year, which ended on January 2, 2010. During the 2009 fiscal year, the Board had an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee. Each director attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served. While the Company encourages all members of the Board to attend the annual meetings of shareholders, there is no formal policy as to their attendance at annual meetings. All sitting members of the Board attended the 2009 Annual Meeting of Shareholders.

The Board has determined that each of the current directors standing for re-election is an independent director, as defined by The Nasdaq Stock Market, Inc. (NASDAQ) corporate governance listing standards and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act), except for Gerhard F. Burbach, who serves as our President and Chief Executive Officer. The Board annually evaluates the independence of its members. A director will not qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company. In making its determination, the Board considers business and other

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applicable relationships in accordance with the director independence standards of NASDAQ, as currently in effect. The Board has also determined that all members of the Board's committees are independent of the Company under the director independence standards of NASDAQ. In addition, our independent directors meet in regularly scheduled executive sessions throughout the year.

Board Leadership Structure

The Board does not have a policy on whether the same person should serve as both the chief executive officer and chairman of the board or, if the roles are separate, whether the chairman should be selected from the non-employee directors or should be an employee. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for the Company at that time. Over its history, the Company has had both a combined chairman and chief executive officer (1976 to 1994) and a separate non-employee chairman and chief executive officer (1995 to present). The Board believes that its current leadership structure, with Mr. Dimick serving as Board Chairman and Mr. Burbach serving as Chief Executive Officer, is in the best interest of shareholders at this time. The current structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board.

Board Role in Risk Oversight

The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal, regulatory and strategic risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the executive responsible for the appropriate subject area within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies and activities. When a committee receives the report, the chairperson of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables to the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

The Compensation Committee oversees risk management as it relates to our compensation plans, policies and practices in connection with structuring our executive and non-executive compensation programs. The Compensation Committee retained Radford Surveys + Consulting (Radford), an independent compensation consultant, to prepare an analysis regarding whether our compensation plans, policies and practices create risks that are reasonably likely to have a material adverse effect on Thoratec. Radford was engaged by, reported to, and was accountable to the Compensation Committee. The Compensation Committee, relying in part on the Radford analysis, reviewed the elements of our compensation programs and believes that risks arising from our compensation plans, policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

This Proxy Statement, including the preceding paragraph, contains forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). These statements are based on our current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding actions to be taken by us. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements contained in this Proxy Statement should be considered in light of the many uncertainties that affect our business and specifically those factors discussed from time to time in Thoratec's public reports filed with the Securities and Exchange Commission, such as those discussed under the heading, Risk Factors, in Thoratec's most recent annual report on Form 10-K, and as may be updated in subsequent SEC filings.

Audit Committee

Our Audit Committee met seven times during fiscal 2009. The current members of this committee are Ms. Finney and Messrs. Cole and Dimick, with Ms. Finney serving as Chairwoman. This committee operates under a written charter adopted by our Board. The Audit Committee reviews and reassesses the charter at least annually,

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and the charter was last amended in March 2010. A copy of this amended and restated charter is included as Appendix A to this Proxy Statement.

The Board has determined that two members of the Audit Committee, Mr. Dimick and Ms. Finney, are audit committee financial experts, as that term is defined under Section 407 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the SEC in furtherance of Section 407. As described above, Ms. Finney and Messrs. Cole and Dimick are independent directors. The purposes of our Audit Committee include:

- Overseeing our accounting and financial reporting process;
- Overseeing the audits of our financial statements;
- Overseeing our relationship with our independent auditors; and
- Overseeing our system of internal controls.

In discharging its duties, our Audit Committee, among its other duties:

- Recommends to the Board the selection of the independent auditors and their compensation, evaluates the independent auditors and, where appropriate, recommends the replacement of the independent auditors;
- Meets with management and the independent auditors to review and discuss the annual financial statements and the report of the independent auditors thereon and, to the extent the independent auditors or management brings any such matters to the attention of the Audit Committee, to discuss significant issues encountered in the course of the audit work, if any, such as restrictions on the scope of activities or access to required information;
- Meets quarterly with management and the independent auditors to review and discuss the quarterly financial statements and review quarterly earnings press releases;
- Reviews significant changes to our accounting principles and practices proposed by the independent auditors or management;
- Meets with management and the independent auditors to review and discuss reports on the adequacy and effectiveness of our internal controls; and
- Reviews and approves all related party transactions.

See Report of the Audit Committee of the Board of Directors below for more information.

Compensation Committee

Our Compensation Committee met seven times during fiscal 2009. The current members of this committee are Messrs. Collis, LaViolette and Mulvena, with Mr. Mulvena serving as Chairman. Dr. Hill served as a member of this committee until the 2009 Annual Meeting of Shareholders at which time Mr. LaViolette joined this committee. This committee operates under a written charter adopted by our Board, which was most recently amended in March 2010. As described above, all members of the Compensation Committee are independent directors. In addition, all Compensation Committee members are outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), to allow the Company a tax deduction for certain employee compensation exceeding \$1,000,000 for an individual. All Compensation Committee members are also non-employee

directors within the meaning of Exchange Act Rule 16b-3 to exempt certain option grants and similar transactions from the short-swing profits prohibition of Section 16 of the Exchange Act. Our Compensation Committee:

Reviews compensation and benefits for our employees generally and for our senior executives specifically, and makes recommendations to the full Board; and

Has authority to grant equity based awards under our the Amended and Restated Thoratec 2006 Incentive Stock Plan (the 2006 Plan) to officers, employees and consultants.

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Among the Compensation Committee's duties and responsibilities set forth in its charter, the committee has direct responsibility for and authority to (i) review and approve corporate goals and objectives relevant to chief executive officer compensation, evaluate the chief executive officer's performance in light of those goals and objectives, and recommend the chief executive officer's compensation to the Board based on this evaluation; (ii) develop, review and approve compensation policies and practices applicable to the Company's officers who are deemed to be executive officers of the Company for SEC reporting purposes, including the criteria upon which executive compensation is based, the specific relationship of corporate performance to executive compensation and the composition of benefits; (iii) make recommendations to the Board with respect to the Company's incentive compensation and equity-based compensation plans; (iv) review the compensation and benefits offered to non-employee directors and recommend changes to the Board as appropriate; and (v) administer and evaluate the Company's incentive, equity-based and other executive compensation programs, including approving guidelines, making grants and awards and establishing annual award levels for employee stock options, units, restricted shares and other incentive and equity-based awards under such programs, interpreting and promulgating rules relating to the plans, modifying or canceling grants or awards, designating eligible participants and imposing limitations and conditions on grants or awards. As set forth in the Compensation Committee's charter, the committee has the authority to delegate such of its authority and responsibilities as the committee deems proper to members of the committee or a subcommittee.

For each executive officer other than the chief executive officer, the chief executive officer makes recommendations to the Compensation Committee for annual adjustments to compensation levels and short-term and long-term incentive compensation components, based upon his assessment of each executive officer's performance, retention risks, potential within the organization and the results of market studies, as described in the Compensation Discussion and Analysis section of this Proxy Statement. The Compensation Committee reviews with the chief executive officer these assessments and recommendations and determines whether or not to approve and/or modify his recommendations.

Consistent with prior years, the Compensation Committee retained Radford, an independent compensation consultant. The Committee requested Radford to prepare competitive market studies as to, and advise the Committee on, both executive and director compensation, including base salary or fees, cash incentive compensation, and long-term equity incentive compensation for 2009. Radford was engaged by, reported to, and was accountable to the Committee, and the firm was not allowed to conduct any other work for Thoratec without the authorization of the Committee. Radford did not provide any services to Thoratec in 2009 beyond its engagement as an advisor to the Committee. Radford is an independent consultant specializing in compensation matters in the technology industry.

See the discussion in the Compensation Discussion and Analysis section of this Proxy Statement, including the Competitive Market Analysis section, for a full discussion regarding processes and procedures for the determination of executive compensation.

