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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended: October 1, 2011

Commission File Number: 1-14041

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction
of incorporation or organization)

04-2882273
(I.R.S. Employer Identification No.)

400 Wood Road, Braintree, MA 02184
(Address of principal executive offices)

Registrant's telephone number, including area code: (781) 848-7100

Indicate by check mark whether the registrant (1.) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) (2.) has been subject to the filing requirements for at least the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes No

The number of shares of \$.01 par value common stock outstanding as of October 1, 2011:

24,981,455

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ITEM 1. FINANCIAL STATEMENTS

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited in thousands, except per share data)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>October 1, 2011</u>	<u>October 2, 2010</u>	<u>October 1, 2011</u>	<u>October 2, 2010</u>
Net revenues	\$ 179,445	\$ 166,833	\$ 350,014	\$ 329,872
Cost of goods sold	<u>89,496</u>	<u>79,078</u>	<u>171,316</u>	<u>155,655</u>
Gross profit	<u>89,949</u>	<u>87,755</u>	<u>178,698</u>	<u>174,217</u>
Operating expenses:				
Research and development	10,350	7,954	18,959	15,875
Selling, general and administrative	62,613	52,790	118,844	107,144
Contingent consideration income	<u>(1,580)</u>	<u>(1,894)</u>	<u>(1,580)</u>	<u>(1,894)</u>
Total operating expenses	<u>71,383</u>	<u>58,850</u>	<u>136,223</u>	<u>121,125</u>
Operating income	18,566	28,905	42,475	53,092
Other income, net	<u>445</u>	<u>254</u>	<u>230</u>	<u>442</u>
Income before provision for income taxes	19,011	29,159	42,705	53,534
Provision for income taxes	<u>5,131</u>	<u>7,821</u>	<u>11,877</u>	<u>14,277</u>
Net income	<u>\$ 13,880</u>	<u>\$ 21,338</u>	<u>\$ 30,828</u>	<u>\$ 39,257</u>
Basic income per common share				
Net income	\$ 0.55	\$ 0.86	\$ 1.21	\$ 1.58
Income per common share assuming dilution				
Net income	\$ 0.54	\$ 0.85	\$ 1.18	\$ 1.54
Weighted average shares outstanding				
Basic	25,418	24,686	25,575	24,913
Diluted	25,843	25,228	26,029	25,459

The accompanying notes are an integral part of these consolidated financial statements

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	<u>October 1, 2011</u> (unaudited)	<u>April 2, 2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 183,421	\$ 196,707
Accounts receivable, less allowance of \$2,283 at October 1, 2011 and \$1,799 at April 2, 2011	129,242	127,166
Inventories, net	101,444	84,387
Deferred tax asset, net	9,790	9,674
Prepaid expenses and other current assets	17,203	30,897
Total current assets	<u>441,100</u>	<u>448,831</u>
Property, plant and equipment:		
Land, building, and building improvements	55,127	52,359
Plant equipment and machinery	132,124	128,612
Office equipment and information technology	85,347	83,258
Haemonetics equipment	217,471	211,455
Total property, plant and equipment	490,069	475,684
Less: accumulated depreciation	(333,203)	(320,156)
Net property, plant and equipment	<u>156,866</u>	<u>155,528</u>
Other assets:		
Intangible assets, less amortization of \$49,320 at October 1, 2011 and \$43,827 at April 2, 2011	98,847	101,789
Goodwill	115,582	115,367
Deferred tax asset, long term	1,353	1,291
Other long-term assets	9,974	10,458
Total other assets	<u>225,756</u>	<u>228,905</u>
Total assets	<u>\$ 823,722</u>	<u>\$ 833,264</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 3,080	\$ 913
Accounts payable	29,759	28,323
Accrued payroll and related costs	26,780	27,039
Accrued income taxes	5,361	6,033
Deferred tax liability	123	107
Other liabilities	45,703	46,256
Total current liabilities	<u>110,806</u>	<u>108,671</u>
Long-term debt, net of current maturities	3,332	3,966
Long-term deferred tax liability	18,005	18,669
Other long-term liabilities	13,302	15,822
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, \$.01 par value; Authorized — 150,000,000 shares; Issued and outstanding — 24,981,455 shares at October 1, 2011 and 25,660,393 shares at April 2, 2011	249	256
Additional paid-in capital	304,517	302,709
Retained earnings	364,726	373,630
Accumulated other comprehensive income	8,785	9,541
Total stockholders' equity	<u>678,277</u>	<u>686,136</u>
Total liabilities and stockholders' equity	<u>\$ 823,722</u>	<u>\$ 833,264</u>

The accompanying notes are an integral part of these consolidated financial statements

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

	Six Months Ended	
	October 1, 2011	October 2, 2010
Cash Flows from Operating Activities:		
Net income	\$ 30,828	\$ 39,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	24,619	24,690
Stock compensation expense	4,701	4,089
Loss on sales of property, plant and equipment	278	316
Unrealized loss from hedging activities	1,080	1,133
Contingent consideration income	(1,580)	(1,894)
Reversal of interest expense on contingent consideration	(574)	(493)
Change in operating assets and liabilities:		
Increase in accounts receivable, net	(1,332)	(837)
Increase in inventories	(15,390)	(3,900)
Decrease in prepaid income taxes	12,283	6,849
Increase in other assets and other long-term liabilities	(1,267)	(3,727)
Tax benefit of exercise of stock options	952	946
Decrease in accounts payable and accrued expenses	(2,059)	(22,143)
Net cash provided by operating activities	52,539	44,286
Cash Flows from Investing Activities:		
Capital expenditures on property, plant and equipment	(23,843)	(24,088)
Proceeds from sale of property, plant and equipment	130	262
Net cash used in investing activities	(23,713)	(23,826)
Cash Flows from Financing Activities:		
Payments on long-term real estate mortgage	(634)	(166)
Net increase/(decrease) in short-term loans	1,992	(5,249)
Employee stock purchase plan	1,847	1,645
Exercise of stock options	4,707	5,841
Excess tax benefit on exercise of stock options	333	628
Share repurchase	(49,998)	(50,000)
Net cash used in financing activities	(41,753)	(47,301)
Effect of exchange rates on cash and cash equivalents	(359)	328
Net decrease in Cash and Cash Equivalents	(13,286)	(26,513)
Cash and Cash Equivalents at Beginning of Year	196,707	141,562
Cash and Cash Equivalents at End of Period	<u>\$ 183,421</u>	<u>\$ 115,049</u>
Non-cash Investing and Financing Activities:		
Transfers from inventory to fixed assets for placements of Haemonetics equipment	<u>\$ 6,292</u>	<u>\$ 3,710</u>
Supplemental Disclosures of Cash Flow Information:		
Interest paid	<u>\$ 220</u>	<u>\$ 251</u>
Income taxes paid	<u>\$ 2,288</u>	<u>\$ 6,941</u>

The accompanying notes are an integral part of these consolidated financial statements

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Our accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of our management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany transactions have been eliminated. Certain reclassifications were made to prior year balances to conform to the presentation of the financial statements for the six months ended October 1, 2011. Operating results for the six month period ended October 1, 2011 are not necessarily indicative of the results that may be expected for the full fiscal year ending March 31, 2012, or any other interim period. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements and footnotes included in our annual report on Form 10-K for the fiscal year ended April 2, 2011.

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated, and these financial statements reflect those material items that arose after the balance sheet date but prior to the issuance of the financial statements that would be considered recognized subsequent events. There were no material recognized subsequent events recorded in the October 1, 2011 consolidated financial statements.

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal years 2012 and 2011 include 52 weeks with all four quarters each having 13 weeks.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. Update No. 2011-04 updates the accounting guidance related to fair value measurements that results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and International Financial Reporting Standards (IFRS). The updated guidance is effective for interim and annual periods beginning after December 15, 2011. Early application is not permitted. We are currently evaluating the potential impact of Update No. 2011-04 on our consolidated financial statements. This statement is effective for our fourth quarter of fiscal year 2012.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*. Update No. 2011-05 updates the disclosure requirements for comprehensive income to include total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The updated guidance does not affect how earnings per share is calculated or presented. The updated guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. Early adoption is permitted and amendments do not require any transition disclosures. This statement is effective in our first quarter of fiscal year 2013.

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, *Intangibles — Goodwill and Other (Topic 350)*. ASU 2011-08 allows entities to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step goodwill impairment test is required. An entity has the unconditional option to bypass the qualitative assessment and proceed directly to performing the first step of the goodwill impairment test. The Company anticipates that the adoption of this standard will not have a material impact on its consolidated financial statements and footnote disclosures.

Standards Implemented

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*, and Accounting Standards Update No. 2009-14, *Software (Topic 985): Certain Revenue Arrangements That Include Software* (the “Updates”). The Updates provide guidance on arrangements that include software elements, including tangible products that have software components that are essential to the functionality of the tangible product and will no longer be within the scope of the software revenue recognition guidance, and software-enabled products that will now be subject to other relevant revenue recognition guidance. The Updates also provide authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence of fair value for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to allocate arrangement consideration using the relative selling price method. The Updates also include new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. On April 3, 2011, the Company adopted this guidance, which did not have a material impact on our financial position or results of operations.

In December 2010, the FASB issued Accounting Standards Update No. 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*. Update No. 2010-29 clarifies paragraph 805-10-50-2(h) to require public entities that enter into business combinations that are material on an individual or aggregate basis to disclose pro forma information for such business combinations that occurred in the current reporting period, including pro forma revenue and earnings of the combined entity as though the acquisition date had been as of the beginning of the comparable prior annual reporting period only. We did not complete any material business acquisitions during the six months ended October 1, 2011 thus the disclosure requirements were not applicable for the period.

3. EARNINGS PER SHARE (“EPS”)

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations. Basic EPS is computed by dividing net income by weighted average shares outstanding. Diluted EPS includes the effect of potentially dilutive common shares.

	Three Months Ended	
	October 1, 2011	October 2, 2010
(in thousands, except per share amounts)		
Basic EPS		
Net income	\$ 13,880	\$ 21,338
Weighted average shares	25,418	24,686
Basic income per share	<u>\$ 0.55</u>	<u>\$ 0.86</u>
Diluted EPS		
Net income	\$ 13,880	\$ 21,338
Basic weighted average shares	25,418	24,686
Net effect of common stock equivalents	425	542
Diluted weighted average shares	25,843	25,228
Diluted income per share	<u>\$ 0.54</u>	<u>\$ 0.85</u>
Six Months Ended		
(in thousands, except per share amounts)		
Basic EPS		
Net income	\$ 30,828	\$ 39,257
Weighted average shares	25,575	24,913
Basic income per share	<u>\$ 1.21</u>	<u>\$ 1.58</u>
Diluted EPS		
Net income	\$ 30,828	\$ 39,257
Basic weighted average shares	25,575	24,913
Net effect of common stock equivalents	454	546
Diluted weighted average shares	26,029	25,459
Diluted income per share	<u>\$ 1.18</u>	<u>\$ 1.54</u>

Weighted average shares outstanding, assuming dilution, excludes the impact of 0.4 million and 1.1 million stock options for the second quarter of fiscal year 2012 and 2011, respectively, 0.4 million and 0.8 million stock options for the first six months of fiscal year 2012 and 2011, respectively, because these securities were anti-dilutive during the noted periods.

