

Acquisition of Haemoscope's TEG® Thrombelastograph® Hemostasis Analyzer Business

How is Haemoscope's TEG system a strategic fit for Haemonetics?

Haemonetics helps hospitals and blood banks improve patient outcomes and lower costs by optimizing the management and use of scarce blood resources. Its broad offering includes blood collecting and separation technologies, autotransfusion systems that clean and return patients' own shed blood, and consulting services that audit and improve hospital-wide blood management practices.

Haemoscope Corporation markets the TEG technology. The TEG system predicts the likelihood a patient will bleed or clot excessively and analyzes overall blood clotting ability. Armed with this knowledge, surgeons can plan a patient's treatment to support the best possible clinical outcome, which can lead to lower hospital costs through reduced adverse transfusion reactions, shorter ICU and hospital stays, and fewer needs for exploratory surgery.

TEG technology complements Haemonetics' portfolio by providing clinicians with a diagnostic tool to optimize blood management practice and to make more informed clinical decisions including the avoidance of blood transfusions or the addition of other blood thinning or clotting products. Also, by understanding a patient's likelihood of bleeding, the demand for blood can be predicted more accurately, which helps hospitals develop strategies to reduce costs.

What products does Haemoscope market?

The TEG system consists of a device, consumables, reagents, and software.

How does the technology work?

The TEG 5000 Thrombelastograph Hemostasis Analyzer provides a complete picture of the formation and dissolution of the clot, showing the balance or imbalance of the two.



The TEG analyzer has a sample cup that oscillates back and forth constantly at a set speed through an arc. A whole blood sample of 360 microliters is placed into the cup, and a stationary pin attached to a torsion wire is immersed into the blood. When the first fibrin forms, it begins to bind the cup and pin, causing the pin to oscillate in phase with the clot. The acceleration of the movement of the pin is a function of the kinetics of clot development.

The torque of the rotating cup is transmitted to the immersed pin only after the clot has linked the cup and pin together. The strength and the rate of these bonds affect the magnitude of the pin motion, such that strong clots move the pin directly in phase with the cup motion. Thus, the magnitude of the output is directly related to the strength of the formed clot. As the clot retracts or lyses, these bonds are broken and

the transfer of cup motion is diminished. The rotation movement of the pin is converted by a mechanical-electrical transducer to an electrical signal which can be monitored by a computer.

The output of the device is a graphical representation of the clot formation and dissolution that helps physicians make clinical decisions on blood product usage and pharmaceutical interventions.

How are the products used today?

The TEG technology is used in the operating room as well as in pre-op and post-op monitoring. It allows the surgeon to monitor the interaction between platelets and plasma proteins -- the best way to understand a patient's coagulation system. The device has strong clinical evidence in reducing allogeneic blood transfusions which translate into real dollar savings for the hospital as well as improved patient outcomes. The technology platform offers unique insight to the patient's coagulation condition in a point-of-care environment which allows physicians to optimally manage patients with blood components or pharmaceuticals. The remote capabilities of the software also allow for the test to be run in the lab while the surgeon receives the results in real-time.

Are there other, future indications for the technology?

It is Haemonetics' goal to have TEG technology become a standard of care because of the clinical and economic benefits of the product. Possible uses include pre-operative and post-operative care.

What is Haemoscope's financial profile and what is the financial impact on Haemonetics?

Haemoscope is on track to achieve approximately \$16 million in sales this calendar year. Roughly 75% of its sales are domestic and 25% are outside the U.S. TEG revenues have a three year CAGR of more than 15%. Haemonetics does not break out specific product line margins, but gross and operating margin for the TEG product line are accretive to Haemonetics' corporate margins. The acquisition is neutral to Haemonetics' earnings per share in fiscal 2008 and accretive thereafter.

What is size of the thromboelastograph market?

The market size is approximately \$250 million.

Who is the customer for this technology?

TEG is sold primarily to the hospital, surgical suites, and hospital-based laboratories.

How will the product be sold?

The TEG technology will be sold by the Haemoscope sales force and its global distributors.

What is the background of the Company and its principals?

Haemoscope Corporation was founded in 1976 to market and develop the thromboelastograph analyzer originally under license from Hellige GmbH. The first clinical application was in the early 1980's when TEG analysis was used successfully to manage hemostasis in patients undergoing liver transplantation. It is now part of the standard protocol for liver transplantation worldwide and has become the standard of care in other clinical applications.

In 1991, corporate management made a commitment to improve the quality of patient care in the area of hemostasis. As a result, Haemoscope assumed worldwide distribution and manufacturing of the TEG technology. The impact of the TEG system on improved clinical outcomes due to reduced use of blood products and pharmaceuticals, and the attendant reduction in complications, hospital stay, and mortality rate, has stimulated added efforts to improve hemostasis and blood management.

Who will be selling the TEG products?

Haemoscope has a direct sales force and distributors operating worldwide who will continue to sell the TEG technology. There are synergies with Haemonetics' Patient Division as it relates to value proposition and a common customer base. The Division's consulting arm (Infonolé) and national accounts team will position the TEG system as one of many Haemonetics solutions to improve overall blood management.

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