Compensation Committee Interlocks and Insider Participation

During fiscal 2009, none of our executive officers served on the board of directors or compensation committee of another company that had an executive officer serve on our Board or our Compensation Committee. In addition, none of the members of our Compensation Committee was an officer or employee of Thoratec or any of its subsidiaries during fiscal 2009 or was formerly an officer of Thoratec or any of its subsidiaries at any time in the past.

Corporate Governance and Nominating Committee

Our Corporate Governance and Nominating Committee met four times during fiscal 2009. The current members of this committee are Messrs. Cole, Dimick and Grossman, with Mr. Cole serving as Chairman. Mr. Chase served as a

member of this committee until the 2009 Annual Meeting of Shareholders at which time Mr. Grossman joined this committee. This committee operates under a written charter adopted by our Board, which was last amended in May 2007. The purpose of the Corporate Governance and Nominating Committee is to:

Identify and approve individuals qualified to serve as members of the Board;

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Select director nominees for the next annual meeting of shareholders;

Review laws, rules and regulations regarding corporate governance and make appropriate recommendations to the Board; and

Provide oversight with respect to corporate governance and ethical conduct.

Board Compensation

Directors who are employees of Thoratec do not receive additional compensation for serving on the Board or its committees. The following table sets forth the compensation earned by Thoratec's non-employee directors for their service on the Board in 2009.

DIRECTOR COMPENSATION FOR FISCAL 2009

Name	Fees Earned or Paid in Cash (\$)	Stock Awards(1)(2) (\$)	Total (\$)
Howard E. Chase(3)	19,500	0	19,500
J. Daniel Cole	53,000	140,650	193,650
Steven H. Collis	41,000	140,650	181,650
Neil F. Dimick	68,000	140,650	208,650
Elisha W. Finney	55,000	140,650	195,650
D. Keith Grossman	41,000	140,650	181,650
J. Donald Hill, M.D.(3)	24,250	0	24,250
Paul A. LaViolette	30,750	196,910	227,660
Daniel M. Mulvena	47,000	140,650	187,650

(1) At January 2, 2010, Messrs. Cole and Dimick held outstanding options to purchase 7,500 and 7,500 shares, respectively, and Ms. Finney and Messrs. Collis, Grossman, LaViolette and Mulvena did not have any outstanding options. The non-employee directors were not granted any options to purchase Common Stock in 2009. At January 2, 2010, Messrs. Cole, Dimick, Grossman and Mulvena each held 12,500 shares of restricted stock, Mr. Collis held 14,000 shares of restricted stock, Ms. Finney held 12,250 shares of restricted stock, and Mr. LaViolette held 7,000, shares of restricted stock.

(2) Stock awards consist of restricted stock unit grants. Amounts shown do not reflect compensation actually received by the director. Instead, the amounts shown are the grant date fair value of the units computed in accordance with FASB ASC Topic 718. The assumptions made in the valuation of such restricted stock units are set forth under Note 11 of the Notes to Consolidated Financial Statements in Thoratec's Annual Report on Form 10-K for the year ended January 2, 2010.

(3) Mr. Chase and Dr. Hill did not stand for re-election at the 2009 Annual Meeting of Shareholders, and as such did not receive a grant of restricted stock units in 2009. At January 2, 2010, Mr. Chase and Dr. Hill did not hold any outstanding options or shares of restricted stock.

For the 2009 fiscal year, all non-employee directors received a \$35,000 annual retainer. Each member of the Audit Committee, other than the Chairperson, received a \$10,000 annual retainer. Each member of the Compensation Committee, other than the Chairperson, received a \$6,000 annual retainer. Each member of the Corporate Governance and Nominating Committee, other than the Chairperson, received a \$4,000 annual retainer. In addition to the annual Board retainer, the Chairperson of the Board received a \$15,000 annual retainer. In lieu of the annual Audit Committee retainer, the Chairperson of the Audit Committee received a \$20,000 annual retainer; in lieu of the annual Compensation Committee retainer, the Chairperson of the Compensation Committee received a \$12,000 annual retainer; and in lieu of the Corporate Governance and Nominating Committee retainer, the Chairperson of the Corporate Governance and Nominating Committee received an \$8,000 annual retainer. All retainers are paid on a quarterly basis. Directors do not receive any additional compensation for actions by unanimous written consent of the Board or any of the committees.

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Non-employee directors were eligible to participate in the 2006 Plan. The 2006 Plan provides for the automatic grant of restricted Common Stock to our non-employee directors. The 2006 Plan provides that in addition to any other awards that non-employee directors may be granted, non-employee directors will automatically be granted restricted stock, in the form of either restricted stock bonus awards or restricted stock units, as follows:

Initial award of 7,000 shares of restricted stock or restricted stock units (Initial Grant) upon commencing service on the Board. Such shares or units will vest in four equal annual installments beginning on the one year anniversary of the effective date of commencement of service as a Board member.

Annual award of 5,000 shares of restricted stock or restricted stock units (Annual Grant). Such shares or units will vest in four equal annual installments such that the award is fully vested after four years. The Annual Grant is granted on the date of the first meeting of the Board following the annual meeting of the Company s shareholders.

The Initial Grant and Annual Grants are made at no cost to the non-employee directors. Mr. LaViolette received an Initial Grant of 7,000 restricted stock units in May 2009, which had a grant date fair value of \$196,910. Each of the non-employee directors other than Mr. LaViolette received an Annual Grant of 5,000 restricted stock units in May 2009; each such Annual Grant had a grant date fair value of \$140,650.

CODE OF ETHICS AND CORPORATE GOVERNANCE

We have adopted a Code of Ethics that applies to all of our directors, officers and employees, and which meets the requirements of Item 406 of Regulation S-K of the Exchange Act. Our Code of Ethics is available on our investor relations website at www.thoratec.com, under Investor Relations Corporate Governance. The code covers topics, including but not limited to, potential conflicts of interest, compliance with applicable governmental laws, rules and regulations and the reporting of violations of the code. Any amendments to the Code of Ethics will be posted on our website. The Board has the sole authority to approve any waiver of the Code of Ethics relating to the activities of any of our senior financial officers, other executive officers and directors. Any waiver of the Code of Ethics for these individuals will be disclosed promptly on Form 8-K or any other means approved by applicable SEC rules and NASDAQ listing standards.

We have also adopted Corporate Governance Guidelines that provide guidelines for the conduct and operation of the Board, including the composition and selection of members of the Board, role of the Board, orientation and education of directors, conduct of Board meetings, structure and conduct of Board committees, and Board interaction with management, advisors, investors and shareholders. Our Corporate Governance Guidelines are available on our investor relations website at www.thoratec.com, under Investor Relations Corporate Governance.

For information on our corporate governance practices in addition to our Code of Ethics and Corporate Governance Guidelines, including the Company s Compliance Program, the charters approved by the Board for the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, and the Audit Committee Complaint Procedures, please visit the Company s investor relations website at www.thoratec.com, under Investor Relations Corporate Governance.

DIRECTOR NOMINATIONS

Criteria for Nomination to the Board

The Corporate Governance and Nominating Committee considers the appropriate balance of experience, skills and personal characteristics required of Board members, and seeks to insure that at least a majority of the directors are

independent under the rules of NASDAQ, and that members of the Company's Audit Committee meet the financial literacy and other requirements under NASDAQ and SEC rules. While the Corporate Governance and Nominating Committee has not established specific minimum qualifications for director candidates, nominees for director are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, willingness to devote adequate time to Board duties, the interplay of the candidate's experience and skills with those of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

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Shareholder Recommendations for Director

The Corporate Governance and Nominating Committee will consider written recommendations for director candidates from shareholders. Any such recommendations should be submitted to the Corporate Governance and Nominating Committee, c/o the Corporate Secretary of the Company, and should include the following information: (a) all information relating to the candidate that is required to be disclosed pursuant to Regulation 14A under the Exchange Act (including the person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the name(s) and address(es) of the shareholder(s) making the recommendation and the number of shares of Common Stock that are owned beneficially and of record by the shareholder(s); and (c) appropriate biographical information and a statement as to the qualifications of the candidate.

