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

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2012

Commission file number 1-14041

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	**04-2882273**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
400 Wood Road, **Braintree, Massachusetts 02184-9114**	**(781) 848-7100**
(Address of principal executive offices)	*(Registrant's telephone number)*

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)	**(Name of Exchange on Which Registered)**
Common stock, $.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No ☑

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 o

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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. ☑

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 the definitions 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 o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a 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 o No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant (assuming for these purposes that all executive officers and directors are "affiliates" of the registrant) as of October 1, 2011, the last business day of the registrant's most recently completed second fiscal quarter was $1,387,470,924(based on the closing sale price of the registrant's common stock on that date as reported on the New York Stock Exchange).

The number of shares of $.01 par value common stock outstanding as of April 30, 2012 was 25,340,448.

Documents Incorporated By Reference

Portions of the definitive proxy statement for our Annual Meeting of Shareholders to be held on July 27, 2012 are incorporated by reference in Part III of this report.

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ITEM 1. BUSINESS

Company Overview

Haemonetics is a global healthcare company dedicated to providing innovative blood management solutions to our customers. Our comprehensive portfolio of integrated devices, information management, and consulting services offers blood management solutions for each facet of the blood supply chain, helping improve clinical outcomes and reduce costs for blood and plasma collectors, hospitals, and patients around the world. We believe that through proper blood management, our products and services help prevent a transfusion to a patient who does not need one and provide the right blood product, at the right time, in the right dose to the patient who does.

Blood and its components (plasma, platelets, and red cells) have several vital — and frequently life-saving — clinical applications. Plasma is manufactured into pharmaceuticals to treat a variety of illnesses and hereditary disorders such as hemophilia. Red cells treat trauma patients or patients undergoing surgery with high blood loss, such as open heart surgery or organ transplant. Platelets treat cancer patients undergoing chemotherapy. Haemonetics is committed to helping our customers create and maintain a safe and efficient blood supply chain. Specifically, we develop and market a wide range of systems used with plasma and blood donors to automate the collection and processing of blood into its components. We also develop and market a variety of systems to hospitals that automate the cleaning and reinfusion of a surgical patient's blood during surgery, automate the tracking and distribution of blood in the hospital, and enhance blood diagnostics. We also market information technology platforms to promote efficient and compliant operations for all our customer groups.

Haemonetics was founded in 1971 as a medical device company — a pioneer and market leader in developing and manufacturing automated blood component collection devices and surgical blood salvage devices. In May 1991, we completed an initial public offering and to this day remain an independent company. Several years ago, we embarked on a strategy to expand our markets and product portfolio to offer more comprehensive blood management solutions to our customers. Through internal product development and external acquisitions, we have significantly expanded our product offerings. Our most recent notable completed acquisition was Global Med, which was acquired in fiscal 2010, and significantly expanded our software solution offerings.

In April 2012, we announced two acquisitions that will provide us with a commercial presence in all aspects of the whole blood collection market, a market in which historically we have not meaningfully participated. We entered into a definitive agreement to acquire the business assets of the blood collection, filtration and processing product lines of Pall Corporation for $551 million. The blood processing systems and equipment to be acquired are for use in transfusion medicine and include Pall's manufacturing facilities in Covina, California; Tijuana, Mexico; Ascoli, Italy and a portion of Pall's assets in Fajardo, Puerto Rico. Approximately 1,300 employees will be transferred to Haemonetics. We also entered into a definitive agreement to acquire the business assets of Hemerus Medical, LLC, a Minnesota-based company that develops innovative technologies for the collection of whole blood, and processing and storage of blood components. Under the terms of the agreement, we will pay up to $27 million contingent upon on certain regulatory approvals. We expect both acquisitions to close in the second quarter of fiscal 2013.

Today, we offer devices and related consumables, information technology software platforms, and consulting services. By better understanding our customers’ needs, we are creating comprehensive blood management solutions for blood collectors and healthcare systems in more than 97 countries around the world.

Industry Segments

We serve three market segments: Plasma fractionators (bio-pharma), Blood Collectors, and Hospitals. We report revenues for multiple product lines under four global product categories: **Plasma, Blood Center, Hospital,** and **Software Solutions**. “Plasma” includes plasma collection devices and consumables. “Blood Center” includes blood collection and processing devices and consumables. “Hospital” includes surgical blood salvage and blood demand diagnostic devices and consumables. “Software Solutions” includes information technology platforms and consulting services provided to all three market segments. Although we address our customers' needs through multiple product lines, we manage our business as one operating segment: the design, manufacture, implementation, support and marketing of blood management solutions. Our chief operating decision-maker uses consolidated financial results to make operating and strategic decisions. Design and manufacturing processes, as well as economic characteristics and the regulatory environment in which we operate, are largely the same for all product lines.

The financial information required for the operating segment is included herein in Note 15 of the financial statements, entitled *Segment, Geographic and Customer Information*.

- **Plasma**

The Plasma Collection Market for Fractionation — Human plasma is collected and processed by pharmaceutical companies into therapeutic and diagnostic products that aid in the treatment of immune diseases and coagulation disorders. Plasma is also used to aid patients with extreme blood loss such as trauma victims. Automated plasma collection technology allows for the safe and efficient collection of plasma. We manufacture and market plasma collection devices, but do not make plasma-derived pharmaceuticals.

Many bio-pharmaceutical companies are vertically integrated in all components of their business and thus are now collecting and fractionating the plasma required to manufacture their pharmaceuticals. This vertical integration paved the way for highly efficient plasma supply chain management and the plasma industry leverages information technology to manage operations from the point of plasma donation to fractionation to the production of the final product.

Haemonetics' Plasma Products (reported as "plasma" product line) — Our portfolio of products and services is designed to support multiple facets of plasma collector operations. We have a long-standing commitment to understanding our customers' collection and fractionation processes. As a result, we deliver product quality and reliability; design equipment that is durable, dependable, and easy to use; and provide comprehensive training support and strong business continuity practices.

Historically, plasma for fractionation was collected manually, which was time-consuming, labor-intensive, produced relatively poor yields, and posed risk to donors. Today, the vast majority of plasma collections worldwide are performed using automated collection technology because it is safer and more cost-effective. With our PCS® brand automated collection technology, more plasma can be collected during any one donation event because the other blood components are returned to the donor through the sterile disposable sets used for the blood donation procedure.

We offer “one stop shopping” to our plasma collection customers, enabling them to source from us the full range of products necessary for plasma collection and storage, including PCS® brand plasma collection equipment and consumables, plasma collection containers, and intravenous solutions. We also offer a robust portfolio of integrated information technology platforms for plasma customers to manage their donors, operations, and supply chain. Our products automate the donor interview and qualification process; streamline the workflow process in the plasma center; provide the controls necessary to evaluate donor suitability; determine the ability to release units collected; and manage unit distribution. With our software solutions, plasma collectors can manage processes across the plasma supply chain, react quickly to business changes, and identify opportunities to reduce costs.

Our plasma disposables product line represented 35.5%, 33.6%, and 36.0% of our total revenue in fiscal 2012, 2011 and 2010, respectively.

- **Blood Center**

The Blood Collection Market for Transfusion — There are millions of blood donations throughout the world every year that produce blood products for transfusion to surgical, trauma, or chronically ill patients. Patients typically receive only the blood components necessary to treat a particular clinical condition: for example, red cells to surgical patients, platelets to cancer patients, and plasma to trauma victims.

Platelet therapy is frequently used to alleviate the effects of chemotherapy and help patients with bleeding disorders. Red cells are frequently transfused to patients to replace blood lost during surgery. Red cells are also transfused to patients with blood disorders, such as sickle cell anemia or aplastic anemia. Plasma, in addition to its role in creating life-saving pharmaceuticals, is frequently transfused to trauma victims and to replace blood volume lost during surgery.

Worldwide demand for blood is expected to continue to rise modestly as the population ages and more patients have need for and access to medical therapies that require blood transfusions. Furthermore, many of the highly populated emerging markets countries are advancing their healthcare coverage, and as greater numbers of people gain access to more advanced medical treatment, additional demand for blood components, plasma-derived drugs, and surgical procedures increases directly. This increasing demand for blood is partially offset by the development of less invasive, lower blood loss procedures.

Haemonetics is a leader in automated component blood collections. While this market is smaller than the whole blood collection market, we believe that today it is a highly effective way of collecting and distributing blood products. In this procedure, whole blood does not need to be transferred to a central laboratory for separation. Instead, the blood

separation process is automated and occurs in “real-time” while a person is donating blood. In this separation method, only the specific blood component targeted is collected, and the remaining components are returned to the blood donor. Automated blood component collection allows significantly more of the targeted blood component to be collected during a donation event, especially red cells where our automated system supports collection of two units from eligible donors.

We believe automation improves blood collection safety and efficiency, as well as regulatory compliance. Integrated information technology and blood management systems like the kind offered by Haemonetics, are impacting the management of blood collection centers as blood collectors respond to demands for efficient blood supply chain management, seek to lower costs, and respond to ever-increasing regulatory restrictions.

However, most donations worldwide are non-automated procedures, also referred to as manual or whole blood donations. In this process, whole blood is collected from the donor and then transported to a central laboratory where it is separated into its components: red cells, platelets and plasma. Through the end of fiscal 2012, Haemonetics had not meaningfully participated in this market. The acquisitions announced in April 2012 will accelerate Haemonetics' entry into the whole blood collection market.

Haemonetics’ Blood Center Products (reported as “blood center” product line) — Today, Haemonetics offers automated blood component collection systems to blood collection centers to collect blood products as efficiently and cost effectively as possible.

We market the MCS® (Multicomponent Collection System) brand apheresis equipment which is designed to collect specific blood components and return the unwanted components to the donor. The MCS® automated platelet system collects one or more therapeutic “doses” of platelets during a single donation by a volunteer blood donor. The MCS® two-unit protocol or double red cell collection device helps blood collectors optimize the collection of red cells by automating the blood separation function, eliminating the need for laboratory processing, and enabling the collection of two units of red cells from a single donor thus maximizing the amount of red cells collected per eligible donor and minimizing red cell shortages in countries where this problem exists. Blood collectors can also use the MCS® system to collect one unit of red cells and a "jumbo" (double) unit of plasma, or one unit of red cells and one unit of platelets from a single donor.

Better balancing of demand with supply will also mitigate shortages of blood components and potentially reduce collection costs. Our software solutions, such as our SafeTrace® and El Dorado Donor® donation and blood unit management systems, span blood center operations and automate and track operations from the recruitment of the blood donor to the disposition of the blood product. Our Hemasphere software solution provides support for more efficient blood drive planning, and Donor Doc and e-Donor software help to improve recruitment and retention. Combined, our solutions help blood collectors improve the safety, regulatory compliance, and efficiency of blood collection and supply.

Our blood center disposables product line represented 29.7%, 30.0%, and 30.8% of our total revenue in fiscal 2012, 2011 and 2010, respectively.

- **Hospital *(reported as “hospital” product line)***

The Transfusion Market for Hospitals — Loss of blood is common in open heart, trauma, transplant, vascular, and orthopedic procedures, and the need for transfusion of oxygen-carrying red cells to make up for lost blood volume is routine. Patients commonly receive donor blood, referred to as “allogeneic blood”, which carries various risks including risk of transfusion with the wrong blood type; risk of transfusion reactions including death, but more commonly chills, fevers or other side effects that can prolong a patient’s recovery; and risk of transfusion of blood with a blood-borne disease or infectious agent.

An alternative to allogeneic blood is surgical blood salvage, also known as autotransfusion, which reduces or eliminates a patient’s need for blood donated from others and ensures that the patient receives the safest blood possible — his or her own. Surgical blood salvage involves the collection of a patient’s own blood during and after surgery, for reinfusion to that patient. Blood is suctioned from the surgical site, processed and washed through a centrifuge-based system that yields concentrated red cells available for transfusion back to the patient. This process occurs in a sterile, closed-circuit, single-use consumable set that is fitted into an electromechanical device. We market our surgical blood salvage products to hospital-based medical specialists, primarily cardiovascular, orthopedic, and trauma surgeons, and to surgical suite service providers.

Haemonetics’ Hospital Products — Haemonetics offers a range of blood management solutions that significantly

improve a hospital's systems for acquiring blood, storing it in the hospital, and dispensing it efficiently and correctly. Over the last few years, hospitals have become more aware of their need to control costs and improve patient safety by managing blood more effectively. Our products and integrated solution platforms help hospitals optimize performance of blood acquisition, storage, and distribution.

Our TEG® Thromobelastograph Hemostasis Analyzer system is a blood diagnostic instrument that measures a patient's hemostasis or the ability to form and maintain blood clots. By understanding a patient's clotting ability, clinicians can better plan for the patient's care, deciding in advance whether to start or discontinue use of certain drugs or, determine the likelihood of the patient's need for a transfusion and which blood components will be most effective in stopping bleeding. Such planning supports the best possible clinical outcome, which can lead to lower hospital costs through a reduction in unnecessary donor blood transfusions, reduced adverse transfusion reactions, shorter intensive care unit and hospital stays, and exploratory surgeries.

The Cell Saver® system is a surgical blood salvage system targeted to procedures that involve rapid, high-volume blood loss, such as cardiovascular surgeries. It has become the standard of care for high blood-loss surgeries. In fiscal 2012, we launched our newest device, the Cell Saver® Elite® system, which is our most advanced autotransfusion option to minimize allogeneic blood use for surgeries with medium to high blood loss.

The cardioPAT® system is a surgical blood salvage system targeted to open heart surgeries when there is less blood loss during surgery, but where the blood loss continues post-surgery. The OrthoPAT® surgical blood salvage system is targeted to procedures, such as orthopedic, that involve slower, lower volume blood loss that often occurs well after surgery. These systems are designed to remain with the patient following surgery, to recover blood and produce a washed red cell product for autotransfusion. Their Quick-Connect features permits customers to utilize the blood processing set selectively, depending on the patient's need.

Our software products help hospitals track and safely deliver stored blood products. SafeTrace Tx® is our software solution that helps manage blood product inventory, perform patient cross-matching, and manage transfusions. In addition, our BloodTrack® suite of solutions manages tracking and control of blood products from the hospital blood center through to transfusion to the patient. "Smart" refrigerators located in or near operating suites, emergency rooms, and other parts of the hospital dispense blood units with secure control and automated traceability for efficient documentation. With our more comprehensive offerings, hospitals are better able to manage processes across the blood supply chain and identify increased opportunities to reduce costs and enhance processes.

Our IMPACT® Online web-based software platform, which monitors and measures improvements in a hospital's blood management practices, provides hospitals with a baseline view of their blood management metrics and helps monitor transfusion rates. If needed by a customer, we also offer business consulting solutions to support process excellence and blood management efforts. We also provide blood management assessment tools to hospitals that enable our customers to monitor their progress in order to continually improve their blood management performance.

Our hospital disposables product line represented 16.6%, 18.0%, and 19.2% of our total revenue in fiscal 2012, 2011 and 2010, respectively.

- **Software Solutions**

Haemonetics' Software Products and Services — To complement our device and disposable products, we have a suite of integrated software solutions that track and monitor blood units along all points in the supply chain, including blood drive planning, donor recruitment and retention, blood processing, blood distribution, and transfusion management. For our plasma customers, we also provide information technology platforms for managing administrative functions and distribution at plasma fractionation facilities. While each Haemonetics information technology platform can be used as a "stand-alone," the mission to provide "Arm to Arm®" blood management is designed to be executed by the integration of these platforms. What's more, the ability to evaluate data based on the integration of these systems allows customers to continually improve their business processes. These systems are the backbone of Haemonetics' overall commitment to improving blood management systems globally.