4. STOCK-BASED COMPENSATION

Stock-based compensation expense of \$4.7 million and \$4.1 million was recognized for the six months ended October 1, 2011 and October 2, 2010, respectively. The related income tax benefit recognized was \$1.3 million for the six months ended October 1, 2011 and October 2, 2010.

The weighted average fair value for our options granted in the first six months of fiscal year 2012 and 2011 was \$18.27 and \$16.89, respectively. The assumptions utilized for estimating the fair value of option grants during the periods presented are as follows:

	Six Months Ended	
	October 1, 2011	October 2, 2010
Stock Options Black-Scholes assumptions (weighted average):		
Volatility	27.42%	28.33%
Expected life (years)	4.9	4.9
Risk-free interest rate	1.60%	2.43%
Dividend yield	0.00%	0.00%

During the six months ended October 1, 2011 and October 2, 2010, there were 41,067 and 35,992 shares, respectively, purchased under the ESPP. They were purchased at \$46.80 and \$45.70 per share, respectively, under the ESPP.

5. PRODUCT WARRANTIES

We generally provide a warranty on parts and labor for one year after the sale and installation of each device. We also warrant our disposables products through their use or expiration. We estimate our potential warranty expense based on our historical warranty experience, and we periodically assess the adequacy of our warranty accrual and make adjustments as necessary.

	Six Months Ended	
	October 1, 2011	October 2, 2010
	(in thousands)	
Warranty accrual as of the beginning of the period	\$ 1,273	\$ 903
Warranty provision	603	699
Warranty spending	(856)	(940)
Warranty accrual as of the end of the period	<u>\$ 1,020</u>	<u>\$ 662</u>

6. COMPREHENSIVE INCOME

Comprehensive income is the total of net income and all other non-owner changes in stockholders' equity. Other non-owner changes are primarily foreign currency translation, the change in our net minimum pension liability, and the changes in fair value of the effective portion of our outstanding cash flow hedge contracts.

A summary of the components of other comprehensive income is as follows:

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<i>(in thousands)</i>	Three Months Ended	
	October 1, 2011	October 2, 2010
Net income	\$ 13,880	\$ 21,338
Other comprehensive income:		
Net change in minimum pension liability, net of tax	—	27
Foreign currency translation	(2,447)	7,481
Unrealized loss on cash flow hedges, net of tax	(1,566)	(4,519)
Reclassifications into earnings of cash flow hedge losses, net of tax	1,259	149
Total comprehensive income	<u>\$ 11,126</u>	<u>\$ 24,476</u>

<i>(in thousands)</i>	Six Months Ended	
	October 1, 2011	October 2, 2010
Net income	\$ 30,828	\$ 39,257
Other comprehensive income:		
Net change in minimum pension liability, net of tax	(21)	(22)
Foreign currency translation	(742)	3,234
Unrealized loss on cash flow hedges, net of tax	(2,889)	(4,069)
Reclassifications into earnings of cash flow hedge losses, net of tax	2,896	118
Total comprehensive income	<u>\$ 30,072</u>	<u>\$ 38,518</u>

7. INVENTORIES

Inventories are stated at the lower of cost or market and include the cost of material, labor and manufacturing overhead. Cost is determined on the first-in, first-out method.

	October 1, 2011	April 2, 2011
	<i>(in thousands)</i>	
Raw materials	\$ 35,333	\$ 26,404
Work-in-process	4,301	4,352
Finished goods	61,810	53,631
	<u>\$ 101,444</u>	<u>\$ 84,387</u>

8. DERIVATIVES AND FAIR VALUE MEASUREMENTS

We manufacture, market and sell our products globally. For the six months ended October 1, 2011, approximately 51% of our sales are generated outside the U.S. generally in local currencies. We also incur certain manufacturing, marketing and selling costs in international markets in local currency. Accordingly, our earnings and cash flows are exposed to market risk from changes in foreign currency exchange rates relative to the U.S. dollar, our reporting currency.

We have a program in place that is designed to mitigate our exposure to changes in foreign currency exchange rates. That program includes the use of derivative financial instruments to minimize for a period of time, the unforeseen impact on our financial results from changes in foreign exchange rates. We utilize foreign currency forward contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily the Japanese Yen and the Euro, and to a lesser extent the Swiss Franc, British Pound Sterling and the Canadian Dollar. This does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation.

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Designated Foreign Currency Hedge Contracts

All of our designated foreign currency hedge contracts as of October 1, 2011 and April 2, 2011 were cash flow hedges under ASC Topic 815, *Derivatives and Hedging*. We record the effective portion of any change in the fair value of designated foreign currency hedge contracts in Other Comprehensive Income in the Statement of Stockholders' Equity until the related third-party transaction occurs. Once the related third-party transaction occurs, we reclassify the effective portion of any related gain or loss on the designated foreign currency hedge contracts to earnings. In the event the hedged forecasted transaction does not occur, or it becomes probable that it will not occur, we would reclassify the amount of any gain or loss on the related cash flow hedge to earnings at that time. We had designated foreign currency hedge contracts outstanding in the contract amount of \$153.6 million as of October 1, 2011 and \$154.8 million as of April 2, 2011.

During the six months ended October 1, 2011, we recognized net losses of \$2.9 million in earnings on our cash flow hedges. For the six months ended October 1, 2011, \$2.9 million of losses, net of tax, were recorded in Accumulated Other Comprehensive Income to recognize the effective portion of the fair value of any designated foreign currency hedge contracts that are, or previously were, designated as foreign currency cash flow hedges, as compared to net losses of \$4.1 million as of October 2, 2010. At October 1, 2011, losses of \$2.9 million, net of tax, may be reclassified to earnings within the next twelve months. All currency cash flow hedges outstanding as of October 1, 2011 mature within twelve months.

Non-designated Foreign Currency Contracts

We manage our exposure to changes in foreign currency on a consolidated basis to take advantage of offsetting transactions and balances. We use foreign currency forward contracts as a part of our strategy to manage exposure related to foreign currency denominated monetary assets and liabilities. These foreign currency forward contracts are entered into for periods consistent with currency transaction exposures, generally one month. They are not designated as cash flow or fair value hedges under ASC Topic 815. These forward contracts are marked-to-market with changes in fair value recorded to earnings. We had non-designated foreign currency hedge contracts under ASC Topic 815 outstanding in the contract amount of \$48.2 million as of October 1, 2011 and \$45.9 million as of April 2, 2011.

Fair Value of Derivative Instruments

The following table presents the effect of our derivative instruments designated as cash flow hedges and those not designated as hedging instruments under ASC Topic 815 in our consolidated statement of income for the six months ended October 1, 2011.

Derivative Instruments (in thousands)	Amount of Loss Recognized in AOCI (Effective Portion)	Reclassified from AOCI into Earnings (Effective Portion)	Location in Statement of Operations	Amount Excluded from Effectiveness Testing (*)	Location in Statement of Operations
Designated foreign currency hedge contracts	\$ (2,889)	\$ 2,896	Net revenues, COGS, and SG&A	\$ 167	Other income
Non-designated foreign currency hedge contracts	—	—		1,670	Other expense
	<u>\$ (2,889)</u>	<u>\$ 2,896</u>		<u>\$ 1,837</u>	

(*) We exclude the difference between the spot rate and hedge forward rate from our effectiveness testing.

We did not have fair value hedges or net investment hedges outstanding as of October 1, 2011 or April 2, 2011.

ASC Topic 815 requires all derivative instruments to be recognized at their fair values as either assets or liabilities on the balance sheet. We determine the fair value of our derivative instruments using the framework prescribed by ASC Topic 820, *Fair Value Measurements and Disclosures*, by considering the estimated amount we would receive or pay to sell or transfer these instruments at the reporting date and by taking into account current interest rates, currency exchange rates, the creditworthiness of the counterparty for assets, and our creditworthiness for liabilities. In certain instances, we may utilize financial models to measure fair value. Generally, we use inputs that include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; other observable inputs for the asset or liability; and inputs derived principally from, or corroborated by, observable market data by correlation or other means. As of October 1, 2011, we have classified our derivative assets and liabilities within Level 2 of the fair value

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hierarchy prescribed by ASC Topic 815, as discussed below, because these observable inputs are available for substantially the full term of our derivative instruments.

The following tables present the fair value of our derivative instruments as they appear in our consolidated balance sheets as of October 1, 2011 by type of contract and whether it is a qualifying hedge under ASC Topic 815.

<i>(in thousands)</i>	Location in Balance Sheet	Balance as of October 1, 2011	Balance as of April 2, 2011
Derivative Assets:			
Designated foreign currency hedge contracts	Other current assets	\$ 1,541	\$ 2,563
		<u>\$ 1,541</u>	<u>\$ 2,563</u>
Derivative Liabilities:			
Designated foreign currency hedge contracts	Other current liabilities	\$ 4,185	\$ 4,174
		<u>\$ 4,185</u>	<u>\$ 4,174</u>

Other Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair value measurements. ASC Topic 820 does not require any new fair value measurements; rather, it applies to other accounting pronouncements that require or permit fair value measurements. In accordance with ASC Topic 820, for the quarter and the six months ended October 1, 2011, we applied the requirements under ASC Topic 820 to our non-financial assets and non-financial liabilities. As we did not have an impairment of any non-financial assets or non-financial liabilities, there was no disclosure required relating to our non-financial assets or non-financial liabilities.

On a recurring basis, we measure certain financial assets and financial liabilities at fair value, including our money market funds, foreign currency hedge contracts, and contingent consideration. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We base fair value upon quoted market prices, where available. Where quoted market prices or other observable inputs are not available, we apply valuation techniques to estimate fair value.

ASC Topic 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The categorization of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy are defined as follows:

- Level 1 — Inputs to the valuation methodology are quoted market prices for identical assets or liabilities.
- Level 2 — Inputs to the valuation methodology are other observable inputs, including quoted market prices for similar assets or liabilities and market-corroborated inputs.
- Level 3 — Inputs to the valuation methodology are unobservable inputs based on management's best estimate of inputs market participants would use in pricing the asset or liability at the measurement date, including assumptions about risk.