Alternatively, shareholders intending to appear at an annual meeting of shareholders in order to nominate a candidate for election by the shareholders at the meeting (in cases where the Board does not intend to nominate the candidate or where the Corporate Governance and Nominating Committee was not requested to consider the candidate) must comply with the procedures in Section 4(c) of the Company's By-Laws. Shareholders can obtain a copy of the Company's By-Laws, without charge, by writing to our Corporate Secretary. Under the Company's By-Laws, and as described under Deadline for Receipt of Shareholder Proposals below, written notice of a nomination must be received by our Corporate Secretary no earlier than January 20, 2011 and no later than February 19, 2011 in order to be considered at the 2011 annual meeting of shareholders.

Process for Identifying and Evaluating Director Candidates

The process for identifying and evaluating candidates for the Board is initiated by identifying a slate of candidates who meet the criteria for selection as nominees and have the specific qualities or skills being sought based on input from members of the Board and, if the Corporate Governance and Nominating Committee deems appropriate, a third-party search firm. These candidates are evaluated by the Corporate Governance and Nominating Committee by reviewing the candidates' biographical information and qualifications, and by checking the candidates' references. Qualified nominees are interviewed by at least one member of the Corporate Governance and Nominating Committee. Promising candidates meet with all members of the Board, and based on input from such interviews and the information obtained by the Corporate Governance and Nominating Committee, the committee evaluates which of the prospective candidates are qualified to serve as directors and whether the committee should recommend to the Board that the Board nominate, or elect to fill a vacancy, these final prospective candidates. Candidates recommended by the Corporate Governance and Nominating Committee are presented to the Board for selection as nominees to be presented for election by the shareholders or to fill a vacancy.

The Corporate Governance and Nominating Committee evaluates shareholder-recommended candidates using the same process and the same criteria it uses to evaluate candidates from other sources.

Board Nominees for the Annual Meeting

Ms. Finney and Messrs. Burbach, Cole, Collis, Dimick, Grossman, LaViolette and Mulvena, who are all current members of the Board, are the directors standing for re-election at the Annual Meeting.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders may communicate directly with the Board by sending a certified or registered letter to any individual director, group of directors or Board committee c/o the Corporate Secretary of the Company, at the Company's main business address set forth above or by sending an email to any of the same individuals or groups at board@thoratec.com. The Corporate Secretary will review the correspondence and forward it to the individual

director, group of directors or committee of the Board to whom the communication is directed, as applicable, if the communication is relevant to Thoratec's business and financial operations, policies or corporate philosophy. Communications that are threatening, illegal or similarly inappropriate, and advertisements, solicitations for periodical or other subscriptions, and other similar communications generally will not be forwarded to any director or group of directors.

Table of Contents**PROPOSAL ONE****ELECTION OF DIRECTORS****Nominees**

A board of eight directors is to be elected at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the eight nominees named below, each of whom is presently serving as one of our directors. If additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in accordance with cumulative voting to elect as many of the nominees listed below as possible. In such event, the proxy holders will determine the specific nominees for whom such votes will be cumulated. The term of office for each person elected as a director will continue until the next annual meeting of shareholders or until the successor to such person has been elected and qualified. We do not expect that any nominee will be unable or will decline to serve as a director.

The following table provides information concerning our director nominees:

Name of Nominee	Age	Position with Our Company	Director Since
Neil F. Dimick	60	Director and Chairman of the Board	2003
Gerhard F. Burbach	48	Director, President and Chief Executive Officer	2006
J. Daniel Cole	63	Director	1997
Steven H. Collis	48	Director	2008
Elisha W. Finney	48	Director	2007
D. Keith Grossman	49	Director	1996
Paul A. LaViolette	52	Director	2009
Daniel M. Mulvena	61	Director	1997

The principal occupations, positions and directorships for at least the past five years of our director nominees, as well as certain information regarding their individual experience, qualifications, attributes and skills that led our Board of Directors to conclude that they should serve on the Board, are described below. In addition to the information presented below, we also believe that all of our director nominees possess high degrees of integrity and honesty and adhere to the highest ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to the Company and our Board. There are no family relationships among any of our directors or executive officers.

Neil F. Dimick became a director of our Company in October 2003. In May 2007, Mr. Dimick became Chairman of the Board. Mr. Dimick was Executive Vice President and Chief Financial Officer of AmerisourceBergen Corporation, a pharmaceutical distributor, from August 2001 to May 2002, and served as Senior Executive Vice President and Chief Financial Officer and a director of Bergen Brunswig Corporation and was a member of that board's finance, investment and retirement committees for more than five years prior to its merger with AmeriSource Health in 2001. Mr. Dimick also spent eighteen years with the audit firm Deloitte & Touche LLP, where he was an audit partner and national director of the firm's real estate division. Mr. Dimick currently serves as a member of the board of directors of Alliance Imaging, Inc., Mylan Laboratories, Inc., Resources Connection, Inc. and WebMD Corporation and has additionally in the past five years served as a member of the board of directors of Emdeon Corporation and HLTH Corporation. The Board has selected Mr. Dimick to serve as a director because of his extensive experience serving on

public company boards and board committees, as well as his leadership positions with both a major auditing firm and a pharmaceutical distribution company, resulting in a wealth of knowledge on financial, commercial and industry related matters.

Gerhard F. Burbach, President, Chief Executive Officer and Director, joined our Company as President and Chief Executive Officer in January 2006. He was elected to the Board at the same time. Mr. Burbach previously served as President and Chief Executive Officer of Digirad Corporation, a provider of solid-state imaging products and services to cardiologist offices, hospitals and imaging centers. Before that he served for two years as president and chief executive officer of Bacchus Vascular Inc, a developer of interventional cardiovascular devices.

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Previously, he served for three years as chief executive officer of Philips Nuclear Medicine, a division of Philips Medical Systems specializing in nuclear medicine imaging systems. Until its acquisition by Philips Medical Systems, he spent four years at ADAC Laboratories, a provider of nuclear medicine imaging equipment and radiation therapy planning systems, where he became president and general manager of the nuclear medicine division. Mr. Burbach also spent six years with the consulting firm of McKinsey & Company, Inc., where he was most recently a senior engagement manager in the firm's healthcare practice. Mr. Burbach also serves as a member of the board of directors of Digirad. The Board has selected Mr. Burbach to serve as a director because of his extensive and highly relevant leadership experience in the medical technology industry, together with his unique perspective on the Company's operations due to his position as our President and Chief Executive Officer.

J. Daniel Cole became a director of our Company in June 1997. Since March 1997, Mr. Cole has been a general partner of the Spray Venture Fund of Boston. Mr. Cole has also been a venture partner at Oxford Bioscience Partners since 2009. Mr. Cole was President and Chief Operating Officer of SciMed Life Systems Corporation, an interventional cardiology products company, from March 1993 to March 1995, and Senior Vice President and Group President of the vascular business of Boston Scientific Corporation, a worldwide developer, manufacturer and marketer of medical devices that are used in a broad range of interventional medical specialties, from March 1995 to March 1997. He has also held a number of senior executive positions at Baxter Healthcare Corporation from April 1982 to January 1993, including President of its Edwards Less Invasive Surgery Division and its Critical Care Division. Mr. Cole also serves as a member of the board of directors of several private companies. The Board has selected Mr. Cole to serve as a director because of his extensive industry knowledge and experience, including operational, leadership and board experience from his executive positions at major medical technology companies, venture capital partnership positions, and memberships on the boards of various private medical technology companies. Mr. Cole is also particularly qualified because of his deep knowledge of Thoratec and its market due to his nearly thirteen years of service on our Board.