We offer a range of software consulting services that focus on education, validation, implementation, and technical support for our customers, as well as business consulting services that support process excellence, donor recruitment, business design, and improved blood management. We also provide blood management assessment tools to hospitals.

Integrated Blood Management Solutions — When combining our software solutions with our devices, we meet our goal to give customers powerful tools for improving blood management while driving growth of our consumables. For example, a hospital may use our consulting services to analyze its blood management practices and recommend changes in practice. Then, the hospital can leverage our systems and services to analyze blood utilization, manage

blood inventory, and potentially reduce demand for donated blood. Finally, the hospital can use our IMPACT® Online blood management business intelligence portal to monitor the results of its new blood management practices. The positive patient impact and reduced costs from this integrated blood management approach can be significant. Likewise, by understanding best practices, blood demand, and discreet patient needs, hospitals can more frequently deploy our devices for hemostasis diagnosis and cell salvage to ensure best patient care.

While each of our products, platforms, and services can be marketed individually, our blood management solutions vision is to offer integrated closed-loop solutions for blood supply chain management. Our software solutions — information technology platforms and consulting services — can be combined with our devices and sold through our plasma, blood center, and hospital sales forces.

Our software solutions product line represented 9.7%, 9.9%, and 5.6% of our total revenue in fiscal 2012, 2011 and 2010, respectively.

Marketing/Sales/Distribution

We market and sell our products to commercial plasma collectors, blood systems and independent blood centers, hospitals and hospital service providers, and national health organizations through our own direct sales force (including full-time sales representatives and clinical specialists) as well as independent distributors. Sales representatives target the primary decision-makers within each of those organizations.

United States

In fiscal 2012, 2011, and 2010 approximately 48.4%, 46.9%, and 47.1%, respectively, of consolidated net revenues were generated in the U.S., where we primarily use a direct sales force to sell our products.

Outside the United States

In fiscal 2012, 2011, and 2010 approximately 51.6%, 53.1%, and 52.9%, respectively, of consolidated net revenues were generated through sales to non-U.S. customers. Our direct sales force outside the United States includes full-time sales representatives and clinical specialists in Japan, Europe, Taiwan and China. We also use various distributors to market our products in parts of Europe, Russia, South America, the Middle East, Africa, and the Far East. Additionally, we have established offices with marketing personnel who work with our distributors in Russia, Lebanon, India and Brazil.

Research and Development

Our research and development (“R&D”) centers in the United States and Switzerland ensure that protocol variations are incorporated to closely match local customer requirements. In addition, our Haemonetics Software Solutions also maintains development operations in El Dorado Hills, California; Edmonton, Canada; and Limonest, France.

Customer collaboration is also an important part of our technical strength and competitive advantage. These collaboration customers and transfusion experts provide us with ideas for new products and applications, enhanced protocols, and potential test sites as well as objective evaluations and expert opinions regarding technical and performance issues.

The development of blood component separation products and extracorporeal blood typing and screening systems has required us to maintain technical expertise in various engineering disciplines, including mechanical, electrical, software, and biomedical engineering and material science. Innovations resulting from these various engineering efforts enable us to develop systems that are faster, smaller, and more user-friendly, or that incorporate additional features important to our customer base.

Our expenditures for R&D were $36.8 million for fiscal 2012 (5.1% of net revenues), $32.7 million for fiscal 2011 (4.8% of net revenues) and $26.4 million (4.1% of net revenues) for fiscal 2010. All R&D costs are expensed as incurred and we expect to continue to invest resources in R&D.

In fiscal 2012, R&D resources were allocated to supporting a next generation orthopedic perioperative autotransfusion device, an automated whole blood collection system, and several other projects to enhance our current product portfolio.

Manufacturing

Our principal manufacturing operations are located in Braintree, Massachusetts; Leetsdale, Pennsylvania; Union, South Carolina; Draper, Utah; Niles, Illinois; and Bothwell, Scotland.

In general, our production activities occur in controlled settings or “clean room” environments. Each step of the manufacturing and assembly process is quality checked, qualified, and validated. Critical process steps and materials are documented to ensure that every unit is produced consistently and meets performance requirements.

Plastics are the principal component of our disposable products. Contracts with our suppliers help mitigate some of the short-term effects of price volatility in this market. However, increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials.

Some component-sets manufacturing is performed by outside contractors according to our specifications. We maintain important relationships with two Japanese manufacturers that produce finished consumables in Singapore, Japan, and Thailand. Certain parts and components are purchased from various single sources. If necessary, we believe that, in most cases, alternative sources of supply are available, and could be secured within a relatively short period of time. Nevertheless, an interruption in supply could temporarily interfere with production schedules and affect our operations. All of our other equipment and disposable manufacturing sites are certified to the ISO 13485 standard and to the Medical Device Directive allowing placement of the CE mark of conformity.

Each blood processing machine is designed in-house and assembled from components that are either manufactured by us or by others to our specifications. The completed instruments are programmed, calibrated, and tested to ensure compliance with our engineering and quality assurance specifications. Inspection checks are conducted throughout the manufacturing process to verify proper assembly and functionality. When mechanical and electronic components are sourced from outside vendors, those vendors must meet detailed qualification and process control requirements.

Intellectual Property

We consider our intellectual property rights to be important to our business. We rely on patent, trademark, copyright, and trade secret laws, as well as provisions in our agreements with third parties to protect our intellectual property rights. We hold patents in the United States and many international jurisdictions on some of our machines, processes, disposables and related technologies. These patents cover certain elements of our systems, including protocols employed in our equipment and certain aspects of our processing chambers and disposables. Our patents may cover current products, products in markets we plan to enter, or products in markets we plan to license, or the patents may be defensive in that they are directed to technologies not currently embodied in our current products. We also license patent rights from third parties that cover technologies that we use or plan to use in our business. To maintain our competitive position, we rely on the technical expertise and know-how of our personnel and on our patent rights. We pursue an active and formal program of invention disclosure and patent application in both the United States and foreign jurisdictions. We own various trademarks that have been registered in the United States and certain other countries.

Our policy is to obtain patent and trademark rights in the U.S. and foreign countries where such rights are available and we believe it is commercially advantageous to do so. However, the standards for international protection of intellectual property vary widely. We cannot assure that pending patent and trademark applications will result in issued patents and registered trademarks, that patents issued to or licensed by us will not be challenged or circumvented by competitors, or that our patents will not be found to be invalid.

Competition

We have established a record of innovation and leadership in each of the areas in which we compete. Although we compete directly with others in individual areas of our business, no other company offers the complete range of integrated solutions designed to meet customers' needs across the entire blood supply chain.

To remain competitive, we must continue to develop and acquire cost-effective new products, information technology platforms, and business services. We believe that our ability to maintain a competitive advantage will continue to depend on a combination of factors. Some factors are largely within our control such as reputation, regulatory approvals, patents, unpatented proprietary know-how in several technological areas, product quality, safety and cost effectiveness and continual and rigorous documentation of clinical performance.

In the automated plasma collection market, we principally compete with Fenwal, Inc. on the basis of quality, reliability, ease of use, services and technical features of systems, and on the long-term cost-effectiveness of equipment and disposables. In China, the market is populated by local producers of a product that is intended to be similar to ours. Recently, those competitors have expanded to markets beyond China, into European and South American countries.

In April 2011, Terumo Medical Corporation, a global competitor in the automated plasma and platelet collection markets, acquired Caridian BCT (formerly Gambro BCT). The resulting entity, Terumo BCT, is one of our major competitors in automated platelet collection. Another major competitor in this area is Fenwal. In the automated platelet collection business, competition is based on continual performance improvement, as measured by the time and efficiency of platelet collection and the quality of the platelets collected. Each of these companies has taken a different technological approach in designing their systems for automated platelet collection. In the platelet collection market, we also compete with whole blood collections from which pooled platelets are derived.

Caridian BCT and Fenwal are also competitors in the automated red cell collection market. However, it is important to note that only about 5% of the 40 million units of red cells collected worldwide and about 10% of the 15 million units of red cells collected in the U.S. annually are collected via automation. Therefore, we also compete with the traditional method of collecting red cells from the manual collection of whole blood. As discussed in our *Company Overview*, we will have meaningful participation in whole blood collections with the acquisitions announced in April 2012. We compete on the basis of total cost, type-specific collection, process control, product quality, and inventory management.

In the cell processing market, competition is based on level of automation, labor-intensiveness, and system type (open versus closed). Open systems may be weaker in good manufacturing process compliance. Moreover, blood processed through open systems has a 24-hour shelf life. We have an open system cell processor as well as a closed system cell processor which gives blood processed through it a 14-day shelf life. We compete with Caridian BCT's open systems in this market.

Within our hospital business, in the diagnostics market, the TEG Thrombelastograph Hemostasis Analyzer is used primarily in surgical applications. One direct competitor, ROTEM, is a competitor in Europe and in the United States. Other competitive technologies include standard coagulation tests and platelet function testing. The TEG competes with other laboratory tests based on its ability to provide a complete picture of a patient's hemostasis at a single point in time, and the ability to measure the clinically relevant platelet function for an individual patient.

In the intraoperative surgical blood salvage market, competition is based on reliability, ease of use, service, support, and price. For high-volume platforms, each manufacturer's technology is similar, and our Cell Saver technology competes principally with Medtronic, Fresenius, and Sorin Biomedica. Our portfolio includes cardioPAT and OrthoPAT, which can be used intraoperatively for cases in which a relatively low volume of blood loss is expected.

In the “perioperative” surgical blood salvage market, our OrthoPAT and cardioPAT systems compete primarily against non-automated processing systems whose end product is an unwashed red blood cell unit for transfusion to the patient. The OrthoPAT and cardioPAT systems are the only systems designed for portability and post-operative use that wash and concentrate the red cells prior to infusion. A significant portion of a patients' total blood loss can occur postoperatively, especially in total joint replacement surgery, and this drives the value proposition of the “PAT” systems.

In the software market, we compete with MAK Systems, Mediware, and “home grown” applications. These companies provide software to blood and plasma collectors and to hospitals for managing donors, collections, and blood units. None of these companies competes in other Haemonetics markets.

Our technical staff is highly skilled, but many competitors have substantially greater financial resources and larger technical staffs at their disposal. There can be no assurance that competitors will not direct substantial efforts and resources toward the development and marketing of products competitive with those of Haemonetics.

Significant Customers

The Japanese Red Cross Society (JRC) represented 13.7% and 14.2% of our net revenues in fiscal 2012 and 2011, respectively. Additionally, a global healthcare customer ("Customer B") represented approximately 11.0% of our net revenues in fiscal 2012.

Government Regulation

The products we manufacture and market are subject to regulation by the Center of Biologics Evaluation and Research (“CBER”) and the Center of Devices and Radiological Health (“CDRH”) of the United States Food and Drug Administration (“FDA”), and other non-United States regulatory bodies.

All medical devices introduced to the United States market since 1976 are required by the FDA, as a condition of marketing, to secure either a 510(k) pre-market notification clearance or an approved Pre-market Approval Application (“PMA”). In the United States, software used to automate blood center operations and blood collections and to track those components through the system are considered by FDA to be medical devices, subject to 510(k) pre-market notification. Intravenous solutions (blood anticoagulants and solutions for storage of red blood cells) marketed by us for use with our automated systems requires us to obtain from CBER an approved New Drug Application (“NDA”) or Abbreviated New Drug Application (“ANDA”). A 510(k) pre-market clearance indicates FDA’s agreement with an applicant’s determination that the product for which clearance is sought is substantially equivalent to another legally marketed medical device. The process of obtaining a 510(k) clearance may involve the submission of clinical data and supporting information. The process of obtaining NDA approval for solutions is likely to take much longer than 510(k) clearances because the FDA review process is more complicated.

The FDA’s Quality System regulations set forth standards for our product design and manufacturing processes, require the maintenance of certain records and provide for inspections of our facilities. There are also certain requirements of state, local

and foreign governments that must be complied with in the manufacturing and marketing of our products. We maintain customer complaint files, record all lot numbers of disposable products, and conduct periodic audits to assure compliance with FDA regulations. We place special emphasis on customer training and advise all customers that device operation should be undertaken only by qualified personnel.

The FDA can ban certain medical devices; detain or seize adulterated or misbranded medical devices; order repair, replacement or refund of these devices; and require notification of health professionals and others with regard to medical devices that present unreasonable risks of substantial harm to the public health. The FDA may also enjoin and restrain certain violations of the Food, Drug and Cosmetic Act and the Safe Medical Devices Act pertaining to medical devices, or initiate action for criminal prosecution of such violations.

We are also subject to regulation in the countries outside the United States in which we market our products. The member states of the European Union (EU) have adopted the European Medical Device Directives, which create a single set of medical device regulations for all EU member countries. These regulations require companies that wish to manufacture and distribute medical devices in EU member countries to obtain CE Marking for their products. Outside of the EU, many of the regulations applicable to our products are similar to those of the FDA. However, the national health or social security organizations of certain countries require our products to be registered by those countries before they can be marketed in those countries.

We have complied with these regulations and have obtained such registrations where we market our products. Federal, state and foreign regulations regarding the manufacture and sale of products such as ours are subject to change. We cannot predict what impact, if any, such changes might have on our business.

We are also subject to various environmental, health and general safety laws, directives and regulations both in the U.S. and abroad. Our operations, like those of other medical device companies, involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. We believe that sound environmental, health and safety performance contributes to our competitive strength while benefiting our customers, shareholders and employees.

Environmental Matters

Failure to comply with international, federal and local environmental protection laws or regulations could have an adverse impact upon our business or could require material capital expenditures. We continue to monitor changes in U.S. and international environmental regulations that may present a significant risk to the business, including laws or regulations relating to the manufacture or sale of products using plastics. Action plans are developed to mitigate identified risks.

Employees

As of March 31, 2012, we employed the full-time equivalent of 2,337 persons assigned to the following functional areas: manufacturing, 932; sales and marketing, 463; general and administrative, 439; research and development, 237; and quality control and field service, 266. We consider our employee relations to be satisfactory.

Availability of Reports and Other Information

All of our corporate governance materials, including the Principles of Corporate Governance, the Business Conduct Policy and the charters of the Audit, Compensation, and Nominating and Governance Committees are published on the Investor Relations section of our website at http://phx.corporate-ir.net/phoenix.zhtml?c=72118&p=irol-IRHome. On this web site the public can also access, free of charge, our annual, quarterly and current reports and other documents filed or furnished to the Securities and Exchange Commission, or SEC, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Financial Information about Foreign and Domestic Operations and Export Sales

The financial information required by this item is included herein in Note 15 of the financial statements, entitled *Segment, Geographic and Customer Information*. Sales to the Japanese Red Cross and Customer B accounted for 13.7% and 11.0% of net revenues in fiscal 2012, respectively. No other customer accounted for more than 10% of our net revenues. For more information concerning significant customers, see the subheading of Note 2 of the financial statements entitled, *Concentration of Credit Risk and Significant Customers*.

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, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and such other risks described under Item 1A. Risk Factors included in this report. The foregoing list should not be construed as exhaustive.

ITEM 1A. RISK FACTORS

Set forth below are the risks that we believe are material to our investors. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 9 and 38.