Our money market funds carried at fair value are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

We recognize all derivative financial instruments in our consolidated financial statements at fair value in accordance with ASC Topic 815, *Derivatives and Hedging*. We determine the fair value of these instruments using the framework prescribed by ASC Topic 820 by considering the estimated amount we would receive or pay to terminate these agreements at the reporting date and by taking into account current spot rates, the creditworthiness of the counterparty for assets, and our creditworthiness for liabilities. We have classified our foreign currency hedge contracts within Level 2 of the fair value hierarchy because these observable inputs are available for substantially the full term of our derivative instruments. The fair value of our foreign currency hedge contracts is the estimated amount that the Company would receive or pay upon liquidation of the contracts, taking into account the change in currency exchange rates.

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Fair Value Measured on a Recurring Basis

Financial assets and financial liabilities measured at fair value on a recurring basis consist of the following as of October 1, 2011:

<i>(in thousands)</i>	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Money market funds	\$ 143,035	\$ —	\$ —	\$ 143,035
Foreign currency hedge contracts	—	1,541	—	1,541
	<u>\$ 143,035</u>	<u>\$ 1,541</u>	<u>\$ —</u>	<u>\$ 144,576</u>
Liabilities				
Foreign currency hedge contracts	\$ —	\$ 4,185	\$ —	\$ 4,185
	<u>\$ —</u>	<u>\$ 4,185</u>	<u>\$ —</u>	<u>\$ 4,185</u>

Release of Neoteric contingent consideration

Under ASC Topic 805, *Business Combinations*, we established a liability for payments that we might make in the future to former shareholders of Neoteric that are tied to the performance of the Blood Track business for the first three years post acquisition, beginning with fiscal year 2010. We have reviewed the expected performance versus the necessary thresholds of performance for the former shareholders to receive additional performance payments and we recorded an adjustment to the fair value of the contingent consideration as contingent consideration income of \$1.6 million in the accompanying consolidated statements of income, reversing the remaining liability, as the expected performance thresholds will not be achieved.

In September 2011, we entered into an agreement to release the Company from the contingent consideration due to the former shareholders of Neoteric. Under the terms of the agreement, the former shareholders of Neoteric received \$0.7 million in exchange for releasing the Company from any future claims for contingent consideration. The Company paid the \$0.7 million settlement amount during September 2011 and has recorded the associated expense in the selling, general and administrative line item in the accompanying consolidated statements of income.

Other Fair Value Disclosures

The fair value of our real estate mortgage obligation was \$3.7 million and \$4.1 million at October 1, 2011 and April 2, 2011, respectively.

9. INCOME TAXES

The Company's reported tax rate was 27.0% and 27.8% for the three and six month periods ended October 1, 2011, respectively. Our reported tax rate is lower than the federal statutory tax rate in both periods reported primarily due to lower foreign tax rates, including tax benefits associated with our Swiss operations.

We conduct business globally and, as a result, file consolidated federal, consolidated and separate state and foreign income tax returns in multiple jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world in jurisdictions including the U.S., Japan, Germany, France, the United Kingdom, and Switzerland. With few exceptions, we are no longer subject to U.S. federal, state and local, or foreign income tax examinations for years before 2007.

10. COMMITMENTS AND CONTINGENCIES

We are presently engaged in various legal actions, and although ultimate liability cannot be determined at the present time, we believe, based on consultation with counsel, that any such liability will not materially affect our consolidated financial position or our results of operations.

During the first quarter of fiscal 2012, we received customer complaints in Europe regarding a quality issue with our High Separation Core Bowl (“HS Core”), a plasma disposable product used primarily to collect plasma for transfusion. Certain of these customers have also made claims regarding financial losses alleged to have been incurred as a result of this matter. Total aggregate claims submitted to date by customers relating to this issue are approximately \$8.5 million. We do not expect any additional material claims from our customers. We are in the process of evaluating the submitted claims and continue to work with affected customers to minimize disruption to their operations and ultimately determine the validity and resolution of the submitted claims. Although this process is not completed, we have determined that it is probable that we will compensate certain affected customers in order to resolve their claims. We believe our ultimate liability will be less than the total claims submitted to date. Our current best estimate of the liability associated with this matter is \$2.4 million, and accordingly we have recorded this amount as an expense within selling, general and administrative expenses as of October 1, 2011. We cannot determine currently whether a liability greater than \$2.4 million will ultimately be incurred. We are also in the process of determining the extent to which claims may be recoverable under the Company’s insurance policies. We do not currently believe that liabilities related to this matter will materially affect our consolidated financial position and liquidity.

11. SEGMENT INFORMATION

Segment Definition Criteria

We manage our business on the basis of one operating segment: the design, manufacture, and marketing of blood management solutions. Our chief operating decision-maker uses consolidated results to make operating and strategic decisions. Manufacturing processes, as well as the regulatory environment in which we operate, are largely the same for all product lines.

Enterprise Wide Disclosures about Product and Services

We have four global product families: plasma, blood center, hospital, and software solutions.

Our products include equipment devices and the related disposables used with these devices. Disposables include the plasma, blood center, and hospital product families. Plasma consists of the disposables used to perform apheresis for the separation of whole blood components and subsequent collection of plasma to be used as a raw material for biologically derived pharmaceuticals (also known as source plasma). Blood center consists of disposables which separate whole blood for the subsequent collection of platelets, plasma, red cells, or a combination of these components for transfusion to patients. Hospital consists of surgical disposables (principally the Cell Saver® and Cell Saver Elite® autologous blood recovery systems targeted to procedures that involve rapid, high volume blood loss such as cardiovascular surgeries and the cardioPAT® cardiovascular perioperative autotransfusion system designed to remain with the patient following surgery to recover blood and the patient’s red cells to prepare them for reinfusion), the OrthoPAT® orthopedic perioperative autotransfusion system designed to operate both during and after surgery to recover and wash the patient’s red cells to prepare them for reinfusion, and diagnostics products (principally the TEG® Thrombelastograph® hemostasis analyzer used to help assess a surgical patient’s hemostasis (blood clotting ability) during and after surgery).

Disposables (single-use sterile kits used in our devices for collection or salvage of blood products) are marketed in our plasma, blood center, and hospital product businesses. Plasma disposables are used with our PCS®2 devices to perform apheresis for the collection of plasma to be used as a raw material for biologically derived pharmaceuticals (also known as

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source plasma). Blood center disposables are used with our MCS+ device to collect one or more blood components (principally platelets but also red cells and plasma) for transfusion to patients. The Hospital business consists of disposables used with our Cell Saver® and cardioPAT® devices to recover red cells from blood lost in a surgical procedure so that these may be made available for reinfusion to the patient (“autotransfusion”). OrthoPAT® disposables are used for autotransfusion during and immediately following orthopedic surgeries. Diagnostics products principally reflect sales of diagnostic reagents and the TEG® Thrombelastograph® hemostasis analyzer which profiles a patient’s blood clotting characteristics.

Software solutions include information technology platforms that assist blood centers, plasma centers, and hospitals to more effectively manage regulatory compliance and operational efficiency.

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Revenues from External Customers:

	Three Months Ended	
	October 1, 2011	October 2, 2010
	(in thousands)	
Disposable revenues		
Plasma disposables	\$ 64,408	\$ 56,514
Blood center disposables		
Platelet	42,195	39,746
Red cell	11,645	11,294
	<u>53,840</u>	<u>51,040</u>
Hospital disposables		
Surgical	16,206	16,011
OrthoPAT	7,295	8,281
Diagnostics	5,659	4,647
	<u>29,160</u>	<u>28,939</u>
Disposables revenue	147,408	136,493
Software solutions	17,199	16,125
Equipment & other	14,838	14,215
Net revenues	<u>\$ 179,445</u>	<u>\$ 166,833</u>
	Six Months Ended	
	October 1, 2011	October 2, 2010
	(in thousands)	
Disposable revenues		
Plasma disposables	\$ 127,168	\$ 112,431
Blood center disposables		
Platelet	79,504	76,063
Red cell	23,514	22,608
	<u>103,018</u>	<u>98,671</u>
Hospital disposables		
Surgical	31,948	32,362
OrthoPAT	15,049	17,238
Diagnostics	11,273	9,355
	<u>58,270</u>	<u>58,955</u>
Disposables revenue	288,456	270,057
Software solutions	35,359	32,585
Equipment & other	26,199	27,230
Net revenues	<u>\$ 350,014</u>	<u>\$ 329,872</u>

12. REORGANIZATION

During the six months ended October 1, 2011, the Company's restructuring activities primarily consist of reorganization within our research and development, manufacturing and software operations. Employee-related costs primarily consist of employee severance and benefits. Facility-related costs primarily consist of charges associated with closing facilities, related lease obligations, and other related costs.

For the six months ended October 1, 2011, the Company incurred \$3.0 million of restructuring charges. Restructuring expenses have been primarily included as a component of selling, general and administrative expense in the accompanying statements of income. We anticipate that the Company will incur approximately \$5 to \$6 million in additional restructuring charges related to these initiatives over the remaining six months of fiscal year 2012.

The following summarizes the restructuring activity for the six months ended October 1, 2011 and October 2, 2010, respectively:

<i>(in thousands)</i>	Six Months Ended October 1, 2011			Restructuring Accrual Balance at October 1, 2011
	Balance at April 2, 2011	Cost Incurred	Payments	
Employee-related costs	\$ 2,782	\$ 2,528	\$ (2,327)	\$ 2,983
Facility-related costs	889	480	(713)	656
	<u>\$ 3,671</u>	<u>\$ 3,008</u>	<u>\$ (3,040)</u>	<u>\$ 3,639</u>

<i>(in thousands)</i>	Six Months Ended October 2, 2010			Restructuring Accrual Balance at October 2, 2010
	Balance at April 3, 2010	Cost Incurred	Payments	
Employee-related costs	\$ 9,761	\$ 1,400	\$ (5,529)	\$ 5,632
	<u>\$ 9,761</u>	<u>\$ 1,400</u>	<u>\$ (5,529)</u>	<u>\$ 5,632</u>

13. CAPITALIZATION OF SOFTWARE DEVELOPMENT COSTS

For costs incurred related to the development of software to be sold, leased, or otherwise marketed, the Company applies the provisions of ASC Topic 985-20, *Software*, which specifies that costs incurred internally in researching and developing a computer software product should be charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, all software costs should be capitalized until the product is available for general release to customers.