Steven H. Collis became a director of our Company in January 2008. Mr. Collis is Executive Vice President of AmerisourceBergen Corporation, and President of its AmerisourceBergen Drug Company (ABDC). ABDC is drug wholesale company. Mr. Collis joined Bergen Brunswig Corporation, a predecessor to AmerisourceBergen, in 1994 as general manager of Alternate Site Distributors, and was named President of its Specialty Group in 1999. He was previously a principal and general manager of Sterling Medical, a national provider and distributor of medical disposable supplies, health management services and continuous quality management programs to the home care market. The Board has selected Mr. Collis to serve as a director because of his insight and experience in leading a growing corporate enterprise through his current executive leadership positions.

Elisha W. Finney became a director of our Company in June 2007. Ms. Finney is Senior Vice President and Chief Financial Officer of Varian Medical Systems, a manufacturer of medical devices and software for treating cancer. Ms. Finney joined Varian Medical in 1988 as a risk manager and was named corporate treasurer in 1998. She was named Vice President, Finance and Chief Financial Officer in 1999, and promoted to Senior Vice President in 2005. Before that, she held risk management positions with the Fox Group and Beatrice Foods. Ms. Finney served as a member of the board of directors of Laserscope Inc. from August 2005 until its acquisition by American Medical Systems in July 2006. The Board has selected Ms. Finney to serve as a director because of her experience as a CFO and head of regulatory matters at a publicly-held medical device manufacturer, her ability to chair and contribute to our Audit Committee as a SEC financial expert and her experience and perspectives on risk management due to her current and prior industry roles.

D. Keith Grossman became a director of our Company in February 1996. Since September 2007, Mr. Grossman has been a Managing Director with TPG (Texas Pacific Group), a private equity firm, in their healthcare venture capital arm. From January 1996 until January 2006, Mr. Grossman served as our President and Chief Executive Officer. Prior to joining us, Mr. Grossman was a Division President of Major Pharmaceuticals, Inc., from June 1992 to September

1995, at which time it was sold. From July 1988 to June 1992, Mr. Grossman served as the Vice President of Sales and Marketing for Calcitek, Inc., a manufacturer of implantable medical devices and a division of Sulzermedica (formerly Intermedics, Inc.). Prior to 1988, Mr. Grossman held various other sales and marketing management positions within the McGaw Laboratories Division of American Hospital Supply Corporation. Mr. Grossman also serves as a member of the board of directors of Intuitive Surgical, Inc. and additionally served as a member of the board of directors of Kyphon, Inc. Mr. Grossman also serves as a member of the board of

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directors of several private medical product companies. The Board has selected Mr. Grossman to serve as a director because of his extensive medical technology industry experience, including ten years as our CEO formerly, current and past board positions on both public and private medical technology companies, and related operational, leadership, and market knowledge.

Paul A. LaViolette became a director of our Company in May 2009. Since December 2008, Mr. LaViolette has been a venture partner with SV Life Sciences, a venture capital adviser and manager in the life sciences sector. Mr. LaViolette was Chief Operating Officer of Boston Scientific until July 2008 and joined Boston Scientific in January 1994. Prior to becoming its Chief Operating Officer, Mr. LaViolette held positions with Boston Scientific as Senior Vice President and Group President, Cardiovascular for Boston Scientific's Scimed, EPT and Target businesses, President of Scimed, President of Boston Scientific International, Senior Vice President and Group President-Nonvascular Businesses, and President, Boston Scientific International, and Vice President-International. Prior to joining Boston Scientific, he was employed by C.R. Bard, Inc. in various capacities, including President, U.S.C.I. Division, President, U.S.C.I. Angioplasty Division, Vice President and General Manager, U.S.C.I. Angioplasty Division, and Vice President U.S.C.I. Division. Mr. LaViolette serves as a member of the board of directors of Conceptus, Inc. and TranS1, Inc., as well as a member of the board of directors of several private medical technology companies. The Board has selected Mr. LaViolette to serve as a director because of his operational, leadership and strategic knowledge and experience from serving in executive positions for major medical technology companies and currently as a venture capitalist focused on life sciences companies. He also has significant health policy experience due to his participation as a board member and committee chair for the Advanced Medical Technology Association.

Daniel M. Mulvena became a director of our Company in May 1997. Mr. Mulvena is the founder and owner of Commodore Associates, a consulting company. Mr. Mulvena was Group Vice President Cardiac/Cardiology and a member of the operating committee for Boston Scientific from February 1992 to May 1995. Prior to that, he was the President and Chief Executive Officer and Chairman of Lithox Systems, Inc., an early stage medical device company. Prior to that, Mr. Mulvena held a number of executive positions, including President of the Implants Division and President of the Cardiosurgery Division, at C.R. Bard, Inc. Mr. Mulvena also serves as a member of the board of directors of Zoll Medical Corporation. The Board has selected Mr. Mulvena to serve as a director because of his directly relevant operational experience, knowledge and insight from his leadership positions with medical technology companies and board memberships. Mr. Mulvena's nearly thirteen years of service on our Board also provides him with particularly deep knowledge concerning our operations, strategy and market.

Required Vote; Recommendation of the Board

The election of directors at the Annual Meeting requires the affirmative vote of a plurality of the votes cast at the Annual Meeting. The eight nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to vote shall be elected as directors. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but have no further legal effect under California law. Unless marked to the contrary, proxies received will be voted **FOR** the eight nominees as the proxy holders determine in order to elect as many of the eight nominees as possible, whether or not by cumulative voting.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR ELECTION TO THE BOARD OF EACH OF THE NOMINEES PROPOSED ABOVE.

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PROPOSAL TWO

APPROVAL OF AMENDMENT AND RESTATEMENT OF THE 2006 INCENTIVE STOCK PLAN

The 2006 Plan was originally approved by the Board on April 19, 2006, which approval and adoption was conditioned on the approval of the shareholders, and approved by the shareholders on May 25, 2006. An amendment to the 2006 Plan was subsequently unanimously approved by the Board on April 7, 2008 and approved by the shareholders on May 20, 2008. We are seeking approval from our shareholders of an amendment and restatement to the 2006 Plan (the Amendment) providing for two changes to the 2006 Plan.

The Amendment increases the total number of shares of Thoratec Common Stock available for issuance under the 2006 Plan by 3,200,000 shares to a total of 8,600,000 shares. The 2006 Plan currently provides for an aggregate of 5,400,000 shares to be issued under the 2006 Plan. As of April 5, 2010, 790,724 shares of Common Stock remained available for issuance under the 2006 Plan. The increase in the total number of shares of Common Stock available for issuance under the 2006 Plan represents approximately 5.6% of Thoratec's outstanding Common Stock as of April 5, 2010.

The Amendment also provides that (i) each share issued as restricted stock bonuses, restricted stock units, phantom stock units, performance share bonuses, or performance share units counts against the number of shares available under the 2006 Plan as one and seven tenths (1.7) shares; and (ii) each share issued as stock options, restricted stock purchase rights or stock appreciation rights counts against the shares available under the 2006 Plan on a share-for-share basis. The 2006 Plan currently provides that each share issued as restricted stock bonuses, restricted stock units, phantom stock units, performance share bonuses, or performance share units counts against the number of shares available under the 2006 Plan as one and seventy-four hundredths (1.74) shares.

The Amendment also contains some updated administrative and immaterial changes from the terms of the 2006 Plan.

The Amendment was unanimously approved by the Board on March 2, 2010. Unless it is approved by our shareholders, the Amendment will not become effective. If the Amendment is approved by our shareholders, then it will become effective immediately following the Annual Meeting. The full text of the 2006 Plan as amended and restated by the terms of the Amendment is included as Appendix B to this Proxy Statement. Below is a summary of certain key provisions of the 2006 Plan as amended and restated by the proposed Amendment.

Reasons for the Proposed Amendment

The Board and the Company believe that approving the Amendment will continue to provide us with a flexible range of equity award opportunities to attract, retain and motivate the best available talent for the successful conduct of the Company's business in responding to changing circumstances over time and will serve to align the interests of directors, management and employees with those of our public shareholders.