If we are unable to successfully expand our product lines through internal research & development and acquisitions, our business may be materially and adversely affected.

Continued growth of our business depends on our maintaining a pipeline of profitable new products and successful improvements to our existing products. This requires accurate market analysis and carefully targeted application of intellectual and financial resources toward technological innovation or acquisition of new products. The creation and adoption of technological advances is only one step. We must also efficiently develop the technology into a product which confers a competitive advantage, represents a cost effective solution or provides improved clinical outcomes. The risks of missteps and set backs are an inherent part of the innovation and development processes in the medical device industry.

If we are unable to successfully grow our business through marketing partnerships and acquisitions, our business may be materially and adversely affected.

Promising partnerships and acquisitions may not be completed for reasons such as competition among prospective partners or buyers, our inability to reach satisfactory terms, or the need for regulatory approvals. Any acquisition that we complete may be dilutive to earnings and require that we invest significant resources. The economic environment may constrain our ability to access the capital needed for acquisitions and other capital investments.

Failure to integrate acquired businesses into our operations successfully could adversely affect our business.

The integration of the operations of acquired businesses requires significant efforts, including the coordination of information technologies, research and development, sales and marketing, operations, manufacturing and finance. These efforts result in additional expenses and involve significant amounts of managements' time. Factors that affect the success of acquisitions include the strength of the acquired company's underlying technology and ability to execute, our ability to retain employees, and our ability to achieve synergies, such as increasing sales and achieving cost savings. Our failure to manage successfully and coordinate the growth of the combined acquired companies could have an adverse impact on our business and our future growth.

The implementation of healthcare reform in the United States may adversely affect us.

The Patient Protection and Affordable Health Care Act was enacted into law in the U.S. in March 2010. This legislation includes a provision that imposes a 2.3% excise tax on the sale of certain medical devices by a manufacturer, producer or importer of such devices in the United States starting after December 31, 2012. While we are waiting for further regulations to be established, we continue to evaluate the potential impact that this tax may have on our overall business. U.S. net sales represented approximately 48.4% of our worldwide sales in fiscal 2012 and, therefore, this tax burden may have a material impact on our results of operations.

An interruption in our ability to manufacture our products or an inability to obtain key components or raw materials may adversely affect our business.

Certain key products are manufactured at single locations, with limited alternate facilities. If an event occurs that results in damage to one or more of our facilities, we may be unable to manufacture the relevant products at previous levels or at all. In addition, for reasons of quality assurance or cost effectiveness, we purchase certain components and raw materials from sole suppliers. Due to the stringent regulations and requirements of the FDA and other similar non-U.S. regulatory agencies regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for certain components or materials. A reduction or interruption in manufacturing, or an inability to secure alternative sources of raw materials or components, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may incur significant debt in the future which could adversely affect our financial health and may result in restrictions on our operations.

We may need to incur debt in the future, for example, to acquire complementary businesses. Our indebtedness would increase certain risks, including but not limited to the inability to satisfy our obligations with respect to our debt instruments, our inability to adjust to adverse economic conditions, our inability to fund future working capital, capital expenditures, acquisitions and other general corporate requirements, and our inability to generate sufficient funds to cover required interest payments. The terms of our debt agreements may include covenants which could impose restrictions on our operations and limit

our ability to pursue our growth strategy.

As a medical device manufacturer we are subject to a number of laws and regulations. Non-compliance with those laws or regulations could adversely affect our financial condition and results of operations.

The manufacture, distribution and marketing of our products are subject to regulation by the FDA and other non-United States regulatory bodies. We must obtain specific regulatory clearance prior to selling any new product or service, a process which is costly and time consuming. Our operations are also subject to continuous review and monitoring by the FDA and other regulatory authorities. Failure to substantially comply with applicable regulations could subject our products to recall or seizure by government authorities, or an order to suspend manufacturing activities. As well, if our products were determined to have design or manufacturing flaws, this could result in their recall or seizure. Either of these situations could also result in the imposition of fines.

As a majority of our revenue comes from outside the United States, we are subject to export and import restrictions, local regulatory authorities and the laws and medical practices in foreign jurisdictions.

Export of U.S. technology or goods manufactured in the United States to some jurisdictions requires special U.S. export authorization or local market controls that may be influenced by factors, including political dynamics, outside our control. Regulations relating to the use of certain materials in the manufacture of our products could also require us to convert our production to alternate material(s), which may be more costly or less effective.

Many of our competitors have significantly greater financial and other resources. Their greater financial resources may allow them to more rapidly develop new technologies and more quickly address changes in customer requirements.

Although no one company competes with us across our full line of products, we face competition in each of our product lines. Our ability to remain competitive depends on a combination of factors. Certain factors are within our control such as reputation, regulatory approvals, patents, unpatented proprietary know-how in several technological areas, product quality, safety, cost effectiveness and continued rigorous documentation of clinical performance. Other factors are outside of our control such as regulatory standards, medical standards, reimbursement policies and practices, and the practice of medicine.

Loss of a significant customer could adversely affect our business.

The Japanese Red Cross Society (JRC) is a significant customer that represented 13.7% of our revenues in fiscal 2012. Additionally, a global healthcare customer ("Customer B") represented approximately 11.0% of our net revenues in fiscal 2012. Because of the size of these relationships we could experience a significant reduction in revenue if the JRC or Customer B decided to significantly reduce its purchases from us for any reason including a desire to rebalance its purchases between vendors, or if we are unable to obtain and maintain necessary regulatory approvals in Japan. We also have a concentration of credit risk due to our outstanding accounts receivable balances with the JRC and Customer B.

Current or worsening economic conditions may adversely affect our business and financial condition.

A portion of our trade accounts receivable outside the United States include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. We have not incurred significant losses on government receivables. We continually evaluate all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods.

Deteriorating credit and economic conditions in parts of Western Europe, particularly in Italy where our net accounts receivable is $21.0 million as of March 31, 2012, may increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

As a global corporation, we are exposed to fluctuations in currency exchange rates, which could adversely affect our cash flows and results of operations.

International revenues and expenses account for a substantial portion of our operations and we intend to continue expanding our presence in international markets. In fiscal 2012, our international revenues accounted for 51.6% of our total revenues. The exposure to fluctuations in currency exchange rates takes different forms. Reported revenues for sales, as well as manufacturing and operational costs, denominated in foreign currencies by our international businesses, when translated into U.S. dollars for financial reporting purposes, fluctuate due to exchange rate movement. Fluctuations in exchange rates could adversely affect our profitability in U.S. dollars of products and services sold by us into international markets, where payment for our products and services and related manufacturing and operational costs is made in local currencies.

We are subject to the risks associated with communicable diseases. A significant outbreak of a disease could reduce the

demand for our products and affect our ability to provide our customers with products and services.

An eligible donor's willingness to donate is affected by concerns about their personal health and safety. Concerns about communicable diseases (such as pandemic flu, SARS, or HIV) could reduce the number of donors, and accordingly reduce the demand for our products for a period of time. A significant outbreak of a disease could also affect our employees' ability to work, which could limit our ability to produce product and service our customers.

There is a risk that the Company's intellectual property may be subject to misappropriation in some countries.

Certain countries, particularly China, do not enforce compliance with laws that protect intellectual property ("IP") rights with the same degree of vigor as is available under the U.S. and European systems of justice. Further, certain of the Company's IP rights are not registered in China, or if they were, have since expired. This may permit others to produce copies of products in China that are not covered by currently valid patent registrations. There is also a risk that such products may be exported from China to other countries.

In order to aggressively protect our intellectual property throughout the world, we have a program of patent disclosures and filings in markets where we conduct significant business. While we believe this program is reasonable and adequate, the risk of loss is inherent in litigation as different legal systems offer different levels of protection to intellectual property, and it is still possible that even patented technologies may not be protected absolutely from infringement.

Pending and future intellectual property litigation could be costly and disruptive to us.

We operate in an industry that is susceptible to significant intellectual property litigation. We are currently pursuing intellectual property infringement claims described in more detail under Item 3. Legal Proceedings and *Note 10- Commitments and Contingencies* to our fiscal 2012 consolidated financial statements included in Item 8 of this Annual Report. Intellectual property litigation is expensive, complex and lengthy and its outcome is difficult to predict. Patent litigation may result in adverse outcomes and could significantly divert the attention of our technical and management personnel.

We sell our products in certain emerging economies.

Emerging economies, such as Brazil, Russia, India and China, have less mature product regulatory systems, and can have more volatile financial markets. In addition, government controlled health care systems' willingness or ability to invest in our products and systems may abruptly change due to changing government priorities or funding capacity. Our ability to sell products in these economies is dependent upon our ability to hire qualified employees or agents to represent our products locally, and our ability to obtain the necessary regulatory approvals in a less mature regulatory environment. If we are unable to retain qualified representatives or maintain the necessary regulatory approvals, we will not be able to continue to sell products in these markets. We are exposed to a higher degree of financial risk, if we extend credit to customers in these economies.

In many of the international markets in which we do business, including certain parts of Europe, South America, the Middle East, Russia and Asia, our employees, agents or distributors offer to sell our products in response to public tenders issued by various governmental agencies.

There is additional risk in selling our products through agents or distributors, particularly in public tenders. If they misrepresent our products, do not provide appropriate service and delivery, or commit a violation of local or U.S. law, our reputation could be harmed, and we could be subject to fines, sanctions or both.

We have a complex international supply chain.

Any disruption to one or more of our suppliers' production or delivery of sufficient volumes of subcomponents conforming to our specifications could disrupt or delay our ability to deliver finished products to our customers. For example, we purchase components in Asia for use in manufacturing in the United States and Scotland. We also regularly ship finished goods from Scotland to Europe and Asia.

Plastics are the principal component of our disposables, which are the main source of our revenues.

Increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials. Increases in the costs of other commodities may affect our procurement costs to a lesser degree.

The technologies that cover our products are the subject of active patent prosecution.

There is a risk that one or more of our products may be determined to infringe a patent held by another party. If this were to occur we may be subject to an injunction or to payment of royalties, or both, which may adversely affect our ability to market the affected product(s). In addition, competitors may patent technological advances which may give them a competitive advantage or create barriers to entry.

Our products are made with materials which are subject to regulation by governmental agencies.

Environmental regulations may prohibit the use of certain compounds in products we market and sell into regulated markets. If we are unable to substitute suitable materials into our processes, our manufacturing operations may be disrupted. In addition, we may be obligated to disclose the origin of certain materials used in our products, including but not limited to metals mined from locations which have been the site of human rights violations.

We are entrusted with sensitive personal information relating to surgical patients, blood donors, employees and other persons in the course of operating our business and serving our customers.

Government agencies require that we implement measures to ensure the integrity and security of such personal data and, in the event of a breach of protocol, that we inform affected individuals. If our systems were not properly designed or implemented, or should suffer a breach of security or an intrusion (e.g., “hacking”) by unauthorized persons, the Company’s reputation could be harmed, and it could incur costs and liabilities to affected persons and enforcement agencies.

We operate in an industry susceptible to significant product liability claims.

Our products are relied upon by medical personnel in connection with the treatment of patients and the collection of blood from donors. In the event that patients or donors sustain injury or death in connection with their condition or treatment, we, along with others, may be sued, and whether or not we are ultimately determined to be liable, we may incur significant legal expenses. These claims may be brought by individuals seeking relief on their own behalf or purporting to represent a class. In addition, product liability claims may be asserted against us in the future based on events we are not aware of at the present time.

In addition, such litigation could damage our reputation and, therefore, impair our ability to market our products or to obtain professional or product liability insurance or cause the premiums for such insurances to increase. We carry product liability coverage. While we believe that the aggregate current coverage is sufficient, there can be no assurance that such coverage will be adequate to cover liabilities which may be incurred. Moreover, we may in the future be unable to obtain product and professional liability coverage in amounts and on terms that we find acceptable, if at all.

Consolidation in the healthcare industry could lead to increased demands for price concessions or the exclusion of some suppliers from certain of our significant market segments, which could have an adverse effect on our business, financial condition and results of operations.

The costs of healthcare has risen significantly over the past decade and numerous initiatives and reforms by legislators, regulators and third-party payors to curb these costs have resulted in a consolidation trend in the healthcare industry, including plasma fractionation companies and hospitals. This consolidation has resulted in greater pricing pressures, decreased average selling prices, and the exclusion of certain suppliers from important market segments as group purchasing organizations, integrated delivery networks and large single accounts continue to consolidate purchasing decisions for some of our hospital customers. We expect that market demand, government regulation, third-party reimbursement policies, government contracting requirements, and societal pressures will continue to change the worldwide healthcare industry, resulting in further business consolidations and alliances among our customers and competitors, which may exert further downward pressure on the prices of our products and adversely impact our business, financial condition or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our main facility, which the Company owns, is located on 14 acres in Braintree, Massachusetts. This facility is located in a light industrial park and was constructed in the 1970s. The building is approximately 180,000 square feet, of which 70,000 square feet are devoted to manufacturing and quality control operations, 35,000 square feet to warehousing, 72,000 square feet for administrative and research, development and engineering activities and 3,000 square feet available for expansion. See Note 8 to the financial statements for details of our mortgage on the Braintree facility.

On property adjacent to the Braintree facility the Company leases 43,708 square feet of additional office space. This facility is used for sales, marketing, finance, legal, and other administrative services. Annual lease expense for this facility is $579,131.

The Company leases an 81,929 square foot facility in Leetsdale, Pennsylvania. This facility is used for warehousing, distribution and manufacturing operations supporting our plasma business. Annual lease expense is $365,482 for this facility.

The Company leases 99,931 square feet in Draper, Utah. This facility is used for the manufacturing and distribution of plasma disposable products. Annual lease expense is $483,426.

The Company owns a facility in Union, South Carolina. This facility is used for manufacture of sterile solutions to support our blood center and plasma businesses. The facility is approximately 69,300 square feet.

The company leases a facility in Niles, Illinois, which performs research and manufacturing for the Company. This facility is 16,478 square feet of office and manufacturing space. Annual lease expense is $142,358.

The Company owns a facility in Bothwell, Scotland used to manufacture disposable components for European customers. This facility is approximately 40,200 square feet.

The Company leases 26,264 square feet of office space in Signy, Switzerland. This facility is used for sales, marketing, finance and other administrative services. Annual lease expense for this space is approximately $884,924.

The Company leases 6,214 square feet of space in Tokyo, Japan for sales, marketing, finance and other administrative offices. Annual lease expense is approximately $601,638.

The Company also leases sales, marketing, service, and distribution facilities in locations around the world.

ITEM 3. LEGAL PROCEEDINGS

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

Fenwal Patent Infringement

For the past five years, we have pursued patent infringement lawsuits against Fenwal Inc. seeking an injunction and damages from their infringement of a Haemonetics patent, through the sale of the ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems.

Currently, we are pursuing a patent infringement action in Germany against Fenwal, and its European and German subsidiary. On September 20, 2010, we filed a patent infringement action in Germany. In response, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action on December 1, 2010.

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. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. In connection with this conviction, our Italian subsidiary is liable to pay a fine of €147,500 and a proportionate share of the cost of the proceedings. The final amount has not yet been determined.

When this matter 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 4. REMOVED AND RESERVED

Executive Officers of the Registrant

The information concerning our Executive Officers is as follows. Executive officers are elected by and serve at the discretion of our Board of Directors. There are no family relationships between any director or executive officer and any other director or executive officer of Haemonetics Corporation.