The Company capitalized \$2.8 million and \$3.4 million in software development costs for ongoing initiatives during the six month periods ended October 1, 2011 and October 2, 2010, respectively. At October 1, 2011 and April 2, 2011, we have a total of \$12.2 million and \$13.4 million, respectively, of costs capitalized related to in process software development initiatives. The costs capitalized for each project are included in intangible assets in the consolidated financial statements.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with both our interim consolidated financial statements and notes thereto which appear elsewhere in this Quarterly Report on Form 10-Q and our annual consolidated financial statements, notes thereto, and the MD&A contained in our fiscal year 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on May 26, 2011. The following discussion may contain forward-looking statements and should be read in conjunction with the "Cautionary Statement Regarding Forward-Looking Information" beginning on page 28.

Our Business

Haemonetics is a blood management solutions company. Anchored by our medical device systems, we also provide information technology platforms and value added services to provide customers with business solutions which support improved clinical outcomes for patients and efficiency in the blood supply chain.

Our medical device systems automate the collection and processing of donated blood; assess likelihood for blood loss; salvage and process blood from surgery patients; and dispense and track blood inventory in the hospital. These systems include devices and single-use, proprietary disposable sets ("disposables") that operate only with our specialized devices. Specifically, our plasma and blood center systems allow users to collect and process only the blood component(s) they target — plasma, platelets, or red blood cells — increasing donor and patient safety as well as collection efficiencies. Our blood diagnostics system assesses hemostasis (a patient's clotting ability) to aid clinicians in assessing the cause of bleeding resulting in overall reductions in blood product usage. Our surgical blood salvage systems allow surgeons to collect the blood lost by a patient in surgery, cleanse the blood, and make it available for transfusion back to the patient. Our blood tracking systems automate the distribution of blood products in the hospital.

Our business services products include blood management, Six Sigma, and LEAN manufacturing consulting, which support our customers' needs for regulatory compliance and operational efficiency in the blood supply chain.

We either sell our devices to customers (resulting in equipment revenue) or place our devices with customers subject to certain conditions. When the device remains our property, the customer has the right to use it for a period of time as long as the customer meets certain conditions we have established, which, among other things, generally include one or more of the following:

- Purchase and consumption of a minimum level of disposables products;
- Payment of monthly rental fees; and
- An asset utilization performance metric, such as performing a minimum level of procedures per month per device.

Our disposables revenue stream, which includes the sales of disposables and fees for the use of our equipment, accounted for approximately 82.4% and 81.9% of our total revenues for the first six months of fiscal year 2012 and 2011, respectively.

[Table of Contents](#)**Financial Summary**

<i>(in thousands, except per share data)</i>	Three Months Ended			Six Months Ended		
	October 1, 2011	October 2, 2010	% Increase/ (Decrease)	October 1, 2011	October 2, 2010	% Increase/ (Decrease)
Net revenues	\$ 179,445	\$ 166,833	7.6%	\$ 350,014	\$ 329,872	6.1%
Gross profit	\$ 89,949	\$ 87,755	2.5%	\$ 178,698	\$ 174,217	2.6%
% of net revenues	50.1%	52.6%		51.1%	52.8%	
Operating expenses	\$ 71,383	\$ 58,850	21.3%	\$ 136,223	\$ 121,125	12.5%
Operating income	\$ 18,566	\$ 28,905	(35.8%)	\$ 42,475	\$ 53,092	(20.0%)
% of net revenues	10.3%	17.3%		12.1%	16.1%	
Other income, net	\$ 445	\$ 254	75.2%	\$ 230	\$ 442	(48.0%)
Income before taxes	\$ 19,011	\$ 29,159	(34.8%)	\$ 42,705	\$ 53,534	(20.2%)
Provision for income tax	\$ 5,131	\$ 7,821	(34.4%)	\$ 11,877	\$ 14,277	(16.8%)
% of pre-tax income	27.0%	26.8%		27.8%	26.7%	
Net income	\$ 13,880	\$ 21,338	(35.0%)	\$ 30,828	\$ 39,257	(21.5%)
% of net revenues	7.7%	12.8%		8.8%	11.9%	
Earnings per share-diluted	\$ 0.54	\$ 0.85	(36.5%)	\$ 1.18	\$ 1.54	(23.4%)

Net revenues increased 7.6% and 6.1% for the second quarter and first six months, respectively, of fiscal year 2012 over the comparable periods of fiscal year 2011. Without the effects of foreign exchange which accounted for an increase of 2.3% and 2.5% for the second quarter and first six months, respectively, of fiscal year 2012, net revenues increased 5.3% and 3.6% for the quarter and six months ended October 1, 2011. This increase reflects strong year over year revenue growth from our plasma, TEG and software businesses, offset by declines in our hospital businesses primarily due to a recall of certain of our OrthoPAT devices.

Gross profit increased 2.5% and 2.6% as compared to the second quarter and first six months, respectively, of fiscal year 2011. Without the effects of foreign exchange, which increased gross profit by 2.2% and 2.6% for the second quarter and first six months, respectively, of fiscal year 2012, gross profit increased 0.3% and was flat for the quarter and six months, respectively, ended October 1, 2011. Our gross profit margin decreased by 170 basis points for the first six months of fiscal year 2012. The decrease was primarily due to increased product quality costs and product mix associated with lower sales of hospital products and higher plasma disposable sales.

Operating expenses increased 21.3% and 12.5% for the second quarter and first six months, respectively, of fiscal year 2012 over the comparable periods of fiscal year 2011. Foreign exchange accounted for an increase in operating expenses of 5.5% and 4.6% for the quarter and six months, respectively. Without the effects of foreign exchange, operating expenses increased 15.8% and 7.9% in the second quarter and first six months, respectively, of fiscal year 2012. Higher operating expenses are attributable to increased restructuring costs, \$2.4 million of expenses associated with customer claims arising from a quality matter with a plasma disposable product, and increased investment in research and development and sales and marketing. These increases were partially offset by lower expense associated with cash bonus compensation for this fiscal year.

Operating income decreased 35.8% and 20.0% for the second quarter and first six months of fiscal year 2012 over the comparable periods of fiscal year 2011. Foreign exchange accounted for a decrease of 4.6% and 1.9% for the second quarter and first six months, respectively, of fiscal year 2012. Without the effects of foreign exchange, operating income decreased 31.2% and 18.1% for the quarter and six months, respectively, as increases in operating expenses more than offset gross profit associated with revenue growth due to product mix and higher costs of quality.

Net income decreased 35.0% and 21.5% for the second quarter and first six months, respectively, of fiscal year 2012 over the comparable periods of fiscal year 2011. Without the effects of foreign exchange which accounted for a decrease in net income of 3.3% and 1.8% for the quarter and six months, respectively, net income decreased 31.7% and 19.7% for the

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quarter and six months ended October 1, 2011. The decrease in net income was attributable to the decline in operating income described above.

RESULTS OF OPERATIONS

Net Revenues by Geography

(in thousands)	Three Months Ended			Six Months Ended		
	October 1, 2011	October 2, 2010	% Increase/ (Decrease)	October 1, 2011	October 2, 2010	% Increase/ (Decrease)
United States	\$ 86,339	\$ 78,740	9.7%	\$ 172,734	\$ 158,049	9.3%
International	93,106	88,093	5.7%	177,280	171,823	3.2%
Net revenues	<u>\$ 179,445</u>	<u>\$ 166,833</u>	<u>7.6%</u>	<u>\$ 350,014</u>	<u>\$ 329,872</u>	<u>6.1%</u>

International Operations and the Impact of Foreign Exchange

Our principal operations are in the U.S., Europe, Japan and other parts of Asia. Our products are marketed in more than 80 countries around the world through a combination of our direct sales force and independent distributors and agents.

Our revenues generated outside the U.S. approximated 51% of net revenues for the first six months of fiscal year 2012 and 2011. Revenues in Japan accounted for approximately 16.9% and 16.5% of total revenues for the first six months of fiscal year 2012 and 2011, respectively. Revenues in Europe accounted for approximately 26.0% and 26.8% of net revenues for the first six months of fiscal year 2012 and 2011, respectively. International sales are generally conducted in local currencies, primarily the Japanese Yen and the Euro. As discussed above, our results of operations are impacted by changes in the value of the Yen and the Euro relative to the U.S. Dollar.

Please see section entitled "Foreign Exchange" in this discussion for a more complete explanation of how foreign currency affects our business and our strategy for managing this exposure.

Net Revenues by Product Type

(in thousands)	Three Months Ended			Six Months Ended		
	October 1, 2011	October 2, 2010	% Increase/ (Decrease)	October 1, 2011	October 2, 2010	% Increase/ (Decrease)
Disposables	\$ 147,408	\$ 136,493	8.0%	\$ 288,456	\$ 270,057	6.8%
Software solutions	17,199	16,125	6.7%	35,359	32,585	8.5%
Equipment & other	14,838	14,215	4.4%	26,199	27,230	(3.8%)
Net revenues	<u>\$ 179,445</u>	<u>\$ 166,833</u>	<u>7.6%</u>	<u>\$ 350,014</u>	<u>\$ 329,872</u>	<u>6.1%</u>

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Disposable Revenues by Product Type

(in thousands)	Three Months Ended			Six Months Ended		
	October 1, 2011	October 2, 2010	% Increase/ (Decrease)	October 1, 2011	October 2, 2010	% Increase/ (Decrease)
Plasma disposables	\$ 64,408	\$ 56,514	14.0%	\$ 127,168	\$ 112,431	13.1%
Blood center disposables						
Platelet	42,195	39,746	6.2%	79,504	76,063	4.5%
Red cell	11,645	11,294	3.1%	23,514	22,608	4.0%
	\$ 53,840	\$ 51,040	5.5%	\$ 103,018	\$ 98,671	4.4%
Hospital disposables						
Surgical	16,206	16,011	1.2%	31,948	32,362	(1.3%)
OrthoPAT	7,295	8,281	(11.9%)	15,049	17,238	(12.7%)
Diagnostics	5,659	4,647	21.8%	11,273	9,355	20.5%
	\$ 29,160	\$ 28,939	0.8%	\$ 58,270	\$ 58,955	(1.2%)
Total disposables revenue	\$ 147,408	\$ 136,493	8.0%	\$ 288,456	\$ 270,057	6.8%

Disposables

Disposables revenue increased 8.0% and 6.8% for the second quarter and first six months, respectively, of fiscal year 2012 over the comparable periods of fiscal year 2011. Foreign exchange resulted in an increase of 2.6% for the quarter and six months ended October 1, 2011. Without the effect of foreign exchange, disposables revenue increased 5.4% and 4.2% for the second quarter and first six months, respectively, of fiscal year 2012, driven primarily by increases in our plasma business as discussed below.