Shareholder approval of the proposed Amendment, as described above, is a critical component of Thoratec's equity compensation policies. The Amendment will provide us the ability to continue to use restricted stock bonuses and restricted stock units (together, described as restricted stock) to reduce reliance on options for equity compensation. We believe that a mix of options and restricted stock enhances retention of the key technical and business leaders who are critical to our success and growth. Granting restricted stock (i) reduces our reliance on options, (ii) provides an important tool for retaining and motivating critical employees, and (iii) allows us to maintain a competitive compensation program and improve retention without increasing the use of company cash.

We believe that the use of restricted stock promotes best practices in compensation and governance. Restricted stock promotes good corporate governance because shares or units of restricted stock do not depend on repricing during a market downturn to maintain a portion of their value.

Section 162(m)

The Board continues to believe that it is in the best interests of the Company and its shareholders to continue to provide for an equity incentive plan under which stock-based compensation awards made to the Company's executive officers can qualify for deductibility by the Company for federal income tax purposes. Accordingly, the

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2006 Plan has been structured in a manner such that awards under it may satisfy the requirements for performance-based compensation within the meaning of Section 162(m) of the Code (Section 162(m)). In general, under Section 162(m), in order for the Company to be able to deduct compensation in excess of \$1 million paid in any one year to the Company's Chief Executive Officer or any of the Company's three other most highly compensated executive officers (other than the Company's Chief Financial Officer), such compensation must qualify as performance-based. One of the requirements of performance-based compensation for purposes of Section 162(m) is that the material terms of the performance goals under which compensation may be paid be disclosed to and approved by the Company's shareholders. For purposes of Section 162(m), the material terms include (i) the employees eligible to receive compensation, (ii) a description of the business criteria on which the performance goal is based and (iii) the maximum amount of compensation that can be paid to an employee under the performance goal. With respect to the various types of awards under the 2006 Plan, each of these aspects is discussed below, and shareholder approval of the Amendment will be deemed to constitute approval of each of these aspects of the 2006 Plan for purposes of the approval requirements of Section 162(m).

Required Vote; Recommendation of the Board

The affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting will be required to approve the Amendment. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the effect of votes against the proposal. Broker non-votes will be treated as not being entitled to vote on the proposal and, therefore, are not counted for purposes of determining whether the proposal has been approved. Unless marked to the contrary, proxies received will be voted **FOR** approval of the Amendment. Should such approval not be obtained, then the Amendment will not become effective.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE THORATEC CORPORATION 2006 INCENTIVE STOCK PLAN

Summary of the 2006 Plan

The following summary of the material provisions of the 2006 Plan as modified by the proposed Amendment is qualified in its entirety by the complete text of the 2006 Plan as amended and restated by the Amendment, a copy of which is included as Appendix B to this Proxy Statement.

Purpose of the 2006 Plan

The 2006 Plan was unanimously approved by the Board on April 19, 2006, approved by the shareholders on May 25, 2006, amended and restated by the Board on May 25, 2006, amended and restated by the Board on April 7, 2008, approved by the shareholders on May 20, 2008, and amended and restated by the Board on May 20, 2008. As of April 5, 2010, 1,647,646 shares were subject to outstanding options under the 2006 Plan, with a weighted average exercise price of \$21.61 and a weighted average remaining term of 8.20 years and as of April 5, 2010, 866,226 shares were subject to restricted stock units outstanding under the 2006 Plan and 347,068 shares of restricted stock were outstanding under the 2006 Plan. The 2006 Plan serves as a successor to our 1997 Stock Option Plan (the 1997 Plan), the 1996 Stock Option Plan (the 1996 Plan), the 1996 Nonemployee Directors Stock Option Plan (the Directors Option Plan), and the 1993 Stock Option Plan (the 1993 Plan, and together with the 1997 Plan, the 1996 Plan and the Directors Option Plan, the Terminated Plans). As of April 5, 2010, 2,315,125 shares were subject to outstanding options under the Terminated Plans, with a weighted average exercise price of \$16.77 and a weighted average remaining term of 4.18 years. As of April 5, 2010, 52 shares were subject to restricted stock units outstanding under the Terminated Plans and 10,000 shares of restricted stock were outstanding under the Terminated Plans.

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Key Terms

The following is a summary of the key provisions of the 2006 Plan, as amended and restated by the proposed Amendment.

Plan Term:	Ten years
Eligible Participants:	Employees, officers, directors, and consultants of the Company
Shares Authorized:	8,600,000 shares of Common Stock
Permitted Award Types:	Stock options; restricted stock bonuses; restricted stock purchases; restricted stock units; stock appreciation rights (SARs); stapled stock option/SARs (each component of such award is exercised to the same degree upon exercise); phantom stock units (payable in cash, stock or a combination); performance share bonuses; and performance share units.
Vesting:	Options subject to the determination of the 2006 Plan administrator (the Administrator), provided if vesting is based on service with Thoratec, the option will not fully vest in less than 3 years and if based on performance criteria, the option will not fully vest in less than 1 year. Restricted stock bonuses 1/4 per year for 4 years, unless otherwise determined by the Administrator, provided if vesting is based on service with Thoratec, the bonus will not fully vest in less than 3 years and if based on performance criteria, the bonus will not fully vest in less than 1 year. Restricted stock units 1/4 per year for 4 years, unless otherwise determined by the Administrator, provided if vesting is based on service with Thoratec, the bonus will not fully vest in less than 3 years and if based on performance criteria, the bonus will not fully vest in less than 1 year. Restricted stock bonuses and restricted stock units granted in recognition of an employee s long-term continuous service may vest fully in periods shorter than those described above or may be fully vested upon grant (Accelerated Vesting Restricted Stock Bonuses) and (Accelerated Vesting Restricted Stock Units). All other award types permitted by the 2006 Plan vesting is subject to the determination of the Administrator.

Description of the 2006 Plan

Eligibility. Employees, officers, directors and consultants are eligible to receive awards under the 2006 Plan. As of April 5, 2010, we had approximately 1201 employees, officers and directors who were eligible to receive awards under the 2006 Plan, of which four were executive officers and seven were non-employee directors. Historically we have only granted to approximately one third of total employees, based on seniority.

Types of Awards. The types of awards that are available for grant under the 2006 Plan (described in detail below) are:

- incentive stock options;
- non-qualified stock options;
- restricted stock bonuses;

restricted stock purchase rights;

stock appreciation rights;

phantom stock units;

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restricted stock units;

performance share bonuses; and

performance share units.

Share Reserve. The maximum aggregate number of shares of Common Stock that may be issued pursuant to stock awards under the 2006 Plan, will not exceed eight million six hundred thousand (8,600,000) shares. Each share issued after May 19, 2010, including shares approved by the Amendment, as restricted stock bonuses, restricted stock units, phantom stock units, performance share bonuses, or performance share units counts against the number of shares available under the 2006 Plan as one and seven tenths (1.7) shares. Each share issued as stock options, restricted stock purchase rights or stock appreciation rights counts against the shares available under the 2006 Plan on a share-for-share basis. No more than an aggregate of five percent (5%) of the initial share reserve authorized at the time of the adoption of the 2006 Plan and five percent (5%) of any increase in the share reserve as may be approved by the shareholders of the Company from time to time may be granted under Accelerated Vesting Restricted Stock Bonuses and Accelerated Vesting Restricted Stock Units. If any award granted under the 2006 Plan:

expires, is cancelled or otherwise terminates without having been exercised or redeemed in full;

is reacquired by Thoratec prior to vesting; or

is repurchased at cost by Thoratec prior to vesting,

then the shares of Common Stock underlying the award will revert or be added to the share reserve and become available for issuance under the 2006 Plan. For shares that revert or are added to the share reserve as provided above, the share reserve shall be increased by (i) one and seven tenths (1.7) shares for each share of Common Stock underlying a restricted stock bonus, restricted stock unit, phantom stock unit, performance share bonus, or performance share unit and (ii) one (1) share for each share of Common Stock underlying a stock option, restricted stock purchase right or stock appreciation right.