PETER ALLEN (age 53) joined our Company in 2003 as President, Donor Division. Mr. Allen was appointed Chief Marketing Officer for Haemonetics in 2008. In October 2011, Mr. Allen was promoted to President, Global Plasma. Prior to joining Haemonetics, Mr. Allen was Vice President of The Aethena Group, a private equity firm providing services to the global healthcare industry. From 1998 to 2001, he held various positions including Vice President of Sales and the Oncology Business at Syncor International, a provider of radiopharmaceutical and comprehensive medical imaging services. Previously, he held executive level positions in sales, marketing and operations in DataMedic, Inc., Enterprise Systems, Inc./HBOC, and Robertson Lowstuter, Inc. Mr. Allen has also worked in sales and marketing at American Hospital Supply Corporation and Baxter International, Inc.

BRIAN CONCANNON (age 54) joined our Company in 2003 as President, Patient Division and was promoted to President, Global Markets, in 2006. In 2007, Mr. Concannon was promoted to Chief Operating Officer. In April 2009, Mr. Concannon was promoted to President and Chief Executive Officer and elected to the Haemonetics Board of Directors. Immediately prior to joining the Company, Mr. Concannon was President, Northeast Region, Cardinal Health Medical Products and Services where he was employed since 1998. From 1985 to 1998, he was employed by American Hospital Supply Corporation, Baxter Healthcare Corp. and Allegiance Healthcare in a series of sales and operations management positions of increasing responsibility.

JOSEPH FORISH (age 59) joined our Company in 2005 as Vice President, Human Resources. Prior to joining Haemonetics, Mr. Forish held various global human resources leadership roles, including Vice President, Corporate Human Resources for Rohm and Haas Company. Prior to that, Mr. Forish was Vice President, Human Resources for the ConvaTec Division of Bristol-Myers Squibb Company.

MIKAEL GORDON (age 56) joined our Company in 2007 as President, Europe and was promoted to President, Global Markets in February 2009. Prior to joining Haemonetics, Mr. Gordon was Regional Executive Manager North & West Europe for GE Healthcare Clinical Systems. From 1997 to 2007 he held various executive positions as Vice President IT, VP Laboratory Products, VP Strategic Planning and VP Global Sales within Amersham Biosciences until the company was acquired by General Electric in 2004. Mr. Gordon has broad international business experience in the healthcare environment and has lived several years outside his home country. Mr. Gordon has a B.Sc. from the Stockholm School of Economics and is a Swedish national. In April 2012, Mr. Gordon informed the Company that he will resign effective June 2012 to accept a senior leadership position at another company.

SUSAN HANLON (age 45) joined our Company in 2002 as Vice President and Corporate Controller. In 2004, she was promoted to Vice President Planning and Control, and in 2008, Ms. Hanlon was promoted to Vice President Finance. She presently has responsibility for Controllership, Financial Planning, Tax, and Treasury. Prior to joining Haemonetics, Ms. Hanlon was a partner with Arthur Andersen LLP in Boston.

DAVID HELSEL (age 49) joined our Company as Vice President, Global Manufacturing, in March 2012, and is responsible for worldwide oversight of the Company's manufacturing and supply chain organizations. Mr. Helsel was previously with Covidien, Ltd. for 16 years, where he most recently was Vice President of Operations for the Surgical Solutions global business unit. During his tenure with Covidien, Mr. Helsel's previous roles included Vice President of Operations for the Medical Supplies segment and Global Director of Operational Excellence - Manufacturing. Mr. Helsel holds a BS in Mechanical Engineering from LeTourneau University.

SANDRA JESSE (age 59) joined our Company as Vice President, Chief Legal Officer in September 2011, and is responsible for the company's world-wide Legal, Compliance, Corporate Audit and Controls, and Environmental Health and Safety groups. Ms. Jesse was previously the Executive Vice President and Chief Legal Officer of Blue Cross Blue Shield of Massachusetts, a Partner in the Boston law firm of Choate, Hall and Stewart, and Press Secretary for United States Congressman, Lee Hamilton. She has served on a number of boards and is presently the Chair of the New England Foundation. Ms. Jesse is a former President of the Boston Bar Foundation.

MICHAEL KELLY (age 48) joined Haemonetics in July of 2010 as President, North America & Global Plasma. In 2011, his responsibilities were expanded to include the Software and Global Marketing functions, and his title changed to President of North America. Prior to joining Haemonetics, Mr. Kelly was Senior Vice President and General Manager, Infection Prevention, for CareFusion Corporation from 2008 to 2010. From 1999 to 2008, Mr. Kelly served at Cardinal Health in a variety of General Management, Marketing, Business Development, and Sales positions. In 1991, he began his career with Baxter Healthcare as a sales representative. Mr. Kelly graduated from The Ohio State University, Columbus, OH with a Bachelor of Science in Business Administration and an MBA.

CHRISTOPHER LINDOP (age 54) joined our Company in January of 2007 as Vice President and Chief Financial Officer. In 2007, Mr. Lindop also assumed responsibility for business development. Prior to joining Haemonetics, Mr. Lindop was Chief Financial Officer at Inverness Medical Innovations, a global developer of advanced consumer and professional diagnostic products from 2003 to 2006. Prior to this, he was Partner in the Boston offices of Ernst & Young LLP and Arthur Andersen LLP.

WARREN NIGHAN (age 43) joined our Company in November of 2010 as Vice President of Worldwide Quality & Regulatory Affairs. Mr. Nighan previously served as Vice President Quality & Regulatory for St. Jude Medical in Minneapolis, Minnesota from 2009 to 2010. Prior to that, Mr. Nighan was the Worldwide Vice President of Quality for Covidien from 1999 to 2008. Mr. Nighan holds a Bachelors degree in Nursing from Northeastern University.

DR. JONATHAN WHITE (age 52) joined our Company in 2008 as Vice President, Research and Development. Dr. White joined Haemonetics from Pfizer, where he held a number of roles including Chief Information Officer, and where he was employed from 1998 to 2008. From 1992 to 1998, he was a management consultant at McKinsey and Company in New York. Dr. White is a Fellow of the Royal College of Surgery in England. He completed his qualifications as a neurosurgeon and worked in both clinical and academic medical settings. In addition, he holds a Masters degree in Computer Science from Cambridge in England, and a Masters degree in Business Administration from INSEAD in France.

PART II

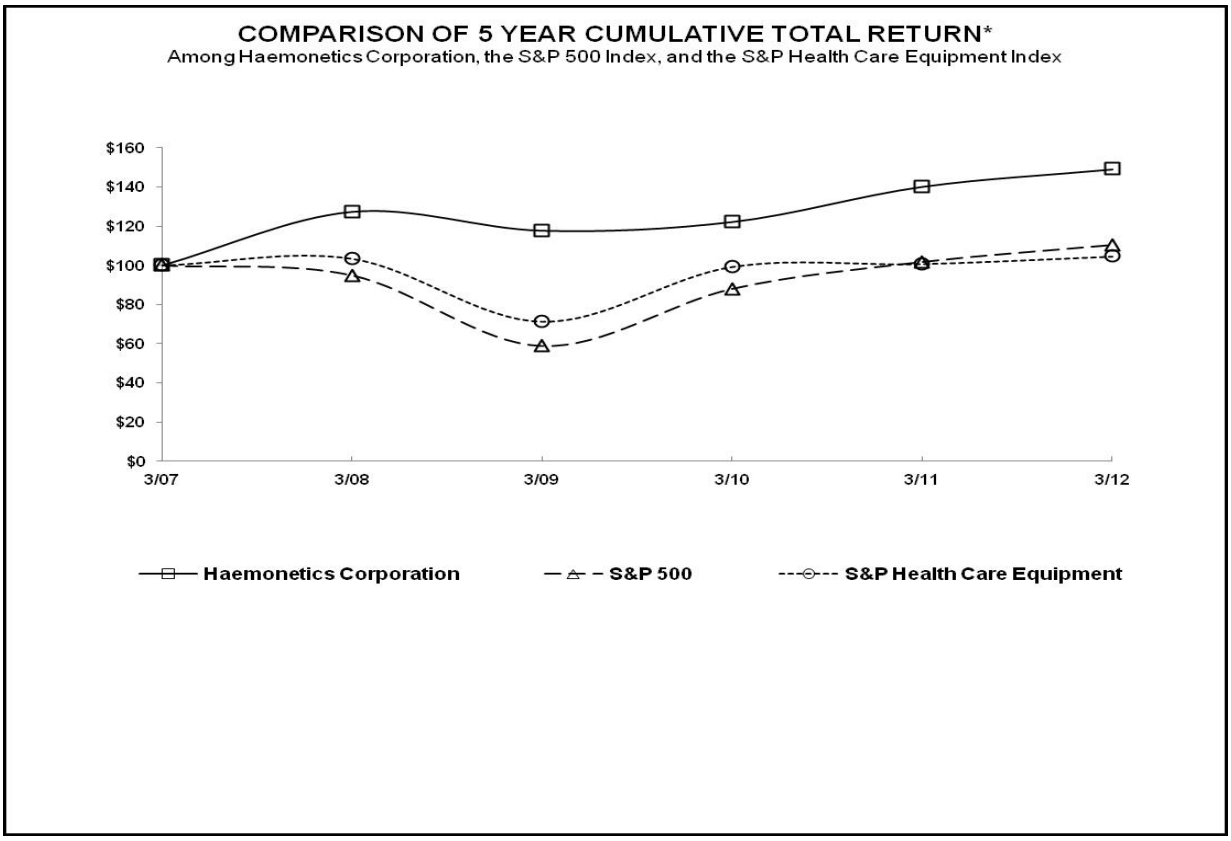
ITEM 5. MARKET FOR THE REGISTRANT's COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol HAE. The following table sets forth for the periods indicated the high and low sales prices of such common stock, which represent actual transactions as reported by the New York Stock Exchange.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended March 31, 2012:				
Market price of Common Stock:				
High	$ 70.20	$ 69.18	$ 64.58	$ 70.32
Low	$ 62.42	$ 56.03	$ 55.01	$ 61.85
Fiscal year ended April 2, 2011:				
Market price of Common Stock:				
High	$ 60.65	$ 59.01	$ 64.83	$ 66.70
Low	$ 52.58	$ 50.50	$ 53.11	$ 57.73

There were approximately 287 holders of record of the Company’s common stock as of March 31, 2012. The Company has never paid cash dividends on shares of its common stock and does not expect to pay cash dividends in the foreseeable future.

The following graph compares the cumulative 5-year total return provided to shareholders on Haemonetics Corporation's common stock relative to the cumulative total returns of the S&P 500 index and the S&P Health Care Equipment index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on 3/31/2007 and its relative performance is tracked through 3/31/2012.



* $100 invested on 3/31/07 in stock or index, including reinvestment of dividends.
Fiscal year ended March 31.

	3/07	3/08	3/09	3/10	3/11	3/12
Haemonetics Corporation	**100.00**	**127.44**	**117.82**	**122.25**	**140.19**	**149.05**
S&P 500	**100.00**	**94.92**	**58.77**	**88.02**	**101.79**	**110.48**
S&P Health Care Equipment	**100.00**	**103.48**	**71.12**	**99.28**	**100.73**	**104.60**

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. SELECTED FINANCIAL DATA

Haemonetics Corporation and Subsidiaries Five-Year Review

(In thousands, except per share and employee data)	2012	2011	2010	2009	2008
Summary of Operations					
Net revenues	$ 727,844	$ 676,694	$ 645,430	$ 597,879	$ 516,440
Cost of goods sold	358,604	321,485	307,949	289,709	258,715
Gross profit	369,240	355,209	337,481	308,170	257,725
Operating expenses:					
Research and development	36,801	32,656	26,376	23,859	24,322
Selling, general and administrative	245,261	213,899	214,483	198,744	163,116
Contingent consideration income	(1,580)	(1,894)	(2,345)	—	—
Asset impairments	—	—	15,686	—	—
Total operating expenses	280,482	244,661	254,200	222,603	187,438
Operating income	88,758	110,548	83,281	85,567	70,287
Other income (expense), net	740	(467)	(2,010)	(565)	7,015
Income before provision for income taxes	89,498	110,081	81,271	85,002	77,302
Provision for income taxes	22,612	30,101	22,901	25,698	25,322
Net income	66,886	79,980	58,370	59,304	51,980
Income per share:					
Basic	$ 2.64	$ 3.19	$ 2.29	$ 2.34	$ 2.01
Diluted	$ 2.59	$ 3.12	$ 2.24	$ 2.27	$ 1.94
Weighted average number of shares	25,364	25,077	25,451	25,389	25,824
Common stock equivalents	431	519	612	784	922
Weighted average number of common and common equivalent shares	25,795	25,596	26,063	26,173	26,746

	2012	2011	2010	2009	2008
Financial and Statistical Data:					
Working capital	$ 396,385	$ 340,160	$ 250,888	$ 289,530	$ 261,757
Current ratio	4.0	4.1	2.9	4.1	3.7
Property, plant and equipment, net	$ 161,657	$ 155,528	$ 154,313	$ 137,807	$ 116,484
Capital expenditures	$ 53,198	$ 46,669	$ 56,304	$ 56,379	$ 57,790
Depreciation and amortization	$ 49,966	$ 48,145	$ 43,236	$ 36,462	$ 31,197
Total assets	$ 911,135	$ 833,264	$ 760,928	$ 649,693	$ 608,950
Total debt	$ 3,771	$ 4,879	$ 20,520	$ 6,038	$ 12,363
Stockholders' equity	$ 732,631	$ 686,136	$ 593,124	$ 539,884	$ 494,188
Return on average equity	9.4%	12.5%	10.3%	11.5%	10.5%
Debt as a % of stockholders' equity	0.5%	0.7%	3.5%	1.1%	2.5%
Employees	2,337	2,201	2,327	2,016	1,875
Net revenues per employee	$ 311	$ 307	$ 277	$ 297	$ 275

ITEM 7. MANAGEMENT's DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 components, 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 81.7% , 81.5% and 86.0% of our total revenue for fiscal 2012, 2011 and 2010, respectively.

In April 2012, we announced two acquisitions that will provide us with a commercial presence in all aspects of the whole blood collection market, a market in which historically we have not meaningfully participated. We entered into a definitive agreement to acquire the business assets of the blood collection, filtration and processing product lines of Pall Corporation for $551 million. The blood processing systems and equipment to be acquired are for use in transfusion medicine and include Pall's manufacturing facilities in Covina, California; Tijuana, Mexico; Ascoli, Italy and a portion of Pall's assets in Fajardo, Puerto Rico. Approximately 1,300 employees will be transferred to Haemonetics. We also entered into a definitive agreement to acquire the business assets of Hemerus Medical, LLC, a Minnesota-based company that develops innovative technologies for the collection of whole blood, and processing and storage of blood components. Under the terms of the agreement, we will pay up to $27 million contingent upon on certain regulatory approvals. We expect both acquisitions to close in the second quarter of fiscal 2013.