Plasma

Plasma disposables revenue increased 14.0% and 13.1% for the second quarter and first six months, respectively, of fiscal year 2012 compared to the same periods in fiscal year 2011. Foreign exchange accounted for an increase of 1.2% and 1.3% for the quarter and six months, respectively, ended October 1, 2011. The remaining increase in plasma disposables revenue of 12.8% and 11.8% for the quarter and six months, respectively, is primarily attributable to increased plasma collections by our commercial fractionation customers in North America. We expect the strong growth in commercial collections to moderate over the balance of fiscal year 2012.

Blood Center

Blood center consists of disposables used to collect platelets and red cells. Platelet disposables revenue increased 6.2% and 4.5% for the second quarter and first six months, respectively, of fiscal year 2012 compared to the same periods in fiscal year 2011. Foreign exchange accounted for a revenue increase of 5.7% and 5.4%, from the second quarter and first six months, respectively, of fiscal year 2011 to the same periods of fiscal year 2012. Without the effect of foreign exchange, platelet disposable revenue increased 0.5% and decreased 0.9% for the quarter and six months, respectively, ended October 1, 2012. Sales growth in the second quarter included the benefit of quality issues experienced with a competitor's device in Japan. We expect platelet disposable sales to remain relatively flat over the balance of fiscal year 2012 as emerging market growth is expected to be offset by competitive factors negatively impacting sales in mature international markets.

Red cell disposables revenue increased 3.1% and 4.0% for the second quarter and first six months, respectively, of fiscal year 2012 compared to the same periods in fiscal year 2011. Foreign exchange accounted for a revenue increase of 0.3% and 0.4% from the second quarter and first six months, respectively, of fiscal year 2011 to the same periods of fiscal year 2012. The remaining increase of 2.8% and 3.6% for the quarter and six months, respectively, was driven by increased demand for red cells in North America.

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Hospital

Hospital consists of Surgical, OrthoPAT, and Diagnostics products. Surgical disposables revenue consists principally of the Cell Saver and cardioPAT products. Revenues from our surgical disposables increased 1.2% and decreased 1.3% for the second quarter and first six months, respectively, of fiscal year 2012 compared to the same periods in fiscal year 2011. Foreign exchange resulted in an increase in surgical disposables revenue of 2.7% and 3.1% for the quarter and six months, respectively, ended October 1, 2011. The decrease of 1.5% and 4.4% excluding the effect of foreign exchange for the second quarter and first six months of fiscal year 2012, respectively, was the result of a decrease in demand across our European and North American markets, driven primarily by competitive pressures, and market conditions resulting in fewer elective surgeries.

Revenues from our OrthoPAT disposables decreased 11.9% and 12.7% for the second quarter and first six months, respectively, of fiscal year 2012 compared to the same periods in fiscal year 2011. Foreign exchange resulted in an increase in OrthoPAT disposables revenue of 1.7% and 1.8% for the quarter and six months, respectively. Without the effect of foreign currency, OrthoPAT disposables revenue decreased by 13.6% and 14.5% for the second quarter and first six months, respectively, of fiscal year 2012. Our voluntary recall of our OrthoPAT devices manufactured prior to 2002 initiated during the first quarter adversely impacted our business. We expect to complete the build of replacement devices in our fourth quarter. Accordingly, we expect this trend to continue but moderate in future periods.

Diagnostics product revenue consists principally of the TEG products. Revenues from our diagnostics products increased 21.8% and 20.5% for the second quarter and first six months, respectively, of fiscal year 2012 compared to the same periods in fiscal year 2011. Currency exchange accounted for a decrease of 0.6% and 0.5% for the quarter and six months, respectively. Without the effect of currency, diagnostics product revenues increased by 22.4% and 21.0% for the quarter and six months, respectively. The revenue increase is due to continued adoption of our TEG equipment, including significant new business in emerging markets.

Software Solutions

Our software solutions revenues include sales of our information technology software platforms and consulting services. Software revenues increased 6.7% and 8.5% for the second quarter and first six months, respectively, of fiscal year 2012 over the comparable periods of fiscal year 2011. Foreign exchange resulted in a 0.2% and 1.6% increase for the quarter and six months, respectively, ended October 1, 2011. The remaining increase of 6.5% for the second quarter of fiscal 2012 was driven primarily by installed base growth in our SafeTraceTX and BloodTrack products. The increase for the six months ended October 1, 2011 also included the benefit of strong plasma-related sales growth in the first quarter of fiscal 2012.

Equipment & Other

Our equipment and other revenues include revenue from equipment sales, repairs performed under preventive maintenance contracts or emergency service visits, spare part sales, and various service and training programs. These revenues are primarily composed of equipment sales, which tend to vary from period-to-period more than our disposable business due to the timing of order patterns, particularly in our distribution markets. Equipment and other revenues increased 4.4% and decreased 3.8% for the second quarter and first six months, respectively of fiscal year 2012 over the comparable periods of fiscal year 2011. Foreign exchange resulted in a 1.7% and 2.8% increase for the quarter and six months ended October 1, 2011. Without the effect of currency exchange, the increase of 2.7% for the second quarter of fiscal 2012 was primarily driven by the positive impact of the timing of a key customer award in our distribution markets, offset by lower equipment sales to the military in North America. The decrease of 6.6% for the first six months of fiscal year 2012 was primarily driven by the decline in military orders noted as well as lower equipment sales in our distribution business.

Gross Profit

(in thousands)	Three Months Ended		% Increase/ (Decrease)	Six Months Ended		% Increase/ (Decrease)
	October 1, 2011	October 2, 2010		October 1, 2011	October 2, 2010	
Gross profit	\$ 89,949	\$ 87,755	2.5%	\$ 178,698	\$ 174,217	2.6%
% of net revenues	50.1%	52.6%		51.1%	52.8%	

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Gross profit increased 2.5% and 2.6% as compared to the second quarter and first six months, respectively, of fiscal year 2011. Without the effects of foreign exchange, which increased gross profit by 2.2% and 2.6% for the second quarter and first six months, respectively, of fiscal year 2012, gross profit increased 0.3% and was flat for the quarter and six months, respectively, ended October 1, 2011. Our gross profit margin decreased by 250 and 170 basis points for the three and six month periods ending October 1, 2011, respectively. The decrease was primarily due to increased product quality costs and product mix associated with lower sales of hospital products and higher plasma disposable sales. The increased product quality costs included the shipment of a higher cost substitute product for certain plasma disposable sales in Europe in response to customer complaints that we are currently addressing. For further discussion related to this matter, refer to the discussion under selling, general and administrative expense below. We expect the product quality and mix trends noted to continue to impact gross profit over the balance of fiscal year 2012.

In October 2011, a facility of one of our contract manufacturers was damaged by the recent floods in Thailand. We have worked with the contract manufacturer to transition the manufacturing of the products that were made in this facility to the contract manufacturer's facility in Japan and our own manufacturing locations. We expect some higher costs associated with the transition. We currently do not expect material supply disruption to our customers. We are actively communicating with our customers about our continuity plans. However, customers may choose to mitigate their risk by leveraging alternate suppliers, which may negatively impact future sales and gross margins.

Operating Expenses

(in thousands)	Three Months Ended			Six Months Ended		
	October 1, 2011	October 2, 2010	% Increase/ (Decrease)	October 1, 2011	October 2, 2010	% Increase/ (Decrease)
Research and development	\$ 10,350	\$ 7,954	30.1%	\$ 18,959	\$ 15,875	19.4%
% of net revenues	5.8%	4.8%		5.4%	4.8%	
Selling, general and administrative	\$ 62,613	\$ 52,790	18.6%	\$ 118,844	\$ 107,144	10.9%
% of net revenues	34.9%	31.6%		34.0%	32.5%	
Contingent consideration	\$ (1,580)	\$ (1,894)	(16.6%)	\$ (1,580)	\$ (1,894)	(16.6%)
% of net revenues	(0.9%)	(1.1%)		(0.5%)	(0.6%)	
Total operating expenses	\$ 71,383	\$ 58,850	21.3%	\$ 136,223	\$ 121,125	12.5%
% of net revenues	39.8%	35.3%		38.9%	36.7%	

Research and Development

Research and development expenses increased 30.1% and 19.4% for the second quarter and first six months, respectively, of fiscal year 2012 as compared to the same periods of fiscal year 2011. Foreign exchange resulted in an increase in research and development expense of 2.1% and 2.9% during the second quarter and first six months, respectively, of fiscal year 2012. Excluding the impact of foreign exchange, research and development expense increased 28.0% and 16.5% for the second quarter and six months, respectively, ended October 1, 2011. These increases were primarily related to the general increase in development programs in support of long-term product plans and near term quality improvements.

Selling, General and Administrative

During the second quarter and first six months of fiscal year 2012, selling, general and administrative expenses increased 18.6% and 10.9%, respectively, compared to the same periods of fiscal year 2011. Foreign exchange resulted in an increase in selling, general and administrative expenses of 5.8% and 4.7% during the second quarter and first six months, respectively, of fiscal year 2012. Excluding the impact of foreign exchange, selling, general and administrative expense increased 12.8% and 6.2% for the second quarter and six months, respectively, ended October 1, 2011. These increases were attributable to \$2.4 million of expenses associated with customer claims arising from a quality issue with a plasma disposable product, and increased investment in our worldwide sales and marketing organizations. These increases were partially offset by lower expense associated with cash bonus compensation for this fiscal year.

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During the first quarter of fiscal 2012, we received customer complaints in Europe regarding a quality issue with our High Separation Core Bowl (“HS Core”), a plasma disposable product used primarily to collect plasma for transfusion. Certain of these customers have also made claims regarding financial losses alleged to have been incurred as a result of this matter. Total aggregate claims submitted to date by customers relating to this issue are approximately \$8.5 million. We do not expect any additional material claims from our customers. We are in the process of evaluating the submitted claims and continue to work with affected customers to minimize disruption to their operations and ultimately determine the validity and resolution of the submitted claims. Although this process is not completed, we have determined that it is probable that we will compensate certain affected customers in order to resolve their claims. We believe our ultimate liability will be less than the total claims submitted to date. Our current best estimate of the liability associated with this matter is \$2.4 million, and accordingly we have recorded this amount as an expense within selling, general and administrative expenses as of October 1, 2011. We cannot determine currently whether a liability greater than \$2.4 million will ultimately be incurred. We are also in the process of determining the extent to which claims may be recoverable under the Company’s insurance policies. We do not currently believe that liabilities related to this matter will materially affect our consolidated financial position and liquidity.