Section 162(m) Limit. Section 162(m) of the Code permits performance-based compensation meeting the requirements established by the Internal Revenue Service (IRS) to be excluded from the limitation on deductibility of compensation in excess of \$1 million paid to certain specified senior executives. So that income recognized with respect to options and stock appreciation rights may qualify for full deductibility to the Company under Section 162(m), the 2006 Plan limits awards to individual participants to no more than 350,000 shares of Common Stock subject to options or stock appreciation rights during any fiscal year, except for new employees, who may receive an award of options or stock appreciation rights covering up to an additional 250,000 shares of Common Stock, if such award is in connection with his or her initial service.

Adjustments. The number of shares issued or reserved pursuant to the 2006 Plan, the share limits on grants of options and/or stock appreciation rights to a given participant, and the number of shares and exercise or base price for outstanding awards, is subject to adjustment on account of mergers, consolidations, reorganizations, recapitalizations, reincorporations, stock splits, spinoffs, stock dividends, extraordinary dividends and distributions, liquidating dividends, combinations or exchanges of shares, changes in corporate structure or other transactions in which we do not receive any consideration.

Administration of the 2006 Plan. As authorized by the 2006 Plan, our Board has delegated administration of the 2006 Plan to the Compensation Committee, which acts as the Administrator. The Compensation Committee has the

authority to perform the following actions, among others:

designate participants in the 2006 Plan;

determine the type(s), number, terms and conditions of awards, as well as the timing and manner of grant, subject to the terms of the 2006 Plan;

interpret the 2006 Plan and establish, adopt or revise any rules and regulations to administer the 2006 Plan; and

make all other decisions and determinations that may be required under the 2006 Plan.

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Options. The 2006 Plan provides that options must have an exercise price that is at least equal to 100% of the fair market value of our Common Stock on the date the option is granted. To the extent permitted in his or her option agreement and to the extent permitted by law, an option holder may exercise an option by payment of the exercise price in a number of different ways, including: (1) in cash or by check; (2) pursuant to a same day sale program; (3) by the surrender of shares of Common Stock already owned by the option holder; (4) by reduction of the number of shares of Common Stock otherwise issuable upon exercise of the option; (5) by reduction of our liability to the option holder; or (6) by some combination of the above. The vesting of options will generally be determined by the Administrator; provided, that if the vesting of an option is based on the option holder's continuous service, such option will not fully vest in less than three years and if based on performance criteria, such option will not fully vest in less than one year. Subject to the provisions of the 2006 Plan regarding grants of incentive stock options to ten percent shareholders of the Company, no option will be exercisable after the expiration of ten (10) years from the date it was granted; grants of incentive stock options to ten percent shareholders of the Company may not be exercisable after the expiration of five (5) years from the date it was granted.

Restricted Stock Bonuses and Performance Share Bonuses. Restricted stock bonuses and performance share bonuses are grants of Common Stock not requiring any monetary consideration, but subject to restrictions, as determined by the Administrator. Generally, unless the participant's award agreement provides otherwise, the participant may not sell, transfer, or otherwise dispose of the shares issued in the participant's name at the time of grant until those conditions are met. The vesting of restricted stock bonus awards will generally be based on the participant's continuous service; the vesting of performance share bonus awards will be based on the achievement of certain performance criteria, as determined by the Administrator. If the vesting of a restricted stock bonus award is based on the participant's continuous service, such restricted stock bonus will not fully vest in less than three years and if based on performance criteria, such restricted stock bonus will not fully vest in less than one year. A performance share bonus award will not fully vest in less than one year. In the event a participant's continuous service terminates or a participant fails to meet performance criteria, all unvested shares as of the date of termination will be reacquired by us at no cost to us.

Automatic Awards to Non-Employee Directors. The 2006 Plan provides that non-employee directors will automatically be granted restricted stock bonuses as follows:

Initial award of 7,000 shares of restricted stock or restricted stock units. Such shares or units will vest in four equal annual installments beginning on the one year anniversary of the effective date of commencement of service as a Board member.

Annual award of 5,000 shares of restricted stock or restricted stock units. Such shares or units will vest in four equal annual installments such that the award is fully vested after four years from the date of grant.

The 2006 Plan also provides that non-employee directors may be granted other awards in addition to the automatic grants, which awards may only be granted by a committee comprised solely of non-employee directors.

Restricted Stock Purchase Rights. Restricted stock purchase rights entitle a participant to purchase shares of Common Stock that are subject to conditions determined by the Administrator. The purchase price will be determined by the Administrator but will be at least 100% of the fair market value of our Common Stock on the date of such award. Generally, unless the participant's award agreement provides otherwise, the participant may not sell, transfer, or otherwise dispose of the shares issued in the participant's name at the time of grant until those restrictive conditions are met. The vesting of restricted stock purchase rights will be determined by the Administrator for each grant. In the event a participant's continuous service terminates, we may repurchase all unvested shares as of the date of termination at the same price paid to us by the participant. No restricted stock purchase right will be exercisable after the expiration of ten (10) years from the date it was granted.

Stock Appreciation Rights. The Administrator may grant stock appreciation rights independently of or in connection with an option grant. The base price per share of a stock appreciation right will be at least 100% of the fair market value of our Common Stock on the date of grant. Each stock appreciation right will entitle a participant upon redemption to an amount no more than (a) the excess of (1) the fair market value on the redemption date of one share of Common Stock over (2) the base price, times (b) the number of shares of Common Stock covered by the stock appreciation right being redeemed. To the extent a stock appreciation right is granted concurrently with an

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option grant, the redemption of the stock appreciation right will proportionately reduce the number of shares of Common Stock subject to the concurrently granted option. Payment will be made in shares of Common Stock or in cash, or a combination of both, as determined by the Administrator. No stock appreciation right will be exercisable after the expiration of ten (10) years from the date it was granted.

Phantom Stock Units. A phantom stock unit is the right to receive the value of one share of Common Stock, redeemable upon terms and conditions set by the Administrator. Distributions upon redemption of phantom stock units may be in shares of Common Stock valued at fair market value on the date of redemption or in cash, or a combination of both, as determined by the Administrator.

Restricted Stock Units and Performance Share Units. The Administrator may award restricted stock units or performance share units, both of which entitle the participant to receive the value of one share of Common Stock per unit no earlier than the time the unit vests, with delivery of such value (distributed in shares of Common Stock or in cash) as soon as administratively practicable following vesting, unless the Administrator provides for an election to defer the value of vested units in the award agreement and the participant makes such an election prior to the vesting of any such units. For restricted stock units, vesting will generally be based on the participant's continuous service; for performance share units, vesting will be based on the achievement of certain performance criteria, as determined by the Administrator. If the vesting of a restricted stock unit is based on the participant's continuous service, such restricted stock unit will not fully vest in less than three years and if based on performance criteria, such restricted stock unit will not fully vest in less than one year. A performance share unit will not fully vest in less than one year. In the event a participant's continuous service terminates or a participant fails to meet performance criteria, the unvested portion of the participant's restricted stock units and performance share units will expire as of the date of termination.

Transferability. Unless otherwise determined by the Administrator or provided for in a written agreement setting forth the terms of an award, awards granted under the 2006 Plan are not transferable other than by will or by the laws of descent and distribution.

Change of Control. If a change of control of Thoratec occurs, then the awards issued under the 2006 Plan may be subject to continuation, substitution, exchange for payment or termination.

Acceleration of Vesting. The Administrator may accelerate exercisability or vesting of any award granted under the 2006 Plan upon a change of control of Thoratec, or upon the death, disability or termination of service of the participant.