Market Trends

Plasma Market

Changes in demand for plasma-derived pharmaceuticals, particularly immunoglobulin ("IG"), is the key driver of plasma collection volumes in the commercial plasma collection market. Various factors related to the supply of plasma and the production of plasma-derived pharmaceuticals also affect demand, including the following:

- Industry consolidation continues among plasma collectors and fractionators. Industry consolidation impacts us when a collector changes the total number of its collection centers, the total number of collections performed per center or changes the plasma collection system (either Haemonetics or a competitive technology) used to perform some or all of those collections.
- The supply of source plasma also affects demand for additional collections of source plasma.
- The newer plasma fractionation facilities are more efficient in their production processes, utilizing less plasma to make similar quantities of pharmaceuticals and vaccines.
- Reimbursement guidelines affect the demand for end product pharmaceuticals, although a high off-label use of

pharmaceuticals occurs.

- Newly approved indications and diagnosis of new patients requiring plasma derived therapies increase the demand for plasma, along with longer lifespans and a growing aging patient population requiring therapy, and bio-pharmaceutical geographical expansion.

Demand for plasma in fiscal 2012 was particularly strong in North America where approximately two-thirds of commercial plasma is collected. While global markets for plasmapheresis have been relatively flat, the market in Japan has declined. The Japanese Red Cross has shifted some of its plasma for fractionation from plasmapheresis to recovered plasma from whole blood collections. This change has reduced demand for automated plasma collections. Currently, demand for plasma-derived therapies is driving mid-single digit growth of plasma collection.

Blood Center Market

In the blood center market, we sell products used in the collection of platelets and red cells.

Despite modest increases in the demand for platelets in Europe and Japan, improved collection efficiencies that increase the yield of platelets per collection and more efficient use of collected platelets have resulted in a flat market for automated collections and related disposables in these countries. With changes in healthcare and social security systems in emerging markets, a larger number of people get access to state of the art medical treatments, which drives the demand for platelet transfusions and represent a faster growing market.

After several years of modest increases in demand for red cell transfusions and a general shortage of volunteer donors, the market in recent years has experienced lower demand for red cells due to slow growth in elective procedures coupled with increased focus on better blood management practices. The reduced demand for red cells adversely impacted our red cell business. As the baby-boomer population ages, we expect a return to modest increases in demand for red cells. Furthermore, as blood collectors are forced to improve operating efficiency, reduce costs and maintain regulatory compliance, there will be modest growth opportunities for our red cell technology in the future.

Hospital Market

In the hospital market, we sell cardiovascular surgical blood salvage systems, orthopedic surgical blood salvage systems, and a blood diagnostics instrument.

Our Cell Saver brand surgical blood salvage system was designed as a solution for rapid, high volume blood loss procedures, such as cardiovascular surgeries. This part of the surgical blood salvage market is declining and will likely continue to decline due to improved surgical techniques which minimize blood loss and less invasive procedures. The cardioPAT system, a surgical blood salvage system targeted at cardiovascular procedures when there is less blood loss, is designed to meet the market needs created by these improved surgical techniques. The cardioPAT can be used intra-operatively as well as post-operatively when blood loss continues while the patient is in recovery.

Our OrthoPAT technology is used to salvage red cells in high blood loss orthopedic procedures, including hip and knee replacement surgeries. The OrthoPAT is the only system on the market designed to collect, separate and wash a patient’s shed blood both during and after surgery. While cell salvage is not yet a standard of care for U.S. orthopedic procedures, we position this device as an effective alternative to stored red cells (both autologous predonated and allogeneic) and non-washed autotransfusion systems. Particularly in the United States, hip and knee replacement surgeries are frequently elective surgeries and as a result are subject to change in economic conditions.

Our TEG Thromobelastograph Hemostasis Analyzer is a diagnostic tool which provides a comprehensive assessment of a patient’s overall hemostasis. The benefit is that this information enables caregivers to decide the best blood-related clinical treatment for the individual patient in order to minimize blood loss and reduce incidence of "reoperations". The test is expanding beyond cardiac surgery into trauma, as well as helping manage surgical timing of patients on anti-platelet medications such as clopidogrel. TEG product line sales further strengthened in fiscal 2012. This product’s growth is dependent on hospitals adopting this technology as a standard practice in their blood management programs.

Software Market

Our software solutions portfolio addresses many of the critical data collection and data management needs within the plasma, blood center, and hospital markets and is also a key component of our blood management solutions today. In fiscal 2012, the pressures to improve efficiencies, reduce cost, and improve patient outcomes continued to be key drivers in all three market segments.

Demand for our plasma software solution remained steady in fiscal 2012 although we anticipate a sub-segment of this market will continue to migrate towards homegrown proprietary software solutions in an effort to gain unique competitive advantages.

In fiscal 2012, within the blood center market, we saw a modest increase in demand for our El Dorado Software Solution Suite even with the continued pricing pressures and trend towards consolidation amongst blood centers in the United States. Interest and demand for our newest product El Dorado Donor continues to grow globally as customers look to upgrade their systems of record to a modern, more flexible, comprehensive platform. Interest and demand remains steady for our Hemasphere, eDonor, and Donor Doc software solutions as centers look for ways to continue to optimize efficiencies within the planning, scheduling, donor recruitment, and data collection process steps associated with a blood drive.

The demand for our flagship blood banking solution, SafeTrace TX, continues to grow steadily within the hospital market. In fiscal 2012 we continued to see demand for reliable, proven safety systems within blood banks even though many hospitals IT organizations were largely focused on meaningful use initiatives. Further growth in this area will be partly dependent on the continued ability for hospitals to leverage our existing full service capabilities to help them effectively and efficiently complete implementations. Interest and demand also continues to grow globally for our remote allocation and point of care transfusion systems, as care providers look for ways to improve efficiencies and meet compliance guidelines for tracking and dispositioning of blood components to patients.

Financial Summary

(In thousands, except per share data)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Net revenues	$ 727,844	$ 676,694	$ 645,430	7.6 %	4.8 %
Gross profit	$ 369,240	$ 355,209	$ 337,481	4.0 %	5.3 %
% of net revenues	*50.7%*	*52.5%*	*52.3%*		
Operating expenses	$ 280,482	$ 244,661	$ 254,200	14.6 %	(3.8)%
Operating income	$ 88,758	$ 110,548	$ 83,281	(19.7)%	32.7 %
% of net revenues	*12.2%*	*16.3%*	*12.9%*		
Other income (expense), net	$ 740	$ (467)	$ (2,010)	(258.5)%	(76.8)%
Income before taxes	$ 89,498	$ 110,081	$ 81,271	(18.7)%	35.4 %
Provision for income tax	$ 22,612	$ 30,101	$ 22,901	(24.9)%	31.4 %
% of pre-tax income	*25.3%*	*27.3%*	*28.2%*		
Net income	$ 66,886	$ 79,980	$ 58,370	(16.4)%	37.0 %
% of net revenues	*9.2%*	*11.8%*	*9.0%*		
Earnings per share-diluted	$ 2.59	$ 3.12	$ 2.24	(17.0)%	39.3 %

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal 2012 and 2011 each includes 52 weeks with each quarter having 13 weeks. Fiscal 2010 includes 53 weeks with each of the first three quarters having 13 weeks and the fourth quarter having 14 weeks. For fiscal 2011, net revenue increased 4.8%. Excluding the effect of the extra week in fiscal 2010, net revenue for fiscal 2011 increased 6.7%.

Net revenue for fiscal 2012 increased 7.6% over fiscal 2011. Without the effects of foreign exchange, net revenue increased 5.6% over fiscal 2011. The increase reflects strong revenue growth from our plasma, blood center, diagnostics businesses and increased equipment and software sales, offset by declines due to a recall of certain of our OrthoPAT devices. Fiscal 2012 revenue growth also benefited from purchases by the Japanese Red Cross in March 2012 to avoid future supply disruptions in anticipation of an internal business system conversion.

Net revenue for fiscal 2011 increased 4.8% over fiscal 2010. Without the effects of foreign exchange, net revenue increased 4.6% over fiscal 2010. The increase noted reflects the positive impact of acquisitions, which contributed 5.3% to revenue growth for fiscal year 2011, as well as strong revenue growth from emerging markets, notably Russia and Asia.

Our gross profit amount increased 4.0% during fiscal 2012. Without the effects of foreign exchange, gross profit increased 1.5% over fiscal 2011. Our gross profit margin percentage decreased by 180 basis points for fiscal 2012 as compared to fiscal 2011. The decrease was primarily due to increased product quality costs and lower overall margin associated with lower sales of higher-margin hospital products and higher sales of lower-margin plasma disposables.

Our gross profit amount increased 5.3% during fiscal 2011. Without the effects of foreign exchange, gross profit increased 5.4%, which was largely driven by higher software sales as a result of the Global Med acquisition and cost improvements in our manufacturing operations. Our gross profit margin percentage improved 20 basis points for fiscal 2011 as compared to fiscal 2010. Increased software sales positively impacted gross margin percentage. These increases were partly offset by increased inventory reserves during fiscal 2011.

Operating expenses increased 14.6% during fiscal 2012 over fiscal 2011. Without the effects of foreign exchange, operating expenses increased 11.2% during fiscal 2012. Higher operating expenses include $3.1 million of expenses, net of insurance recovery, associated with European customer claims arising from a quality matter with our High Separation Core Bowl ("HS Core"), $3.0 million of transaction costs related to the definitive purchase agreements announced in April 2012 with Pall Corporation and Hemerus Medical, LLC, increased restructuring costs, increased investment in research and development and sales and marketing and higher bonus expense.

Operating expenses decreased 3.8% during fiscal 2011 over fiscal 2010. Without the effects of foreign exchange, operating expenses decreased 3.7% during fiscal 2011. Fiscal 2010 included asset write downs totaling $15.7 million related to the abandonment of our next generation platelet apheresis platform and a blood center donation management software product. No similar write downs were experienced in fiscal 2011. The decreases for fiscal 2011 also included a reduction in the expense associated with cash bonus incentive compensation. The decreases were offset by higher operating expenses associated with the

Global Med acquisition.

During fiscal 2012, operating income decreased 19.7% compared to fiscal 2011. Without the effects of foreign currency, operating income decreased 20.4% compared to fiscal 2011 as increases in operating expenses more than offset gross profit associated with revenue growth due to higher costs of quality, relatively higher sales of our lower-margin products, expenses associated with European customer claims arising from a quality matter with HS Core, and transaction costs.

During fiscal 2011, operating income increased 32.7% compared to fiscal 2010. Without the effects of foreign currency, operating income increased 32.6% over fiscal 2010. The growth in revenue from our emerging markets, the acquisition of Global Med and lower cash bonus incentive compensation were significant contributors to the improvement in operating income. Additionally, we incurred significant costs in fiscal 2010 related to asset write downs, positively impacting operating income growth as no similar costs were incurred in fiscal 2011.

Net income decreased 16.4% during fiscal 2012. Without the effects of foreign exchange, net income decreased 18.1% for fiscal 2011. The decrease in net income was attributable to the decline in operating income described above.

Net income increased 37.0% during fiscal 2011. Without the effects of foreign exchange, net income increased 36.3% for fiscal 2011. The increases in operating income and lower foreign exchange losses were the principal reasons for the improvement in net income.

RESULTS OF OPERATIONS

Net Revenues by Geography

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
United States	$ 352,160	$ 317,355	$ 303,965	11.0%	4.4%
International	375,684	359,339	341,465	4.5%	5.2%
Net revenues	**$ 727,844**	**$ 676,694**	**$ 645,430**	**7.6%**	**4.8%**

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 97 countries around the world through a combination of our direct sales force and independent distributors and agents.

Our revenue generated outside the U.S. approximated 51.6%, 53.1%, and 52.9% of net revenue during fiscal 2012, 2011, and 2010, respectively. During fiscal 2012, 2011, and 2010, revenue in Japan accounted for approximately 17.1%, 16.3%, and 17.0%, respectively, of our total revenue. Revenue from Europe accounted for approximately 25.2%, 27.6%, and 28.0% of our total revenue for fiscal 2012, 2011, and 2010, respectively. International sales are generally conducted in local currencies, primarily the Japanese Yen and the Euro. Our results of operations are impacted by changes in the value of the Yen and the Euro relative to the U.S. Dollar.

For fiscal 2012 as compared to fiscal 2011, the effects of foreign exchange resulted in a 2.0% increase in sales. For fiscal 2011 as compared to fiscal 2010, the effects of foreign exchange accounted for a 0.2% increase in sales.

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)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Disposables	$ 594,933	$ 551,836	$ 555,226	7.8%	(0.6)%
Software solutions	70,557	66,876	35,919	5.5%	86.2 %
Equipment & other	62,354	57,982	54,285	7.5%	6.8 %
Net revenues	**$ 727,844**	**$ 676,694**	**$ 645,430**	**7.6%**	**4.8 %**

Disposables Revenues by Product Type

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Plasma disposables	$ 258,061	$ 227,209	$ 232,378	13.6 %	(2.2)%
Blood center disposables					
Platelet	167,946	156,251	151,026	7.5 %	3.5 %
Red cell	48,034	46,828	48,031	2.6 %	(2.5)%
	215,980	203,079	199,057	6.4 %	2.0 %
Hospital disposables					
Surgical	66,619	66,503	69,942	0.2 %	(4.9)%
OrthoPAT	31,186	35,631	37,079	(12.5)%	(3.9)%
Diagnostics	23,087	19,414	16,770	18.9 %	15.8 %
	120,892	121,548	123,791	(0.5)%	(1.8)%
Total disposables revenue	**$ 594,933**	**$ 551,836**	**$ 555,226**	**7.8 %**	**(0.6)%**

Disposables Revenue

Disposables include the Plasma, Blood Center, and Hospital product lines. Disposables revenue increased 7.8% during fiscal 2012 and decreased 0.6% during fiscal 2011. Without the effect of foreign exchange, disposables revenue increased 5.7% and decreased 0.7% for fiscal 2012 and 2011, respectively.

Plasma

Plasma disposables revenue increased 13.6% during fiscal 2012. Without the effects of foreign exchange, plasma disposables revenue increased 12.7% during fiscal 2012, primarily due to increased plasma collections by our commercial fractionation customers in North America. We expect collection growth rates to moderate in fiscal 2013. Also, recent contract renewals for the majority of the current commercial plasma business included price decreases which we expect will adversely affect the revenue growth rate for fiscal 2013.

Plasma disposables revenue decreased 2.2% during fiscal 2011. Without the effects of foreign exchange, plasma disposables revenue decreased 1.3% during fiscal 2011. This decrease was driven by lower apheresis plasma collection volume in Japan as more plasma was sourced by the Japanese Red Cross as a byproduct from its whole blood collections. Additionally, one of our significant customers removed one of its products from the market, which negatively affected our sales in the U.S. and Europe. Finally, our commercial plasma customers slowed their growth and in some cases reduced collections in the first half of fiscal 2011 following several years of significant growth.

Blood Center

Blood Center consists of disposables used to collect platelets, red cells, and plasma for transfusion.

Platelet

Platelet disposables revenue increased 7.5% during fiscal 2012. Without the effect of foreign exchange, platelet disposable revenue increased 2.5% during fiscal 2012. The increase included the benefit of quality issues experienced with a competitor's device in Japan, increased sales in emerging markets, and purchases by the Japanese Red Cross in March 2012 to avoid future supply disruptions in anticipation of an internal business system conversion. We expect the platelet disposable revenue growth rate for the first quarter of fiscal 2013 to be negatively impacted by these Japanese Red Cross purchases.

Platelet disposables revenue increased 3.5% during fiscal 2011. Without the effect of foreign exchange, platelet disposable revenue increased 1.5% during fiscal 2011. Sales increased across emerging markets throughout the fiscal year, which is the primary driver of the increase in revenue. Sales declines in our European direct market were attributable to competition and the switch from apheresis platelets to platelets derived from whole blood collections, which is the primary driver for the decline in net revenue in Europe.