Contingent Consideration Income

Under the accounting rules for business combinations (specifically, ASC Topic 805, *Business Combinations*), we established a liability for payments that we might make in the future to former shareholders of Neoteric that are tied to the performance of the Blood Track business for the first three years post acquisition, beginning with fiscal year 2010. We have reviewed the expected performance versus the necessary thresholds of performance for the former shareholders to receive additional performance payments and we recorded an adjustment to the fair value of the contingent consideration as contingent consideration income of \$1.6 million and \$1.9 million for the six months ended October 1, 2011 and October 2, 2010, respectively.

Other Income, Net

Other income, net, increased during the second quarter of fiscal year 2012 as compared to the same period of fiscal year 2011, primarily due to the reversal of \$0.6 million of interest expense on contingent consideration related to the Neoteric acquisition. Other income, net decreased for the first six months of fiscal year 2012 as compared to the same period of fiscal year 2011, primarily due to an increase in foreign exchange transaction losses of foreign currency denominated assets offset by the reversal of net interest expense of \$0.6 million on contingent consideration related to the Neoteric acquisition.

Income Taxes

	Three Months Ended		% Increase	Six Months Ended		% Increase
	October 1, 2011	October 2, 2010		October 1, 2011	October 2, 2010	
Reported income tax rate	27.0%	26.8%	0.2%	27.8%	26.7%	1.1%

The Company’s reported tax rate was 27.0% and 27.8% for the three and six month periods ended October 1, 2011, respectively. Our reported tax rate is lower than the federal statutory tax rate in both periods reported primarily due to lower foreign tax rates, including tax benefits associated with our Swiss operations.

Liquidity and Capital Resources

The following table contains certain key performance indicators we believe depict our liquidity and cash flow position:

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<i>(dollars in thousands)</i>	<u>October 1, 2011</u>	<u>April 2, 2011</u>
Cash & cash equivalents	\$ 183,421	\$ 196,707
Working capital	\$ 330,294	\$ 340,160
Current ratio	4.0	4.1
Net cash position (1)	\$ 177,009	\$ 191,828
Days sales outstanding (DSO)	66	68
Disposable finished goods inventory turnover	6.2	6.1

(1) Net cash position is the sum of cash and cash equivalents less total debt.

Our primary sources of liquidity are cash and cash equivalents, internally generated cash flow from operations, and option exercises. We believe these sources are sufficient to fund our cash requirements over the next twelve months, which are primarily capital expenditures and may include share repurchases under future programs authorized by the Board of Directors at its discretion.

<i>(in thousands)</i>	<u>Six Months Ended</u>		<u>Increase/ (Decrease)</u>
	<u>October 1, 2011</u>	<u>October 2, 2010</u>	
Net cash provided by (used in):			
Operating activities	\$ 52,539	\$ 44,286	\$ 8,253
Investing activities	(23,713)	(23,826)	113
Financing activities	(41,753)	(47,301)	5,548
Effect of exchange rate changes on cash and cash equivalents (1)	(359)	328	(687)
Net increase (decrease) in cash and cash equivalents	<u>\$ (13,286)</u>	<u>\$ (26,513)</u>	<u>\$ 13,227</u>

(1) The balance sheet is affected by spot exchange rates used to translate local currency amounts into U.S. dollars. In accordance with GAAP, we have removed the effect of foreign currency throughout our cash flow statement, except for its effect on our cash and cash equivalents.

Cash Flow Overview:

Six Month Comparison

Operating Activities:

Net cash provided by operating activities increased by \$8.3 million in the first six months of fiscal year 2012 as compared to the first six months of fiscal year 2011, primarily due to lower payments for annual bonuses and restructuring and transformation costs. Payments related to transformation activities were higher in the prior year due to the timing of our Global Med acquisition, which closed at the end of fiscal year 2010. Cash provided by operations was negatively impacted in the first six months of fiscal 2012 by higher inventory levels to support plasma growth, launch of our next generation surgical device and the replacement of recalled OrthoPAT devices.

Investing Activities:

Net cash used in investing activities decreased by \$0.1 million during the first six months of fiscal year 2012 as compared to the first six months of 2011 due to a \$0.2 million decrease in capital expenditures on property, plant, and equipment, which was partially offset by \$0.1 million decrease in proceeds from the sale of property, plant, and equipment.

Financing Activities:

Net cash used to fund share repurchases under common stock repurchase programs was \$50.0 million during the first six months of both fiscal 2011 and 2012. Net cash used in financing activities decreased by \$5.5 million during the first six months of fiscal year 2012, as compared to the first six months of 2011 due primarily to a \$7.2 million increase in net borrowings under short-term credit arrangements.

Inflation

We do not believe that inflation had a significant impact on our results of operations for the periods presented. Historically, we believe we have been able to mitigate the effects of inflation by improving our manufacturing and purchasing efficiencies, by increasing employee productivity, and by adjusting the selling prices of products. We continue to monitor inflation pressures generally and raw materials indices that may affect our procurement and production costs. Increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials.

Foreign Exchange

During the first six months of fiscal year 2012, approximately 51% of our sales were generated outside the U.S., generally in foreign currencies, yet our reporting currency is the U.S. Dollar. Our primary foreign currency exposures relate to sales denominated in the Euro and the Japanese Yen. We also have foreign currency exposure related to manufacturing and other operational costs denominated in the Swiss Franc, the British Pound, and the Canadian Dollar. The Yen and Euro sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in foreign currencies. Since our foreign currency denominated Yen and Euro sales exceed the foreign currency denominated costs, whenever the U.S. Dollar strengthens relative to the Yen or Euro, there is an adverse affect on our results of operations and, conversely, whenever the U.S. dollar weakens relative to the Yen or Euro, there is a positive effect on our results of operations. For the Swiss Franc, the British Pound, and the Canadian Dollar, our primary cash flows relate to product costs or costs and expenses of local operations. Whenever the U.S. Dollar strengthens relative to these foreign currencies, there is a positive effect on our results of operations. Conversely, whenever the U.S. Dollar weakens relative to these currencies, there is an adverse effect on our results of operations.

We have a program in place that is designed to mitigate our exposure to changes in foreign currency exchange rates. That program includes the use of derivative financial instruments to minimize for a period of time, the unforeseen impact on our financial results from changes in foreign exchange rates. We utilize forward foreign currency contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily the Japanese Yen and the Euro, and to a lesser extent the Swiss Franc, British Pound, and the Canadian Dollar. This does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation.

These contracts are designated as cash flow hedges and are intended to lock in the expected cash flows of forecasted foreign currency denominated sales and costs at the available spot rate. Actual spot rate gains and losses on these contracts are recorded in sales and costs, at the same time the underlying transactions being hedged are recorded. The final impact of currency fluctuations on the results of operations is dependent on the local currency amounts hedged and the actual local currency results.

Presented below are the spot rates for our Euro, Japanese Yen, Canadian Dollar, British Pound, and Swiss Franc cash flow hedges that settled during fiscal years 2010, 2011, and 2012 or are presently outstanding. These hedges cover our long foreign currency positions that result from our sales designated in Euros and the Japanese Yen. These hedges also include our short positions associated with costs incurred in Canadian Dollars, British Pounds, and Swiss Francs. The table also shows how the strengthening or weakening of the spot rates associated with those hedge contracts versus the spot rates in the contracts that settled in the prior comparable period affects our results favorably or unfavorably. The table assumes a consistent notional amount for hedge contracts in each period presented.

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	First Quarter	Favorable / (Unfavorable)	Second Quarter	Favorable / (Unfavorable)	Third Quarter	Favorable / (Unfavorable)	Fourth Quarter	Favorable / (Unfavorable)
Euro - Hedge Spot Rate (US\$ per Euro)								
FY10	1.57		1.49		1.32		1.28	
FY11	1.36	(13.4%)	1.41	(5.4%)	1.43	8.3%	1.35	5.5%
FY12	1.24	(8.8%)	1.30	(7.8%)	1.36	(4.9%)	1.37	1.5%
FY13	1.43	15.3%	1.42	9.2%				

Japanese Yen - Hedge Spot Rate (JPY per US\$)

FY10	105.28		105.11		96.38		93.50	
FY11	98.17	6.8%	94.91	9.7%	89.13	7.5%	89.78	4.0%
FY12	88.99	9.4%	85.65	9.8%	81.73	8.3%	82.45	8.2%
FY13	79.40	10.8%	76.65	10.5%				

Canadian Dollar - Hedge Spot Rate (CAD per US\$)

FY10	1.14		1.12		1.11		1.09	
FY11	1.10	(3.5%)	1.09	(2.7%)	1.07	(3.6%)	1.03	(5.5%)
FY12	1.05	(4.5%)	1.03	(5.5%)	1.00	(6.5%)	0.99	(3.9%)
FY13	0.98	(6.7%)	0.98	(4.9%)				

British Pound - Hedge Spot Rate (US\$ per GBP)

FY10	1.45		1.44		1.42		1.40	
FY11	1.47	(1.4%)	1.65	(14.6%)	1.63	(14.8%)	1.59	(13.6%)
FY12	1.50	(2.0%)	1.54	6.7%	1.57	3.7%	1.58	0.6%
FY13	1.62	(8.0%)	1.63	(5.8%)				

Swiss Franc - Hedge Spot Rate (CHF per US\$)

FY11			1.05		1.04		1.05	
FY12	1.05		1.01	(3.8%)	0.96	(7.7%)	0.92	(12.4%)
FY13	0.82	(21.9%)	0.80	(20.8%)				

* We generally place our cash flow hedge contracts on a rolling twelve month basis

Recent Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. Update No. 2011-04 updates the accounting guidance related to fair value measurements that results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and International Financial Reporting Standards (IFRS). The updated guidance is effective for interim and annual periods beginning after December 15, 2011. Early application is not permitted. We are currently evaluating the potential impact of Update No. 2011-04 on our consolidated financial statements. This statement is effective for our fourth quarter of fiscal year 2012.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*. Update No. 2011-05 updates the disclosure requirements for comprehensive income to include total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The updated guidance does not affect how earnings per share is calculated or presented. The updated guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. Early adoption is permitted and amendments do not require any transition disclosures. This statement is effective in our first quarter of fiscal year 2013.

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, *Intangibles — Goodwill and Other (Topic 350)*. ASU 2011-08 allows entities to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step goodwill impairment test is required. An entity has the unconditional option to bypass the qualitative assessment and proceed directly to performing the first step of the

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goodwill impairment test. The Company anticipates that the adoption of this standard will not have a material impact on its consolidated financial statements and footnote disclosures.