No Repricing Without Shareholder Approval. Subject to shareholder approval, the Board has the authority to effect a repricing of any outstanding options or the cancellation of any outstanding options and the grant in substitution therefore of new awards under the 2006 Plan.

Amendment or Termination. The Board may amend, suspend or terminate the 2006 Plan in any respect at any time, subject to shareholder approval if such approval is required by applicable law or stock exchange rules. However, no amendment to the 2006 Plan may materially impair any of the rights of a participant under any awards previously granted, without his or her written consent.

Term. Unless earlier terminated by the Board, the 2006 Plan will expire on May 24, 2016, the day before the tenth anniversary of the date of shareholder approval. No awards will be granted under the 2006 Plan after that date.

Share Price. On April 1, 2010, the last trading day prior the Record Date, the closing price of our Common Stock on NASDAQ was \$33.99 per share.

Certain Federal Income Tax Consequences

The Company believes that, based on the laws as in effect on the date of this Proxy Statement, the following are the principal federal income tax consequences to participants and the Company of options, stock appreciation rights and other types of stock awards granted under the 2006 Plan. This summary is not a complete analysis of all potential tax consequences relevant to participants and the Company and does not describe tax consequences based on particular circumstances. State, local and foreign tax laws are not discussed.

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When a non-qualified stock option is granted with an exercise price at least equal to the fair market value of the Common Stock, there are no income tax consequences for the option holder or the Company at the time of grant. When a non-qualified stock option is exercised, in general, the option holder recognizes taxable income equal to the excess of the fair market value of the underlying Common Stock on the date of exercise over the aggregate exercise price, known as the spread. The Company is entitled to a corresponding tax deduction equal to the taxable income recognized by the option holder for the taxable year that ends with or within the year in which the option holder recognized taxable income on the spread. The tax consequences associated with the grant of restricted stock purchase rights and the purchase of shares under those rights are substantially the same.

When an incentive stock option is granted with an exercise price at least equal to the fair market value of the Common Stock, as required by law, there are no income tax consequences for the option holder or the Company at the time of grant. Generally, the option holder will not incur ordinary income tax, and the Company will not receive a deduction, when the option holder exercises the incentive stock option. However, the option holder may become subject to the alternative minimum tax upon exercise, depending upon the individual's tax situation.

If the option holder disposes of the underlying Common Stock after the option holder has held the Common Stock for at least two years after the incentive stock option was granted and at least one year after the incentive stock option was exercised, the amount the option holder receives upon the disposition over the exercise price is treated as long-term capital gain for the option holder. In that case, the Company is not entitled to a deduction. If the option holder makes a disqualifying disposition of the underlying Common Stock by disposing of the Common Stock before it has been held for at least two years after the date the incentive stock option was granted and one year after the date the incentive stock option was exercised, the option holder recognizes compensation income in that tax year equal to the excess of (1) the fair market value of the underlying Common Stock on the date the incentive stock option was exercised or, if less, the amount received on the disposition, over (2) the option price. The Company is then entitled to a deduction equal to the compensation recognized by the option holder for the taxable year that ends with or within the taxable year in which the option holder recognized the compensation.

When a stock appreciation right is granted with an exercise price at least equal to the fair market value of the Company's Common Stock, there are no income tax consequences for the participant or the Company at the date of grant. When a stock appreciation right is redeemed, in general, the participant recognizes taxable income equal to the cash and/or the fair market value of the shares received upon redemption in an amount equal to the spread. The Company is entitled to a deduction equal to the taxable income recognized by the participant.

When a restricted stock bonus award is granted, if the shares under the award are unvested and subject to the Company's unvested share reacquisition right upon termination of employment prior to full vesting of those shares, the recipient will not generally recognize any taxable income at the time of the award. As and when the shares vest and the Company's unvested share reacquisition right lapses, the recipient will have to report as ordinary income an amount equal to the fair market value of the shares on the date such shares vest less any amount paid for the award. Notwithstanding the foregoing, if the recipient receives unvested shares subject to the Company's unvested share reacquisition right, the recipient may elect under Section 83(b) of the Code to recognize income at the time of the award. In each case, the Company will be entitled to a deduction equal to the taxable income recognized by the recipient for the taxable year that ends with or within the taxable year in which the recipient recognized the income.

When a restricted stock unit award is granted, a participant will generally not recognize taxable income at the time of the grant. When an award is paid (assuming the award is settled at the time that the award vests), the participant will recognize ordinary income. In the event of an award that is settled in shares of the Company's Common Stock at a time following the vesting date, income tax may be deferred beyond vesting and until shares are actually delivered to the participant if deferred in compliance with the timing of distributions and other requirements under Section 409A of the Code. The Company will be entitled to a deduction at the time the participant recognizes income.

The current federal income tax consequences of other grants authorized under the 2006 Plan generally follow certain basic patterns: performance share bonuses, performance share units and phantom stock units are generally subject to tax at the time of payment. Compensation otherwise effectively deferred is taxed when paid (other than employment taxes which are generally paid at the time such compensation is deferred or vested). In each of the

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foregoing cases, the Company will generally have a corresponding deduction at the time the participant recognizes income.

New Plan Benefits

The effectiveness of the amendment and restatement of the 2006 Plan is dependent on receiving shareholder approval for the Amendment. The granting of awards under the 2006 Plan to employees, officers and consultants is discretionary, and we cannot now determine the number or type of awards to be granted in the future to any particular person or group of employees. The granting of restricted stock bonuses to non-employee directors is non-discretionary as described above in the section entitled *Automatic Awards to Non-Employee Directors* and our current non-employee directors, as a group, are expected to receive the following restricted stock unit grants under the 2006 Plan in fiscal year 2010, as shown in the table below.

Name and Position	Number of Units
Non-Executive Director Group	35,000

The dollar value of these grants will be dependent on the closing price of our Common Stock on the date of grant. If these grants were to have been made on April 1, 2010, the last trading day prior the Record Date, they would have had a dollar value of \$1,189,650.

As of April 5, 2010, the aggregate amount of options received under the 2006 Plan by Messrs. Burbach, Smith, Cohen and Lehman are 252,638, 164,832, 72,658 and 78,505, respectively; by all current executive officers as a group is 568,633; by all current directors who are not executive officers as a group is 0; by Ms. Finney and Messrs. Dimick, Cole, Collis, Grossman, LaViolette and Mulvena are each 0; by each associate of any of such directors, executive officers or nominees is 0; by each other person who received or is to receive 5 percent of such options or rights is 0; by all employees who are not executive officers, as a group is 1,332,306.

Table of Contents**SECURITIES AUTHORIZED FOR ISSUANCE UNDER
EQUITY COMPENSATION PLANS**

The following table provides information as of January 2, 2010 regarding securities authorized for issuance under the Company's equity compensation plans. The equity compensation plans of the Company include the Directors Option Plan, the 1997 Plan, the 2006 Plan, and the 2002 Employee Stock Purchase Plan (the "ESPP"). Each of these equity compensation plans was approved by the Company's shareholders. The table does not include any additional shares of Common Stock that may be issued under the Company's 2006 Plan if the amendment and restatement to the 2006 Plan is approved by the shareholders at the Annual Meeting.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	3,856,726	\$ 17.29	2,759,192(1)
Equity compensation plans not approved by security holders			
Total	3,856,726	\$ 17.29	2,759,192

(1) Includes 299,700 shares available for future issuance under the ESPP as of January 2, 2010.

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PROPOSAL THREE

RATIFICATION OF INDEPENDENT AUDITORS

In accordance with its charter, the Audit Committee has selected Deloitte & Touche LLP (Deloitte & Touche), independent auditors, to audit the Company s consolidated financial statements for fiscal 2010. The Board is asking shareholders to ratify the appointment of Deloitte & Touche as the Company s independent auditors for the fiscal year ending January 1, 2011.