Red Cell

Red cell disposables revenue increased 2.6% during fiscal 2012. Without the effects of foreign exchange, red cell disposables revenue increased 2.6% during fiscal 2012, driven primarily by increased account penetration at existing customers for red cells in North America.

Red cell disposables revenue decreased 2.5% during fiscal 2011. Without the effects of foreign exchange, red cell disposables revenue decreased 2.0% during fiscal 2011. The decrease was driven by lower demand for red cells as a result of fewer surgeries, resulting in a reduced demand for automated red cell collection.

Hospital

Hospital consists of Surgical, OrthoPAT, and Diagnostics products. The hospital product line includes the following brand platforms: the Cell Saver brand, the TEG brand, the OrthoPAT brand and the cardioPAT brand.

Surgical

Surgical disposables revenue consists principally of the Cell Saver and cardioPAT products. Revenue from our surgical disposables increased 0.2% during fiscal 2012. Without the effect of foreign exchange, surgical disposables revenue decreased 2.2% during fiscal 2012, due to competitive pressures and a decrease in demand across our European and North American markets associated with lower surgical volumes. During fiscal 2012, we introduced the Cell Saver Elite, our next generation surgical device, first in North America and then across all geographies. Based on results observed for the fourth quarter of fiscal 2012, this new device is gaining traction in the marketplace and should positively impact fiscal 2013 surgical disposables

revenue results.

Revenue from our surgical disposables decreased 4.9% during fiscal 2011. Without the effect of foreign exchange, surgical disposables revenue decreased 4.8% for the fiscal year due to a decrease in demand across our European and North American markets, driven by both competitive pressures and market conditions resulting in fewer surgeries. This decrease was partly offset by strong sales in our emerging markets.

OrthoPAT

Revenue from our OrthoPAT disposables decreased 12.5% during fiscal 2012. Without the effect of foreign exchange, OrthoPAT disposables revenue decreased by 13.4%. The voluntary recall of our OrthoPAT devices manufactured prior to 2002 initiated during the first quarter adversely impacted our business. We have substantially completed the replacement of devices with our customers as of the fourth quarter of fiscal 2012.

Revenue from our OrthoPAT disposables decreased 3.9% during fiscal 2011. Without the effect of foreign exchange, OrthoPAT disposables revenue decreased by 3.7%. The decline in fiscal 2011 revenue was driven by a decrease in the frequency of use of the OrthoPAT.

Diagnostics

Diagnostics product revenue consists of the TEG products. TEG revenues increased 18.9% during fiscal 2012. Without the effect of foreign exchange, diagnostic product revenue increased by 19.2%. The revenue increase is due to continued adoption of our TEG analyzer, including expansion with North American hospitals and sales growth in China.

Revenue from our diagnostics products increased 15.8% during fiscal 2011. Without the effect of foreign exchange, diagnostic product revenue increased by 15.7%. The revenue increase is due to new adoption of this product, particularly in the United States.

Other Revenues

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Software solutions	$ 70,557	$ 66,876	$ 35,919	5.5%	86.2%
Equipment and other	62,354	57,982	54,285	7.5%	6.8%
Net other revenues	**$ 132,911**	**$ 124,858**	**$ 90,204**	**6.4%**	**38.4%**

Software Solutions

Our software solutions revenue includes sales of our information technology software platforms and consulting services.

Software solutions revenue increased 5.5% during fiscal 2012. Without the effects of foreign exchange, software solutions revenue increased 4.7% during fiscal 2012. The increase is primarily due to installed base growth in our SafeTraceTX and BloodTrack products.

Software solutions revenue increased 86.2% during fiscal 2011. Without the effects of foreign exchange, software solutions revenue increased 83.3% during fiscal 2011 driven primarily by software revenue associated with the acquisition of Global Med on March 31, 2010 and increased sales of our BloodTrack products.

Equipment & Other

Our equipment & other revenue include revenue from equipment sales, repairs performed under preventive maintenance contracts or emergency service visits, spare part sales, and various service and training programs. This revenue is primarily composed of equipment sales, which tend to vary from period-to-period more than our disposables business due to the timing of order patterns, particularly in our distribution markets.

Equipment and other revenue increased 7.5% during fiscal 2012. Without the effect of currency exchange, equipment and other revenue increased 5.2% primarily driven by higher equipment sales in Europe, Asia and Japan, and the launch of the Cell Saver Elite device.

Equipment and other revenue increased 6.8% during fiscal 2011. Without the effect of currency exchange, equipment and other revenue increase 7.6% driven by acquisition related growth from the SEBRA products, which we acquired in September 2009, and growth in our emerging markets.

Gross Profit

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Gross profit	$ 369,240	$ 355,209	$ 337,481	4.0%	5.3%
% of net revenues	50.7%	52.5%	52.3%		

Our gross profit amount increased 4.0% during fiscal 2012. Without the effects of foreign exchange, gross profit increased 1.5% during fiscal 2012. Our gross profit margin percentage decreased by 180 basis points for fiscal 2012 as compared to fiscal 2011. The decrease was primarily due to increased product quality costs, the mix of sales among our various product lines, and higher freight costs. The increased product quality costs included the sale of a higher cost substitute product for certain European plasma customers affected by the HS Core quality matter. The relatively lower sales of our higher gross margin hospital products and higher sales of our lower gross margin plasma disposables also reduced our overall gross profit. We expect the sales mix to shift in fiscal 2013 with higher sales of higher-margin hospital products.

Our gross profit amount increased 5.3% during fiscal 2011. Without the effects of foreign exchange, gross profit increased 5.4%, which was largely driven by higher software sales as a result of the Global Med acquisition and cost improvements in our manufacturing operations. Our gross profit margin percentage improved 20 basis points for fiscal 2011 as compared to fiscal 2010. Increased software sales positively impacted gross margin percentage. These increases were partly offset by increased inventory reserves during fiscal 2011.

Operating Expenses

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Research and development	$ 36,801	$ 32,656	$ 26,376	12.7 %	23.8 %
% of net revenues	*5.1 %*	*4.8 %*	*4.1 %*		
Selling, general and administrative	$ 245,261	$ 213,899	$ 214,483	14.7 %	(0.3)%
% of net revenues	*33.7 %*	*31.6 %*	*33.2 %*		
Contingent consideration income	$ (1,580)	$ (1,894)	$ (2,345)	(16.6)%	(19.2)%
% of net revenues	*(0.2)%*	*(0.3)%*	*(0.4)%*		
Asset writedowns	$ —	$ —	$ 15,686	— %	(100.0)%
% of net revenues	*— %*	*— %*	*2.4 %*		
Total operating expenses	$ 280,482	$ 244,661	$ 254,200	14.6 %	(3.8)%
% of net revenues	38.5 %	36.2 %	39.4 %		

Research and Development

Research and development increased 12.7% during fiscal 2012, with an immaterial effect of foreign exchange. The increase was primarily related to the general increase in development programs in support of long-term product plans and near-term quality improvements.

Research and development increased 23.8% during fiscal 2011. Without the effect of foreign exchange, research and development increased 21.5% during fiscal 2011 primarily related to incremental software development expenditures as a result of our Global Med acquisition on March 31, 2010.

Selling, General and Administrative

During fiscal 2012, selling, general and administrative expenses increased 14.7%. Without the effects of foreign exchange, selling, general and administrative expenses increased 11.8% during fiscal 2012. The increase was attributable to $3.1 million of expenses, net of insurance recovery, associated with European customer claims arising from a quality matter with HS Core, $3.0 million of transaction costs related to the definitive purchase agreements announced in April 2012 with Pall Corporation and Hemerus Medical, LLC, $2.2 million of higher restructuring charges, increased investment in our worldwide sales and marketing organizations, and higher bonus expense. We expect acquisition-integration related expenses to increase selling, general and administrative expenses in fiscal 2013.

During the first quarter of fiscal 2012, we received customer complaints in Europe regarding a quality issue with HS Core.

Certain of these customers have also made claims regarding financial losses alleged to have been incurred as a result of this matter. As of March 31, 2012, our current best estimate of the liability associated with this matter is $10.0 million. To date, we have recovered approximately $3.7 million of claims paid from our insurance company, and we also determined that an additional $3.2 million is recoverable under our insurance policies and recorded a corresponding insurance receivable within current assets as of March 31, 2012. Receivables for insurance recoveries for product liability claims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized on a claim by claim basis. We have recorded $3.1 million of expenses, net of insurance recovery, within selling, general and administrative expenses for fiscal 2012.

We are also continuing to determine the extent to which the remaining $3.1 million may be recoverable under our insurance policies and will record additional insurance receivables when we determine that recoverability of these claims is probable.

During fiscal 2011, selling, general and administrative expenses decreased 0.3%. Without the effects of foreign exchange, selling, general and administrative expenses decreased 3.9% during fiscal 2011. The decrease was attributable to a reduction in cash bonus incentive compensation this fiscal year as the Company's financial results were lower than the financial targets established at the beginning of the year. This decrease was largely offset by expenses associated with newly acquired businesses, SEBRA and Global Med.

Contingent Consideration Income

Under the accounting rules for 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 BloodTrack business for the first three years post acquisition, beginning with fiscal 2010. During fiscal 2012, 2011 and 2010, this business did not achieve the necessary revenue growth milestones for the former shareholders to receive additional performance payments. As such, we reduced the contingent liability by $1.6 million, $1.9 million and $2.3 million during fiscal 2012, 2011 and 2010, respectively, and recorded the adjustments as contingent consideration income in the consolidated statements of income.

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.

Asset Write Downs

At the end of fiscal 2010 we recorded intangible asset write downs totaling $15.7 million. The impairment related to two software assets: the Symphony blood center software system totaling $3.5 million, which we no longer market in favor of the Global Med El Dorado blood center software system we acquired in March 2010, and software for our Portico platelet apheresis device totaling $12.2 million, that we abandoned as we prioritized superior research and development initiatives.

Other income (expense), net

Other income (expense), net, increased during fiscal 2012 primarily due to lower foreign exchange transaction losses on foreign currency denominated assets.

The increase in other income (expense), net during fiscal 2011 included a reduction in foreign currency losses on foreign currency assets and lower hedge points on forward contracts. Hedge points on forward contracts are amounts, either expensed or earned, based on the interest rate differential between two foreign currencies in a forward hedge contract. The reversal of interest expense on contingent consideration related to the Neoteric acquisition also contributed to the decrease noted.

Taxes

	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10
Reported income tax rate	25.3%	27.3%	28.2%	(2.0)%	(0.9)%

Reported Tax Rate

Our reported tax rate is lower than the federal statutory tax rate in all reported periods primarily due to lower foreign taxes, including tax benefits associated with our Swiss operations.

The effective annual rate of 25.3% for fiscal 2012 reflects tax benefits and expenses from foreign taxes, domestic manufacturing deduction, state provisions, and stock compensation not deductible in all jurisdictions. In addition, we recognized a benefit in finalizing our prior year return and adjusting the realizability of certain deferred tax assets. There was an increase due to additional tax reserves for unrecognized tax benefits in various tax matters.

The effective annual rate of 27.3% for fiscal 2011 reflects tax benefits and expenses from foreign taxes, domestic manufacturing deduction, state provisions, and stock compensation not deductible in all jurisdictions. In addition, we recognized a benefit due to the remittance of European dividends, and for the expiration of foreign and federal statutes. There was an increase for potential foreign and federal tax assessments recognized in the year.

Critical Accounting Policies

Our significant accounting policies are summarized in Note 2 of our consolidated financial statements. While all of these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and/or estimates. Actual results may differ from those estimates.

The accounting policies identified as critical are as follows:

Revenue Recognition

We recognize revenue from product sales, software and services in accordance with ASC Topic 605, *Revenue Recognition* and ASC Topic 985-605, *Software*. These standards require that revenue is recognized when persuasive evidence of an arrangement exists, product delivery, including customer acceptance, has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. When more than one element such as equipment, disposables and services are contained in a single arrangement, we allocate revenue between the elements based on each element’s relative selling price, provided that each element meets the criteria for treatment as a separate unit of accounting. An item is considered a separate unit of accounting if it has value to the customer on a stand-alone basis. The selling price of the undelivered elements is determined by the price charged when the element is sold separately, which constitutes vendor specific objective evidence as defined under ASC Topic 985-605, or in cases when the item is not sold separately, by third-party evidence of selling price or by management's best estimate of selling price. For our software arrangements accounted for under the provisions of ASC 985-605, *Software*, we establish fair value of undelivered elements based upon vendor specific objective evidence.

We generally do not allow our customers to return products. We offer sales rebates and discounts to certain customers. We treat sales rebates and discounts as a reduction of revenue and classify the corresponding liability as current. We estimate rebates for products where there is sufficient historical information available to predict the volume of expected future rebates. If we are unable to estimate the expected rebates reasonably, we record a liability for the maximum potential rebate or discount that could be earned.

We generally recognize revenue from the sale of perpetual licenses on a percentage-of-completion basis which requires us to make reasonable estimates of the extent of progress toward completion of the contract. These arrangements most often include providing customized implementation services to our customer. We also provide other services, including in some instances hosting, technical support, and maintenance, for the payment of periodic, monthly, or quarterly fees. We recognize these fees and charges as earned, typically as these services are provided during the contract period.

Inventories

Inventories are stated at the lower of the actual cost to purchase and/or manufacture or the current estimated market value of the inventory. On a quarterly basis, inventory quantities on hand are reviewed and an analysis of the provision for excess and obsolete inventory is performed based primarily on our estimates of product demand and production requirements for the next twenty-four months. A change in the estimated timing or amount of demand for our products could result in additional provisions for excess inventory quantities on hand. Any significant unanticipated changes in demand could have a significant impact on the value of our inventory and reported operating results.

Goodwill and Other Intangible Assets

Intangible assets acquired in a business combination, including licensed technology, are recorded under the purchase method of accounting at their estimated fair values at the date of acquisition. Goodwill represents the excess purchase price over the fair value of the net tangible and other identifiable intangible assets acquired. We amortize our other intangible assets over their useful lives using the estimated economic benefit method, as applicable.

Goodwill is not amortized. Instead goodwill is reviewed for impairment at least annually in accordance with ASC Topic 350,

Intangibles — Goodwill and Other. We perform our annual impairment test on the first day of the fiscal fourth quarter for each of our reporting units. The test is based on a discounted cash flow analysis for each reporting unit. The test showed no evidence of impairment to our goodwill for fiscal 2012, 2011 or 2010 and demonstrated that the fair value of each reporting unit significantly exceeded the reporting unit's carrying value in each period.

We review our intangible assets, subject to amortization, and their related useful lives periodically to determine if any adverse conditions exist that would indicate the carrying value of these assets may not be recoverable. Our review includes examination of whether certain conditions exist, including: a change in the competitive landscape, any internal decisions to pursue new or different technology strategies, a loss of a significant customer, or a significant change in the market place including changes in the prices paid for our products or changes in the size of the market for our products.

An impairment loss results if the carrying value of the asset exceeds the estimated fair value of the asset. Fair value is determined using different methodologies depending upon the nature of the underlying asset. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life.