Standards Implemented

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*, and Accounting Standards Update No. 2009-14, *Software (Topic 985): Certain Revenue Arrangements That Include Software* (the “Updates”). The Updates provide guidance on arrangements that include software elements, including tangible products that have software components that are essential to the functionality of the tangible product and will no longer be within the scope of the software revenue recognition guidance, and software-enabled products that will now be subject to other relevant revenue recognition guidance. The Updates also provide authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence of fair value for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to allocate arrangement consideration using the relative selling price method. The Updates also include new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. On April 3, 2011, the Company adopted this guidance, which did not have a material impact on our financial position and results of operations.

In December 2010, the FASB issued Accounting Standards Update No. 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*. Update No. 2010-29 clarifies paragraph 805-10-50-2(h) to require public entities that enter into business combinations that are material on an individual or aggregate basis to disclose pro forma information for such business combinations that occurred in the current reporting period, including pro forma revenue and earnings of the combined entity as though the acquisition date had been as of the beginning of the comparable prior annual reporting period only. We did not complete any material business acquisitions during the six months ended October 1, 2011 thus the disclosure requirements were not applicable for the period.

Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements we make which are prefaced with the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “intend,” “designed,” and similar expressions, are intended to identify forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, the impact of industry consolidation, foreign currency exchange rates, changes in customers’ ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate. The foregoing list should not be construed as exhaustive. See the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections contained elsewhere in this report, as well as our Annual Report on Form 10-K for the fiscal year ended April 2, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's exposures relative to market risk are due to foreign exchange risk and interest rate risk.

FOREIGN EXCHANGE RISK

See the section entitled Foreign Exchange for a discussion of how foreign currency affects our business. It is our policy to minimize for a period of time, the unforeseen impact on our financial results of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge anticipated cash flows from forecasted foreign currency denominated sales. We do not use the financial instruments for speculative or trading activities.

We estimate the change in the fair value of all forward contracts assuming both a 10% strengthening and weakening of the U.S. dollar relative to all other major currencies. In the event of a 10% strengthening of the U.S. dollar, the change in fair value of all forward contracts would result in a \$10.2 million increase in the fair value of the forward contracts; whereas a 10% weakening of the US dollar would result in a \$11.9 million decrease in the fair value of the forward contracts.

INTEREST RATE RISK

All of our long-term debt is at fixed rates. Accordingly, we do not have any material exposure to interest rates.

ITEM 4. CONTROLS AND PROCEDURES

We conducted an evaluation, as of October 1, 2011, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (the Company's principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of October 1, 2011.

There were no changes in the Company's internal control over financial reporting which occurred during the six months ended October 1, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Fenwal Patent Litigation

For the past five years, we have pursued a patent infringement lawsuit against Fenwal, the details of which are summarized in our Form 10-K for the fiscal year ended April 2, 2011. In January 2010, we were awarded damages and an injunction against Fenwal in connection with this lawsuit.

On June 2, 2010, the United States Court of Appeals reversed the trial court's claim construction and, accordingly, vacated the injunction and damages previously awarded to Haemonetics, and remanded the case to the trial court for further proceedings. On September 15, 2011, the trial court granted a summary judgment motion which essentially ended the U.S. case in Fenwal's favor.

We continue to pursue a patent infringement action in Germany against Fenwal, and its European and German subsidiary, for Fenwal's infringement of Haemonetics' corresponding European patent to the Haemonetics patent at issue in the United States litigation. Further details related to these proceedings have been disclosed in our Form 10-K for the fiscal year ended April 2, 2011. There has been no material developments related to these proceedings during the current fiscal year.

Haemonetics Italia Matter

In April 2008, our subsidiary Haemonetics Italia, Srl. and two of its employees were found guilty by a court in Milan, Italy of charges arising from allegedly improper payments made under a consulting contract with a local physician and in pricing products under a tender from a public hospital. The two employees found guilty in this matter are no longer employed by the Company. This matter dates to 2004 and involved other unrelated companies and individuals. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. When the matters first arose, our Board of Directors commissioned independent legal counsel to conduct investigations on its behalf. Based upon its evaluation of counsel's report, the Board concluded that no disciplinary action was warranted in either case. Neither the original ruling nor its final affirmation has impacted the Company's business in Italy to date.

Item 1A. Risk Factors

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part 1, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended April 2, 2011, which could materially affect the Company's business, financial condition or future results. The risks described in the Company's Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may materially adversely affect its business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In a May 2, 2011 press release, the Company announced that its Board of Directors approved the repurchase of up to \$50.0 million worth of Company shares during fiscal year 2012. Through October 1, 2011, the Company repurchased 852,410 shares of its common stock for an aggregate purchase price of \$50.0 million. We reflect stock repurchases in our financial statements on a "trade date" basis and as Authorized Unissued (Haemonetics is a Massachusetts company and under Massachusetts law repurchased shares are treated as authorized but unissued).

All of the purchases during the quarter were made under the publicly announced program. All purchases were made in the open market.

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<u>Period</u>	<u>Total Number of Shares Repurchased</u>	<u>Average Price Paid per Share including Commissions</u>	<u>Total Dollar Value of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs</u>
August 1, 2011 to August 25, 2011	852,410	\$ 58.65	\$ 49,997,524	\$ 2,476
Total	852,410	\$ 58.65	\$ 49,997,524	\$ 2,476

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. [Removed and Reserved]

Item 5. Other Information

On October 27, 2011, the Board of Directors approved a form of an indemnification agreement that it anticipates entering into with each current director as well as future directors. A copy of the agreement is filed with this report as Exhibit 10.1 and is incorporated herein by reference.

Item 6. Exhibits

- 10.1 Form of director indemnification agreement
- 31.1 Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002, of Brian Concannon, President and Chief Executive Officer of the Company
- 31.2 Certification pursuant to Section 302 of Sarbanes-Oxley of 2002, of Christopher Lindop, Chief Financial Officer and Vice President Business Development of the Company
- 32.1 Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Brian Concannon, President and Chief Executive Officer of the Company
- 32.2 Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Christopher Lindop, Chief Financial Officer and Vice President Business Development of the Company
- 101* The following materials from Haemonetics Corporation on Form 10-Q for the quarter ended October 1, 2011, formatted in Extensible Business Reporting Language (XBRL); (i) Consolidated Statements of Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.

* In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for the purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HAEMONETICS CORPORATION

Date: November 3, 2011

By: /s/ Brian Concannon

Brian Concannon, President and
Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2011

By: /s/ Christopher Lindop

Christopher Lindop, Chief Financial
Officer and Vice President Business Development
(Principal Financial Officer)

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of _____, 2011 by and between Haemonetics Corporation, a Massachusetts corporation (the "Company"), and _____ ("Indemnitee").

RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Articles of Organization (the "Charter") and the Bylaws (the "Bylaws") of the Company require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the Massachusetts Business Corporation Act (the "MBCA");

WHEREAS, the Charter, the Bylaws and the MBCA expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company's shareholders;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, regardless of any amendment or revocation of the Charter or the Bylaws, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Charter, the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This

Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions.

As used in this Agreement:

(a) "Change in Control" shall mean a change of control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, whether or not the Company is, in fact, required to comply therewith; provided that, without limitation, such a Change of Control for purposes of this Agreement shall be deemed to have occurred if:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the shareholder of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 51% or more of the combined voting power of the Company's then outstanding securities;

(ii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as herein above defined) acquires 50% or more of the combined voting power of the Company's then outstanding securities; or

(iii) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(b) "Corporate Status" describes the status of a person as a current or former director of the Company or current or former director, manager, partner, officer, employee, agent or trustee of any other Enterprise which such person is or was serving at the request of the Company.

(c) "Enforcement Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding

costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with an action to enforce indemnification or advancement rights, or an appeal from such action. Expenses, however, shall not include fees, salaries, wages or benefits owed to Indemnitee.

(d) “Enterprise” shall mean any corporation (other than the Company), partnership, joint venture, trust, employee benefit plan, limited liability company, or other legal entity of which Indemnitee is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee.

(e) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(f) “Expenses” shall include all reasonable attorneys’ fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding. Expenses, however, shall not include amounts paid in settlement by Indemnitee, the amount of judgments or fines against Indemnitee or fees, salaries, wages or benefits owed to Indemnitee.

(g) “Special Legal Counsel” shall mean a law firm, or a partner (or, if applicable, member or shareholder) of such a law firm, that is experienced in matters of Massachusetts corporation law and neither presently is, nor in the past has been, retained to represent: (i) the Company, any subsidiary of the Company, any Enterprise or Indemnitee in any matter material to any such party; or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Special Legal Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Special Legal Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(h) The term “Proceeding” shall include any threatened, pending or completed action, suit, alternate dispute resolution mechanism, or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, arbitral or investigative nature, and whether formal or informal, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was a director of the Company or is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise or by reason of any action taken by Indemnitee or of any action taken on his or her part while acting as a director of the Company or while serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or

advancement of expenses can be provided under this Agreement; provided, however, that the term "Proceeding" shall not include any action, suit or arbitration, or part thereof, initiated by Indemnitee to enforce Indemnitee's rights under this Agreement as provided for in Section 12(a) of this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee to the extent set forth in this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties, excise taxes, and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if (A) Indemnitee conducted himself or herself in good faith and in a manner he or she reasonably believed to be in the best interests of the Company or at least not opposed to the best interests of the Company, and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful, or (B) Indemnitee engaged in conduct for which he or she shall not be liable under a provision of the Charter as authorized by Section 2.02(b)(4) of the MBCA (or any successor provision). The conduct of Indemnitee with respect to an employee benefit plan for a purpose Indemnitee reasonably believed to be in the best interests of the participants in, and the beneficiaries of, the plan is conduct that satisfies clause (A) of the preceding sentence.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee to the extent set forth in this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties, excise taxes, and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if (A) Indemnitee conducted himself in good faith and in a manner he or she reasonably believed to be in the best interests of the Company or at least not opposed to the best interests of the Company, or (B) Indemnitee engaged in conduct for which he or she shall not be liable under a provision of the Charter as authorized by Section 2.02(b)(4) of the MBCA (or any successor provision). The conduct of Indemnitee with respect to an employee benefit plan for a purpose Indemnitee reasonably believed to be in the best interests of the participants in, and the beneficiaries of, the plan is conduct that satisfies clause (A) of the preceding sentence.