Deloitte & Touche has served as our independent auditors since our inception. In accordance with standing policy, Deloitte & Touche periodically changes the personnel who work on our audit. In addition to performing the audit of our consolidated financial statements, Deloitte & Touche provided various other audit-related services during fiscal years 2009 and 2008. Representatives of Deloitte & Touche are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they wish to do so. Additionally, they will be available to respond to appropriate shareholder questions.

Shareholder ratification of the selection of Deloitte & Touche as the Company s independent auditors is not required by the Company s By-Laws or applicable law. However, the Audit Committee is submitting the selection of Deloitte & Touche to the shareholders for ratification as a matter of good corporate practice. In the event the shareholders fail to ratify the appointment, the Audit Committee may reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company s and its shareholders best interests.

Required Vote; Recommendation of the Board

The affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting will be required to ratify the selection of Deloitte & Touche as the Company s independent auditors for the fiscal year ending January 1, 2011. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the effect of votes against the proposal. Unless marked to the contrary, proxies received will be voted **FOR** ratification of the selection of Deloitte & Touche.

THE BOARD AND THE AUDIT COMMITTEE UNANIMOUSLY RECOMMEND A VOTE FOR RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE AS THE COMPANY S INDEPENDENT AUDITORS.

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS¹

The Audit Committee of the Board serves as the representative of the Board for general oversight of the Company's financial accounting and reporting process, system of internal control and audit process.

Management has primary responsibility for preparing the Company's financial statements and for the Company's financial reporting process. The Company's independent auditors, Deloitte & Touche LLP, are responsible for expressing an opinion on the conformity of our audited financial statements to accounting principles generally accepted in the United States of America.

The Audit Committee hereby reports as follows:

The Audit Committee has reviewed and discussed the audited financial statements with management.

The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 114.

The Audit Committee has received the written disclosures and the letter from the independent auditors required by PCAOB Rule 3526 (Communications with Audit Committees Concerning Independence), and has discussed with the independent auditors their independence.

The Audit Committee has also considered whether the provision of other non-audit services by Deloitte & Touche LLP to the Company is compatible with the auditors' independence.

Based on the review and discussions with management and the independent auditors referred to above, the Audit Committee recommended to the Board that the Company's audited financial statements for the fiscal year ended January 2, 2010 be included in the Company's 2009 Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Each of the members of the Audit Committee is independent as defined under the listing standards of NASDAQ.

Submitted By:
The Audit Committee

Elisha W. Finney, Chairwoman
J. Daniel Cole
Neil F. Dimick

¹ The Audit Committee Report will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or under the Exchange Act, except to the extent that our Company specifically incorporates such report by reference, and such report will not otherwise be deemed to be soliciting material to be filed under such acts.

Table of Contents**FEES PAID TO ACCOUNTANTS FOR SERVICES RENDERED DURING FISCAL YEARS 2009 AND 2008.**

The fees billed to our Company for the fiscal years ended January 2, 2010 and January 3, 2009 by Deloitte & Touche, along with the member firms of Deloitte & Touche Tohmatsu and their respective affiliates, are presented below.

Audit and Non-Audit Fees

The following table presents fees for professional audit services rendered by Deloitte & Touche for the audit of the Company's annual financial statements for the years ended January 2, 2010 and January 3, 2009 and fees billed for other services rendered by Deloitte & Touche, the member firms of Deloitte & Touche Tohmatsu, and their respective affiliates during those periods. Amounts for fiscal 2009 include billings received during fiscal 2009 and fiscal 2010 and estimates of unbilled time for work related to the fiscal 2009 audit. Amounts for fiscal 2008 include billings received during fiscal 2008 and fiscal 2009 and estimates of unbilled time for work related to the fiscal 2008 audit.

	Fiscal Year 2009	Fiscal Year 2008
Audit Fees	\$ 1,786,389	\$ 2,044,676
Audit-Related Fees	\$ 374,885	
Tax Fees		
All Other Fees		
Total	\$ 2,161,274	\$ 2,044,676

Audit Fees primarily represent amounts paid for the audit of the Company's annual financial statements, reviews of SEC Forms 10-Q and 10-K, audit of the Company's internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, and statutory audit requirements at non-U.S. locations.

Audit-Related Fees primarily relate to assurance and related services for acquisition due diligence and review of regulatory and statutory filings.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor

It is the policy of the Audit Committee to approve in advance all audit and permissible non-audit services to be provided to the Company by its independent auditors. The Audit Committee may delegate the authority to pre-approve such services to a designated member or members of the Audit Committee, so long as any such delegated approvals are disclosed to the full Audit Committee at its next scheduled meeting. The Audit Committee approved all audit, audit-related, tax and other services provided by Deloitte & Touche for fiscal years 2009 and 2008 and the estimated costs of those services. Actual amounts billed, to the extent in excess of the estimated amounts, were periodically reviewed and approved by the Audit Committee. The Audit Committee reviews any non-audit procedures on an ongoing basis to ensure that the rendering of any such services is compatible with maintaining Deloitte & Touche's independence.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of April 5, 2010 by:

Each of our directors and nominee for director;

Each Named Executive Officer, as defined in the Executive Compensation section below;

All directors and executive officers as a group; and

Each person who is known by us to own beneficially more than 5% of our Common Stock.

Name and Address(1)	Number of Shares Beneficially Owned(2)	Percent of Shares Beneficially Owned(2)
Capital World Investors(3) 333 South Hope Street Los Angeles, CA 90071	6,924,500	12.1%
FMR LLC(3) 82 Devonshire Street Boston, MA 02109	6,904,909	12.0%
BlackRock, Inc.(3) 40 East 52nd Street New York, NY 10022	4,180,581	7.3%
Gerhard F. Burbach(4)	559,646	*
Lawrence Cohen(5)	195,870	*
David A. Lehman(6)	137,495	*
David V. Smith(7)	130,194	*
J. Daniel Cole(8)	65,000	*
D. Keith Grossman(9)	40,758	*
Neil F. Dimick(10)	37,082	*
Daniel M. Mulvena(11)	15,000	*
Elisha W. Finney(12)	13,500	*
Steven H. Collis(11)	13,250	*
Paul A. LaViolette(13)	1,750	*
Directors and Executive Officers as a Group (11 persons)(14)	1,209,545	2.1%

* Less than 1%

(1) Unless otherwise indicated, the address of the persons set forth above is the address of our principal executive offices appearing elsewhere in this Proxy Statement.

(2) Applicable percentage ownership for each shareholder is based on 57,308,360 shares of Common Stock outstanding as of April 5, 2010, together with applicable options for such shareholder. Beneficial ownership is

determined in accordance with the rules of the SEC, and includes voting and investment power with respect to the shares. Beneficial ownership also includes shares of Common Stock subject to options and warrants exercisable or convertible within 60 days of April 5, 2010 and restricted stock units vesting within 60 days of April 5, 2010. Shares of Common Stock subject to outstanding options are deemed outstanding for computing the percentage of ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person. Except pursuant to applicable community property laws or as indicated in the footnotes to this table, to our knowledge, each shareholder identified in the table possesses sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by such shareholder and such shares have not been pledged as security by the shareholder.

- (3) The number of shares beneficially owned is based on the named shareholder's most recent filings with the SEC on Schedule 13G as of December 31, 2009 for each of Capital World Investors, FMR LLC and BlackRock, Inc.

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- (4) Includes 462,764 shares of Common Stock issuable upon exercise of options exercisable and vesting of restricted stock units within 60 days of April 5, 2010.
- (5) Includes 172,084 shares of Common Stock issuable upon exercise of options exercisable and vesting of restricted stock units within 60 days of April 5, 2010.
- (6) Includes 118,817 shares of Common Stock issuable upon exercise of options exercisable and vesting of restricted stock units within 60 days of April 5, 2010.
- (7) Includes 91,592 shares of Common Stock issuable upon exercise of options exercisable and vesting of restricted stock units within 60 days of April 5, 2010.
- (8) Includes 6,875 shares of Common Stock issuable upon exercise of options exercisable and vesting of restricted stock units within 60 days of April 5, 2010.