Property, Plant and Equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on our estimate of the period that the assets will generate revenue. Any change in conditions that would cause us to change our estimate as to the useful lives of a group or class of assets may significantly impact our depreciation expense on a prospective basis. Haemonetics' equipment includes devices that we have placed at our customers under contractual arrangements that allow them to use the device in exchange for rental payments or the purchase of disposables. In addition to periodically reviewing the useful lives of these devices, we also periodically perform reviews to determine if a group of these devices is impaired. To conduct these reviews we must estimate the future amount and timing of demand for these devices. Changes in expected demand can result in additional depreciation expense, which is classified as cost of goods sold. Any significant unanticipated changes in demand could have a significant impact on the value of equipment and our reported operating results.

Consistent with the impairment tests noted above for intangible assets subject to amortization, we review our property, plant, and equipment assets, subject to depreciation, and their related useful lives at least once a year, or more frequently if certain conditions arise, to determine if any adverse conditions exist that would indicate the carrying value of these assets may not be recoverable.

Capitalized Software Costs

Software development costs have been capitalized in accordance with 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. Technological feasibility is established when we have a detailed program design of the software and when research and development activities on the underlying device, if applicable, are completed. Once technological feasibility is established, all software costs should be capitalized until the product is available for general release to customers. We review the net realizable value of capitalized software assets periodically to assess the recoverability of amounts capitalized. In the future, the net realizable value may be adversely affected by the loss of a significant customer or a significant change in the market place, which could result in an impairment being recorded.

Income Taxes

The income tax provision is calculated for all jurisdictions in which we operate. This process involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability and a valuation allowance is established with a corresponding additional income tax provision recorded in our consolidated statements of income if their recovery is not considered likely. The provision for income taxes could also be materially impacted if actual taxes due differ from our earlier estimates.

We record a liability for uncertain tax positions taken or expected to be taken in income tax returns. Uncertain tax positions are unrecognized tax benefits for which reserves have been established. Our financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts.

We file income tax returns in all jurisdictions in which we operate. We establish reserves to provide for additional income taxes that may be due in future years as these previously filed tax returns are audited. These reserves have been established based on management's assessment as to the potential exposure attributable to permanent differences and interest applicable to both permanent and temporary differences. All tax reserves are analyzed periodically and adjustments are made as events occur that warrant modification.

Stock-Based Compensation

We use the Black-Scholes option-pricing model to calculate the grant-date fair value of our stock options. The following assumptions, which involve the use of judgment by management, are used in the computation of the grant-date fair value of our stock options:

Expected Volatility — We have principally used our historical volatility as a basis to estimate expected volatility in our valuation of stock options.

Expected Term — We estimate the expected term of our options using historical exercise and forfeiture data. We believe that this historical data is currently the best estimate of the expected term of our new option grants.

Additionally, after determining the fair value of our stock options, we use judgment in establishing an estimated forfeiture rate, to determine the amount of stock based compensation to record each period:

Estimated Forfeiture Rate — We have applied, based on an analysis of our historical forfeitures, an annual forfeiture rate to all unvested stock options as of March 31, 2012, which represents the portion that we expect will be forfeited each year over the vesting period. We reevaluate this analysis periodically and adjust the forfeiture rate as necessary. Ultimately, we will only recognize expense for those shares that vest.

Valuation of Acquisitions

We allocate the amounts we pay for each acquisition to the assets we acquire and liabilities we assume based on their estimated fair values at the dates of acquisition, including acquired identifiable intangible assets, and purchased research and development. We base the estimated fair value of identifiable intangible assets on detailed valuations that use historical and forecasted information and market assumptions based upon the assumptions of a market participant. We allocate any excess purchase price over the fair value of the net tangible and intangible assets acquired to goodwill. The use of alternative valuation assumptions, including estimated cash flows and discount rates, and alternative estimated useful life assumptions could result in different purchase price allocations and intangible asset amortization expense in current and future periods.

In certain acquisitions, we have earn-out arrangements or contingent consideration to provide potential future payments to the seller for achieving certain agreed-upon financial targets. We record the contingent consideration at its fair value at the acquisition date. Generally, we have entered into arrangements with contingent consideration that require payments in cash. As such, we periodically revalue the contingent consideration obligations associated with certain acquisitions to their then fair value and record the change in the fair value as contingent consideration income or expense. Increases or decreases in the fair value of the contingent consideration obligations can result from changes in assumed discount periods and rates, changes in the assumed timing and amount of revenue and expense estimates, and changes in assumed probability adjustments with respect to regulatory approval. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, future business and economic conditions, as well as changes in any of the assumptions described above, can materially impact the amount of contingent consideration income or expense we record in any given period.

Contingencies

We may become involved in various legal proceedings that arise in the ordinary course of business, including, without limitation, patent infringement, product liability and environmental matters. Accruals recorded for various contingencies including legal proceedings, self-insurance and other claims are based on judgment, the probability of losses and, where applicable, the consideration of opinions of internal and/or external legal counsel and actuarially determined estimates. When a range is established but a best estimate cannot be made, we record the minimum loss contingency amount. These estimates are often initially developed substantially earlier than the ultimate loss is known, and the estimates are reevaluated each accounting period, as additional information is available. When we are initially unable to develop a best estimate of loss, we record the minimum amount of loss, which could be zero. As information becomes known, additional loss provision is recorded when either a best estimate can be made or the minimum loss amount is increased. When events result in an expectation of a more favorable outcome than previously expected, our best estimate is changed to a lower amount. We record receivables from third party insurers when we have determined that existing insurance policies will provide reimbursement. In making this determination, we consider applicable deductibles, policy limits and the historical payment experience of the insurance carriers.

Liquidity and Capital Resources

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

(Dollars in thousands)	March 31, 2012	April 2, 2011
Cash & cash equivalents	$ 228,861	$ 196,707
Working capital	$ 396,385	$ 340,160
Current ratio	4.0	4.1
Net cash position(1)	$ 225,090	$ 191,828
Days sales outstanding (DSO)	66	68
Disposables finished goods inventory turnover	5.7	6.1

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

Historically, our primary sources of liquidity are on-hand cash and cash equivalents, cash flow generated from operations and proceeds from stock option exercises. In April 2012, we announced our intention to acquire certain assets of Pall Corporation for $551 million. In connection with this acquisition, we have secured committed financing which will result in $475 million of new borrowings under term loans. The term loans will be unsecured, and amortize over five years with the initial minimum principal payments due beginning after the first anniversary of the loans. The term loans will be subject to financial covenants and other terms set forth in the debt commitment letter executed with JPMorgan Securities LLC and Citibank, NA. We also announced in April 2012 our intention to purchase the business assets of Hemerus Medical, LLC for $27.0 million. The Hemerus acquisition and the remainder of the Pall consideration in excess of term loan borrowings will be funded with internally generated cash. We believe on-hand cash and cash equivalents, cash flow generated from operations and proceeds from stock option exercises, along with the proceeds from the term loans, will be sufficient to fund our cash requirements for at least the next 12 months. In fiscal 2013, we anticipate significant incremental acquisition-integration related expenditures.

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010	Increase/(Decrease) 12 vs. 11	Increase/(Decrease) 11 vs. 10
Net cash provided by (used in):					
Operating activities	$ 115,318	$ 123,455	$ 130,668	$ (8,137)	$ (7,213)
Investing activities	(52,196)	(51,558)	(132,335)	(638)	80,777
Financing activities	(30,470)	(18,084)	(13,970)	(12,386)	(4,114)
Effect of exchange rate changes on cash and cash equivalents(1)	(498)	1,332	478	(1,830)	854
Net increase/(decrease) in cash and cash equivalents	$ 32,154	$ 55,145	$ (15,159)	$ (22,991)	$ 70,304

(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:

The balance sheet is affected by spot exchange rates used to translate local currency amounts into U.S. dollars. In comparing spot exchange rates at March 31, 2012 versus April 2, 2011 and at April 2, 2011 versus April 3, 2010, (i) the European currencies, primarily the Euro, weakened against the U.S. dollar during both comparison periods and (ii) the Yen strengthened against the U.S. dollar during both comparison periods.

In fiscal 2012, the Company repurchased approximately 0.9 million shares of its common stock for an aggregate purchase price of $50.0 million. This completed a $50.0 million share repurchase program that was announced in May 2011.

In fiscal 2011, the Company repurchased approximately 0.9 million shares of its common stock for an aggregate purchase price of $50.0 million. This completed a $50.0 million share repurchase program that was announced in April 2010.

In fiscal 2010, the Company repurchased approximately 0.7 million shares of its common stock for an aggregate purchase price of $40.0 million. This completed a $40.0 million share repurchase program that was announced in May 2009.

FISCAL 2012 AS COMPARED TO FISCAL 2011

Operating Activities:

Net cash provided by operating activities was $115.3 million during fiscal 2012, a decrease of $8.1 million as compared to fiscal 2011. Cash provided by operating was negatively impacted by higher accounts receivable, higher inventory levels to support plasma growth, the launch of our next generation surgical device, the Cell Saver Elite, the replacement of OrthoPAT devices and lower net income, offset by lower bonus payments and lower tax payments.

Investing Activities:

Net cash used in investing activities increased by $0.6 million during fiscal 2012 as compared to fiscal year 2011 due to a $6.5 million increase in capital expenditures on property, plant and equipment, offset by the benefit of no acquisition-related payments. The increase in capital expenditures is the net effect of higher placements of company-owned equipment, primarily in support of increased plasma disposables demand, and the replacement of OrthoPAT devices, offset by lower manufacturing capital investments due to completion of construction of our Salt Lake City facility.

Financing Activities:

Net cash used in financing activities increased by $12.4 million during fiscal 2012 due primarily to a $25.4 million decrease in cash flow from the exercise of stock options offset by a $14.9 million decrease in net payments under short-term credit arrangements. Net cash used to fund share repurchases under common stock repurchase programs was $50.0 million during fiscal 2012 and 2011, respectively.

FISCAL 2011 AS COMPARED TO FISCAL 2010

Operating Activities:

Net cash provided by operating activities was $123.5 million million during fiscal 2011, a decrease of $7.2 million as compared to fiscal 2010. The decrease noted is driven by an increase in cash payments related to integration, restructuring and other exit costs primarily related to the Global Med acquisition and a lower accrual for cash bonus incentive compensation payments for next fiscal year, offset by the positive impact of net income growth in fiscal 2011.

Investing Activities:

Net cash used in investing activities decreased by $80.8 million during fiscal 2011 as compared to fiscal 2010. The cash paid to acquire businesses in fiscal year 2010 totaled $77.8 million due primarily to $58.1 million paid for the Global Med acquisition. In fiscal year 2011, we completed one acquisition for which we paid $6.2 million for ACCS, a distributor of our TEG product. We also reduced capital expenditures in fiscal 2011 versus the prior year by $9.6 million, consistent with our capital plan.

Financing Activities:

During fiscal year 2011, cash used in financing activities include:

- $50.0 million in cash paid out relating to stock repurchases — compared to the $40.0 million paid out during the prior year,
- $47.7 million in proceeds from stock options, related excess tax benefits from stock option exercises, and the employee stock purchase plan as compared to $20.6 million from the same sources in fiscal year 2010, and
- $7.7 million in repayment of debt assumed from our acquisition of Global Med.
- $7.5 million in repayment of outstanding unsecured debt.

Contractual Obligations and Contingencies

A summary of our contractual and commercial commitments as of March 31, 2012, is as follows:

	Payments Due by Period				
(In thousands)	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Debt	$ 3,771	$ 894	$ 2,027	$ 850	$ —
Operating leases	$ 19,608	$ 6,169	$ 6,811	$ 4,172	$ 2,456
Purchase commitments*	$ 88,144	$ 88,144	$ —	$ —	$ —
Expected retirement plan benefit payments	$ 11,552	$ 1,199	$ 2,501	$ 3,307	$ 4,545
Total contractual obligations	$ 123,075	$ 96,406	$ 11,339	$ 8,329	$ 7,001

* Includes amounts we are committed to spend on purchase orders entered in the normal course of business for capital equipment and for the purpose of manufacturing our products including contract manufacturers, specifically JMS Co. Ltd., and Kawasumi Laboratories, for the manufacture of certain disposable products. The majority of our operating expense spending does not require any advance commitment.

The above table does not reflect our long-term liabilities associated with unrecognized tax benefits of $7.5 million recorded in accordance with ASC Topic 740, Income Taxes. Due to the complexity associated with tax uncertainties related to these unrecognized benefits, we cannot reasonably make a reliable estimate of the period in which we expect to settle these long-term liabilities. See Note 9 for more information on our unrecognized tax benefits.

Concentration of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are generally limited due to our large number of customers and their diversity across many geographic areas. A portion of our trade accounts receivable outside the United States, however, include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. We have not incurred significant losses on government receivables. We continually evaluate all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods.

Deteriorating credit and economic conditions in parts of Western Europe, particularly in Italy where our net accounts receivable is $21.0 million as of March 31, 2012, may increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

Contingent Commitments

Contingent Consideration

Under the accounting rules for 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 2010. During fiscal 2012, 2011 and 2010, this business did not achieve the necessary revenue growth milestones for the former shareholders to receive additional performance payments. As such, we reduced the contingent liability by $1.6 million, $1.9 million and $2.3 million during fiscal 2012, 2011 and 2010, respectively, and recorded the adjustments as contingent consideration income in the consolidated statements of income.

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.

Legal Proceedings

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

Fenwal Patent Infringement

For the past five years, we have pursued patent infringement lawsuits against Fenwal Inc. seeking an injunction and damages from their infringement of a Haemonetics patent, through the sale of the ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems.

Currently, we are pursuing a patent infringement action in Germany against Fenwal, and its European and German subsidiary. On September 20, 2010, we filed a patent infringement action in Germany. In response, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action on December 1, 2010.

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. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. In connection with this conviction, our Italian subsidiary is liable to pay a fine of €147,500 and a proportionate share of the cost of the proceedings. The final amount has not yet been determined.

When this matter 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.

Pall Acquisition

In April 2012, we entered into a definitive Purchase Agreement to acquire the business assets of the blood collection, filtration and processing product lines of Pall Corporation. The transaction is expected to close in the second quarter of Haemonetics' fiscal 2013, subject to the conditions precedent set forth in the Purchase Agreement, receipt of necessary regulatory and third-party approvals and labor-related notifications, as well as a period of confirmatory due diligence by Haemonetics. If in the course of conducting such confirmatory due diligence, Haemonetics discovers matters or issues that would adversely affect the Product Lines above certain thresholds, Haemonetics will have the right to terminate the Purchase Agreement. The Purchase Agreement also includes other customary termination provisions for both Haemonetics and Pall and provides that if, after all closing conditions are satisfied, one party refuses to consummate the Transaction, the other party will be entitled to a termination fee in an amount equal to $17 million, which will be the sole and exclusive remedy in such circumstances.

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 fiscal 2012, approximately 51.6% 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 are 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 2012 and 2011 or are presently outstanding. These hedges cover our long foreign currency positions that result from our sales designated in the Euro 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.