Section 5. Indemnification for Expenses of a Party Who is Successful. Notwithstanding any other provisions of this Agreement and except as provided in Section 7, to the extent that Indemnitee is a party to or a participant in any Proceeding and is wholly successful, on the merits or otherwise, in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If in such Proceeding Indemnitee is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each successfully resolved claim, issue or matter to the extent permitted by law. For purposes of this Section 5 and without limitation, the termination of

any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Reimbursement for Expenses of a Witness or in Response to a Subpoena. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee, by reason of his or her Corporate Status, (i) is a witness in any Proceeding to which Indemnitee is not a party and is not threatened to be made a party or (ii) receives a subpoena with respect to any Proceeding to which Indemnitee is not a party and is not threatened to be made a party, the Company shall reimburse Indemnitee for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement:

(a) to indemnify for amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such amounts under any insurance policy, contract, agreement or otherwise;

(b) to indemnify for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act, or similar provisions of state statutory law or common law;

(c) to indemnify with respect to any Proceeding, or part thereof, brought by Indemnitee against the Company, any legal entity which it controls, any director or officer thereof or any third party, unless (i) the Board has consented to the initiation of such Proceeding or part thereof and (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; provided, however, that this Section 7(c) shall not apply to (A) counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee or (B) any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in a suit for which indemnification or advancement is being sought as described in Section 12; or

(d) to provide any indemnification or advancement of expenses that is prohibited by applicable law (as such law exists at the time payment would otherwise be required pursuant to this Agreement).

Section 8. Advancement of Expenses. Subject to Section 9(b), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice) from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the expenses and without regard to

Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Indemnitee shall qualify for advances upon the execution and delivery to the Company of an undertaking in the form attached hereto as Exhibit A. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein. Nothing in this Section 8 shall limit Indemnitee's right to advancement pursuant to Section 12(e) of this Agreement.

Section 9. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor specifying the basis for the claim, the amounts for which Indemnitee is seeking payment under this Agreement, and all documentation related thereto as reasonably requested by the Company.

(b) In the event that the Company shall be obligated hereunder to provide indemnification for or make any advancement of Expenses with respect to any Proceeding, the Company shall be entitled to assume the defense of such Proceeding, or any claim, issue or matter therein, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld or delayed) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of such defense, or (C) the Company shall not continue to retain such counsel to defend such Proceeding, then the reasonable fees and expenses actually and reasonably incurred by Indemnitee with respect to his or her separate counsel shall be Expenses hereunder.

(c) In the event that the Company does not assume the defense in a Proceeding pursuant to paragraph (b) above, then the Company will be entitled to participate in the Proceeding at its own expense.

(d) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). The Company shall not, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed), enter into any settlement which (i) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or any monetary damages for which Indemnitee is not wholly and actually indemnified hereunder or (ii) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or may be otherwise entitled to seek indemnification hereunder, does not include the full release of Indemnitee from all liability in respect of such Proceeding.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9, a determination, if such determination is required by applicable law, with respect to the permissibility thereof shall be made in the specific case: (i) if a Change in Control shall have occurred, by Special Legal Counsel in a written opinion to the Board, or (ii) if a Change in Control shall not have occurred, by the Company in accordance with applicable law. In the case that such determination is made by Special Legal Counsel, a copy of Special Legal Counsel's written opinion shall be delivered to Indemnitee and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within thirty (30) days after such determination. Indemnitee shall cooperate with the Special Legal Counsel or the Company, as applicable, in making such determination with respect to the permissibility of indemnification of Indemnitee, including providing to such counsel or the Company, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any out-of-pocket costs or expenses (including reasonable attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the Special Legal Counsel or the Company shall be borne by the Company (irrespective of the determination as to the permissibility of indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of permissibility of indemnification is to be made by Special Legal Counsel pursuant to Section 10(a), the Special Legal Counsel shall be selected by the Company in accordance with applicable law. The Indemnitee may, within ten (10) days after written notice of such selection, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Special Legal Counsel so selected does not meet the requirements of "Special Legal Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Special Legal Counsel. If such written objection is so made and substantiated, the Special Legal Counsel so selected may not serve as Special Legal Counsel unless and until such objection is withdrawn or the Massachusetts Court (as defined in Section 22) has determined that such objection is without merit. If, within twenty (20) days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 9(a), and (ii) the final disposition of the Proceeding, including any appeal therein, no Special Legal Counsel shall have been selected without objection, Indemnitee may petition the Massachusetts Court for resolution of any objection which shall have been made by Indemnitee to the selection of Special Legal Counsel and/or for the appointment as Special Legal Counsel of a person selected by the court or by such other person as the court shall designate. The person with respect to whom all objections are so resolved or the person so appointed shall act as Special Legal Counsel under Section 10(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Special Legal Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings.

(a) To the extent permitted by applicable law, in making a determination with respect to the permissibility of indemnification hereunder, it shall be presumed that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption. Neither (i) the failure of the Company or of Special Legal Counsel to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company or by Special Legal Counsel that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not meet the applicable standard of conduct for indemnification under this Agreement.

(c) The knowledge and/or actions, or failure to act, of any director, manager, partner, officer, employee, agent or trustee of the Company, any subsidiary of the Company, or any Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) Subject to Section 12(f), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification for which a determination of permissibility thereof is to be made other than by Special Legal Counsel, (iv) payment of indemnification or reimbursement of expenses is not made pursuant to Section 5 or 6 or the last sentence of Section 10(a) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor (which shall include any invoices received by Indemnitee but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice) or (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by the Massachusetts Court of his or her entitlement to such indemnification or advancement. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to

commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing time limitation shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against any and all Enforcement Expenses and, if requested by Indemnitee, shall (within thirty (30) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Enforcement Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought. Such written request for advancement shall include invoices received by Indemnitee in connection with such Enforcement Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

Section 13. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of

shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Massachusetts law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Charter, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company shall purchase and maintain a policy or policies of liability insurance (“D&O Insurance”) on behalf of Indemnitee who is or was or has agreed to serve at the request of the Company as a director of the Company, against any liability asserted against, and incurred by, Indemnitee or on Indemnitee’s behalf in such capacity, or arising out of Indemnitee’s status as such; provided that such D&O Insurance is available on commercially reasonable terms, conditions and premiums. If the Company has such insurance in effect at the time the Company receives from Indemnitee any written notice of the commencement of a proceeding, the Company shall give notice as soon as practicable of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the policy. The Company shall thereafter take all commercially reasonable actions to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms and conditions of such policy. In case of a “change in control” as defined in the then existing D&O Insurance, the Company shall purchase extended reporting period D&O Insurance (“Tail Coverage”) for the benefit of Indemnitee with terms and conditions equivalent to the then existing D&O Insurance. The Tail Coverage shall be for a period no less than three (3) years.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery (including, without limitation, under any insurance policy) of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights. The Company shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

(d) The Company’s obligation to provide indemnification or advancement hereunder to Indemnitee who is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement from such other Enterprise.

Section 14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director of the Company or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights

of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve, or continue to serve, as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Charter, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. No supplement, modification or amendment of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such supplement, modification or amendment.

Section 18. Notice by Indemnatee. Indemnatee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification, reimbursement or advancement as provided hereunder. The failure of Indemnatee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnatee under this Agreement or otherwise.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (iii) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (iv) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnatee, at such address as Indemnatee shall provide to the Company.

(b) If to the Company to:

Haemonetics Corporation
400 Wood Road
Braintree, MA 02184
Attention: General Counsel

or to any other address as may have been furnished to Indemnatee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnatee for any reason whatsoever, the Company, in lieu of indemnifying Indemnatee, shall contribute to the amount incurred by Indemnatee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnatee in connection with the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnatee in connection with such event(s) and/or transactions.

Section 21. Internal Revenue Code Section 409A. The Company intends for this Agreement to comply with the Indemnification exception under Section 1.409A-1(b)(10) of the regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"), which provides that indemnification of, or the purchase of an insurance policy providing for payments of, all or part of the expenses incurred or damages paid or payable by Indemnatee with respect to a bona fide claim against Indemnatee or the Company do not provide for a deferral of compensation, subject to Section 409A of the Code, where such claim is based on actions or

failures to act by Indemnitee in his capacity as a service provider of the Company. The parties intend that this Agreement be interpreted and construed with such intent.

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Massachusetts Superior Court and, to the extent available, the Business Litigation Session (or any successor session) thereof (the "Massachusetts Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Massachusetts Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) consent to service of process at the address set forth in Section 19 of this Agreement with the same legal force and validity as if served upon such party personally within the Commonwealth of Massachusetts, (iv) waive any objection to the laying of venue of any such action or proceeding in the Massachusetts Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Massachusetts Court has been brought in an improper or inconvenient forum.

Section 23. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

HAEMONETICS CORPORATION

By: _____

Name:

Title:

[Name of Indemnitee]

Exhibit A
Form of Undertaking

[Date]

[Name and address of the Company]

Re: Request for Advancement of Expenses

Ladies and Gentlemen:

Reference is made to the Indemnification Agreement (the "Agreement") by and between _____ (the "Company") and the undersigned, _____ ("Indemnitee"). Capitalized terms not defined herein shall have those meanings as set forth in the Agreement. Pursuant to Section 8 of the Agreement, Indemnitee hereby requests advancement of Expenses incurred as a result of Indemnitee being, or being threatened to be made, a party in the following Proceeding(s): _____.

In accordance with Section 8 of the Agreement, Indemnitee hereby:

- (1) affirms [his/her] good faith belief that [he/she] has met the relevant standard of conduct described in Section 8.51 of the Massachusetts Business Corporation Act ("MBCA") or the Proceeding involves conduct for which liability has been eliminated under a provision of the Company's articles of organization as authorized by Section 2.02(b)(4) of the MBCA; and
- (2) undertakes to repay the advancement of Expenses if [he/she] is not entitled to mandatory indemnification under Section 8.52 of the MBCA and it is ultimately determined that [he/she] has not met the relevant standard of conduct described in Section 8.51 of the MBCA.

Very truly yours,

_____, Indemnitee

CERTIFICATION

I, Brian Concannon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Haemonetics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2011

/s/ Brian Concannon

Brian Concannon, President and Chief Executive
Officer (Principal Executive Officer)

CERTIFICATION

I, Christopher Lindop, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Haemonetics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2011

/s/ Christopher Lindop

Christopher Lindop, Chief Financial Officer and
Vice President Business Development
(Principal Financial Officer)

Certification Pursuant To
18 USC. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ended October 1, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Concannon, President and Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2011

/s/ Brian Concannon

Brian Concannon,
President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Haemonetics and will be retained by Haemonetics and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant To
18 USC. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ended October 1, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Lindop, Chief Financial Officer and Vice President Business Development of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2011

/s/ Christopher Lindop
Christopher Lindop,
Chief Financial Officer and Vice President
Business Development

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Haemonetics and will be retained by Haemonetics and furnished to the Securities and Exchange Commission or its staff upon request.