	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)%	1.41	(5)%	1.43	8 %	1.35	6 %
FY12	1.24	(9)%	1.30	(8)%	1.36	(5)%	1.37	2 %
FY13	1.43	15 %	1.42	9 %	1.36	— %	1.32	(4)%
Japanese Yen - Hedge Spot Rate (JPY per US$)								
FY10	105.28		105.11		96.38		93.50	
FY11	98.17	7 %	94.91	10 %	89.13	8 %	89.78	4 %
FY12	88.99	9 %	85.65	10 %	81.73	8 %	82.45	8 %
FY13	79.40	11 %	76.65	11 %	77.58	5 %	78.69	5 %
Canadian Dollar - Hedge Spot Rate (CAD per US$)								
FY10	1.14		1.12		1.11		1.09	
FY11	1.10	(4)%	1.09	(3)%	1.07	(4)%	1.03	(6)%
FY12	1.05	(5)%	1.03	(6)%	1.00	(7)%	0.99	(4)%
FY13	0.98	(7)%	0.99	(5)%	1.01	(1)%	1.00	1 %
British Pound - Hedge Spot Rate (US$ per GBP)								
FY10	1.45		1.44		1.42		1.40	
FY11	1.47	(1)%	1.65	(15)%	1.63	(15)%	1.59	(14)%
FY12	1.50	(2)%	1.54	7 %	1.57	4 %	1.58	1 %
FY13	1.62	(8)%	1.63	(6)%	1.60	(2)%	1.57	1 %
Swiss Franc - Hedge Spot Rate (CHF per US$)								
FY11			1.05		1.04		1.05	
FY12	1.05		1.01	(4)%	0.96	(8)%	0.92	(12)%
FY13	0.82	(22)%	0.85	(21)%	0.92	(4)%	0.91	(1)%

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

Recent Accounting Pronouncements

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. We will adopt this standard in the first quarter of fiscal 2013. The adoption of ASU 2011-05 will affect the presentation of comprehensive income but will not impact our financial condition or statement of operations.

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. ASU 2011-08 is effective for our first quarter of fiscal 2013 but is eligible for early adoption. We do not believe adoption of this standard will have an impact on our consolidated financial statements.

In December 2011, the FASB issued Accounting Standards Update No. 2011-11, *Balance Sheet (Topic 210)-Disclosures about Offsetting Assets and Liabilities* (ASU 2011-11). The update requires entities to disclose information about offsetting and related arrangements of financial instruments and derivative instruments. ASU 2011-11 is effective for our first quarter of fiscal 2014. We are currently evaluating the impact of adopting ASU 2011-11, but currently believe there will be no significant impact on our consolidated financial statements.

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, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and such other risks described under Item 1A. Risk Factors included in this report. The foregoing list should not be construed as exhaustive.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES 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 above 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 and costs. We do not use the financial instruments for speculative or trading activities. At March 31, 2012, we had the following significant foreign exchange contracts to hedge the anticipated foreign currency cash flows outstanding. The contracts have been organized into maturity groups and the related quarter that we expect the hedge contract to affect our earnings.

Hedged Currency	(BUY)/SELL Local Currency	Weighted Spot Contract Rate	Weighted Forward Contract Rate	Fair Value Gain/(Loss)	Maturity	Quarter Expected to Affect Earnings
Euro	6,178,000	1.433	1.424	$ 584,628	Mar 2012 - May 2012	Q1 FY13
Euro	9,607,000	1.424	1.419	$ 837,202	Jun 2012 - Aug 2012	Q2 FY13
Euro	10,418,000	1.360	1.361	$ 303,286	Sep 2012 - Nov 2012	Q3 FY13
Euro	11,641,000	1.321	1.324	$ (83,772)	Dec 2012 - Feb 2013	Q4 FY13
Japanese Yen	933,690,000	78.40per US$	78.04per US$	$ 691,985	Mar 2012 - May 2012	Q1 FY13
Japanese Yen	1,402,958,000	76.65per US$	76.26per US$	$ 1,422,888	Jun 2012 -Aug 2012	Q2 FY13
Japanese Yen	1,557,809,000	77.58per US$	76.95per US$	$ 1,357,095	Sep 2012 - Nov 2012	Q3 FY13
Japanese Yen	1,309,523,000	78.69per US$	78.29per US$	$ 822,620	Oct 2012 - Feb 2013	Q4 FY13
GBP	(642,000)	1.620	1.611	$ (16,834)	Feb 2012 - Apr 2012	Q1 FY13
GBP	(2,086,000)	1.631	1.625	$ (84,562)	May 2012 - July 2012	Q2 FY13
GBP	(2,086,000)	1.599	1.593	$ (19,960)	Aug 2012 - Oct 2012	Q3 FY13
GBP	(2,656,000)	1.572	1.567	$ 38,140	Nov 2012 - Jan 2013	Q4 FY13
GBP	(904,000)	1.579	1.574	$ 5,714	Feb 2012 - Apr 2013	Q1 FY14
CAD	(2,889,637)	0.978per US$	0.985per US$	$ (34,874)	Apr 2012 - Jun 2012	Q1 FY13
CAD	(2,617,238)	0.993per US$	0.998per US$	$ (1,415)	Jul 2012 - Aug 2012	Q2 FY13
CAD	(2,944,842)	1.006per US$	1.012per US$	$ 31,005	Oct 2012 - Nov 2012	Q3 FY13
CAD	(1,813,000)	0.997per US$	1.005per US$	$ 4,225	Dec 2012 - Feb 2013	Q4 FY13
CHF	(4,171,000)	0.820per US$	0.816per US$	$ (504,249)	Apr 2012 - Jun 2012	Q1 FY13
CHF	(4,770,000)	0.847per US$	0.839per US$	$ (405,215)	Jul 2012 - Sep 2012	Q2 FY13
CHF	(4,724,000)	0.918per US$	0.910per US$	$ 32,219	Oct 2012 - Dec 2012	Q3 FY13
CHF	(2,888,000)	0.914per US$	0.909per US$	$ 20,034	Jan 2012 - Mar 2013	Q4 FY13
				$ 5,000,160		

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 $8.9 million increase in the fair value of the forward contracts; whereas a 10% weakening of the US dollar would result in a $9.7 million decrease in the fair value of the forward contracts.

Interest Rate Risk

All of our long-term debt is at fixed rates. Accordingly, a change in interest rates has an insignificant effect on our interest expense amounts. The fair value of our long-term debt, however, does change in response to interest rate movements due to its fixed rate nature. These changes reflect the premium (when market interest rates decline below the contract fixed interest rates) or discount (when market interest rates rise above the fixed interest rate) that an investor in these long-term obligations would pay in the market interest rate environment.

At March 31, 2012, the fair value of our long-term debt was approximately $0.2 million higher than the value of the debt reflected on our financial statements. This higher fair value is entirely related to the $2.9 million remaining principal balance of

the original $10.0 million, 8.41% real estate mortgage due January, 2016.

Using scenario analysis, if the interest rate on all long-term maturities changed by 10% from the rate levels that existed at March 31, 2012, the fair value of our long-term debt would change by less than $0.1 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Year Ended March 31, 2012	Year Ended April 2, 2011	Year Ended April 3, 2010
Net revenues	$ 727,844	$ 676,694	$ 645,430
Cost of goods sold	358,604	321,485	307,949
Gross profit	369,240	355,209	337,481
Operating expenses:			
Research and development	36,801	32,656	26,376
Selling, general and administrative	245,261	213,899	214,483
Contingent consideration income	(1,580)	(1,894)	(2,345)
Asset impairment	—	—	15,686
Total operating expenses	280,482	244,661	254,200
Operating income	88,758	110,548	83,281
Other income (expense), net	740	(467)	(2,010)
Income before provision for income taxes	89,498	110,081	81,271
Provision for income taxes	22,612	30,101	22,901
Net income	$ 66,886	$ 79,980	$ 58,370
Basic income per common share			
Net income	$ 2.64	$ 3.19	$ 2.29
Income per common share assuming dilution			
Net income	$ 2.59	$ 3.12	$ 2.24
Weighted average shares outstanding			
Basic	25,364	25,077	25,451
Diluted	25,795	25,596	26,063

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

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

(In thousands, except share data)	March 31, 2012	April 2, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 228,861	$ 196,707
Accounts receivable, less allowance of $1,480 at March 31, 2012 and $1,799 at April 2, 2011	135,464	127,166
Inventories, net	117,163	84,387
Deferred tax asset, net	9,665	9,674
Prepaid expenses and other current assets	35,976	30,897
Total current assets	527,129	448,831
Property, plant and equipment:		
Land, building and building improvements	59,816	52,359
Plant equipment and machinery	136,057	128,612
Office equipment and information technology	88,185	83,258
Haemonetics equipment	226,476	211,455
Total property, plant and equipment	510,534	475,684
Less: accumulated depreciation	(348,877)	(320,156)
Net property, plant and equipment	161,657	155,528
Other assets:		
Intangible assets, less amortization of $54,973 at March 31, 2012 and $43,827 at April 2, 2011	96,549	101,789
Goodwill	115,058	115,367
Deferred tax asset, long term	23	1,291
Other long-term assets	10,719	10,458
Total other assets	222,349	228,905
Total assets	$ 911,135	$ 833,264
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 894	$ 913
Accounts payable	35,425	28,323
Accrued payroll and related costs	29,451	27,039
Accrued income taxes	8,075	6,033
Deferred tax liability	64	107
Other liabilities	56,835	46,256
Total current liabilities	130,744	108,671
Long-term debt, net of current maturities	2,877	3,966
Long-term deferred tax liability	23,332	18,669
Other long-term liabilities	21,551	15,822
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, $0.01 par value; Authorized — 150,000,000 shares; Issued and outstanding — 25,301,899 shares at March 31, 2012 and 25,660,393 shares at April 2, 2011	253	256
Additional paid-in capital	322,485	302,709
Retained earnings	400,783	373,630
Accumulated other comprehensive income	9,110	9,541
Total stockholders' equity	732,631	686,136
Total liabilities and stockholders' equity	$ 911,135	$ 833,264

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

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Total Stockholders'	Comprehensive
	Shares	$'s	Capital	Earnings	Income/(Loss)	Equity	Income
Balance, March 28, 2009	25,622	$ 256	$ 226,829	$ 309,516	$ 3,283	$ 539,884	
Employee stock purchase plan	66	1	2,908	—	—	2,909	
Exercise of stock options and related tax benefit	488	5	19,067	—	—	19,072	
Shares repurchased	(735)	(7)	(6,748)	(33,245)	—	(40,000)	
Stock compensation expense	—	—	10,267	—	—	10,267	
Net income	—	—	—	58,370	—	58,370	$ 58,370
Impact of defined benefit plans, net of tax	—	—	—	—	(309)	(309)	(309)
Foreign currency translation adjustment	—	—	—	—	2,599	2,599	2,599
Unrealized gain on hedges, net of tax	—	—	—	—	(477)	(477)	(477)
Reclassification of hedge loss to earnings, net of tax	—	—	—	—	809	809	809
Comprehensive income	—	—	—	—	—	—	$ 60,992
Balance, April 3, 2010	25,441	$ 255	$ 252,323	$ 334,641	$ 5,905	$ 593,124	
Employee stock purchase plan	78	1	3,680	—	—	3,681	
Exercise of stock options and related tax benefit	1,012	9	44,896	—	—	44,905	
Shares repurchased	(907)	(9)	(9,000)	(40,991)	—	(50,000)	
Issuance of restricted stock, net of cancellations	36	—	—	—	—	—	
Stock compensation expense	—	—	10,810	—	—	10,810	
Net income	—	—	—	79,980	—	79,980	$ 79,980
Impact of defined benefit plans, net of tax	—	—	—	—	555	555	555
Foreign currency translation adjustment	—	—	—	—	6,380	6,380	6,380
Unrealized loss on hedges, net of tax	—	—	—	—	(4,068)	(4,068)	(4,068)
Reclassification of hedge loss to earnings, net of tax	—	—	—	—	769	769	769
Comprehensive income	—	—	—	—	—	—	$ 83,616
Balance, April 2, 2011	25,660	$ 256	$ 302,709	$ 373,630	$ 9,541	$ 686,136	
Employee stock purchase plan	77	1	3,722	—	—	3,723	
Exercise of stock options and related tax benefit	369	4	17,024	—	—	17,028	
Shares repurchased	(852)	(9)	(10,256)	(39,733)	—	(49,998)	
Issuance of restricted stock, net of cancellations	48	1	—	—	—	1	
Stock compensation expense	—	—	9,286	—	—	9,286	
Net income	—	—	—	66,886	—	66,886	$ 66,886
Impact of defined benefit plans, net of tax	—	—	—	—	(3,988)	(3,988)	(3,988)
Foreign currency translation adjustment	—	—	—	—	(2,813)	(2,813)	(2,813)
Unrealized gain on hedges, net of tax	—	—	—	—	3,140	3,140	3,140
Reclassification of hedge loss to earnings, net of tax	—	—	—	—	3,230	3,230	3,230
Comprehensive income	—	—	—	—	—	—	$ 66,455
Balance, March 31, 2012	25,302	$ 253	$ 322,485	$ 400,783	$ 9,110	$ 732,631	

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

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended March 31, 2012	April 2, 2011	April 3, 2010
Cash Flows from Operating Activities:			
Net income	$ 66,886	$ 79,980	$ 58,370
Adjustments to reconcile net income to net cash provided by operating activities:			
Non cash items:			
Depreciation and amortization	49,966	48,145	43,236
Stock compensation expense	9,286	10,810	10,267
Deferred tax expense	5,878	5,782	2,592
Loss/(gain) on sales of property, plant and equipment	772	674	(435)
Unrealized loss/(gain) from hedging activities	166	(614)	(1,368)
Contingent consideration income	(1,580)	(1,894)	(2,345)
(Reversal)/accretion of interest expense on contingent consideration	(574)	(416)	588
Asset impairment	—	—	15,686
Change in operating assets and liabilities:			
(Increase)/decrease in accounts receivable, net	(10,539)	(3,920)	4,364
(Increase)/decrease in inventories	(32,528)	(2,560)	(1,665)
Decrease in prepaid income taxes	3,058	1,680	7,254
Decrease in other assets and other long-term liabilities	3,156	(470)	(13,809)
Tax benefit of exercise of stock options	1,958	4,941	2,670
Increase/(decrease) in accounts payable and accrued expenses	19,413	(18,683)	5,263
Net cash provided by operating activities	115,318	123,455	130,668
Cash Flows from Investing Activities:			
Capital expenditures on property, plant and equipment	(53,198)	(46,669)	(56,304)
Proceeds from sale of property, plant and equipment	1,002	1,468	1,785
Acquisition of ACCS	—	(6,229)	—
Acquisition of Global Med Technologies	—	(128)	(58,052)
Acquisition of SEBRA	—	—	(12,845)
Acquisition of Neoteric	—	—	(6,613)
Acquisition of Medicell	—	—	(306)
Net cash used in investing activities	(52,196)	(51,558)	(132,335)
Cash Flows from Financing Activities:			
Payments on long-term real estate mortgage	(815)	(632)	(754)
Net (decrease)/increase in short-term loans	(288)	(15,153)	6,184
Proceeds from employee stock purchase plan	3,723	3,681	2,909
Proceeds from exercise of stock options	15,475	40,896	17,270
Excess tax benefit on exercise of stock options	1,433	3,124	421
Share repurchase	(49,998)	(50,000)	(40,000)
Net cash used in financing activities	(30,470)	(18,084)	(13,970)
Effect of exchange rates on cash and cash equivalents	(498)	1,332	478
Net Increase in Cash and Cash Equivalents	32,154	55,145	(15,159)
Cash and Cash Equivalents at Beginning of Year	196,707	141,562	156,721
Cash and Cash Equivalents at End of Year	$ 228,861	$ 196,707	$ 141,562
Non-cash Investing and Financing Activities:			
Transfers from inventory to fixed assets for placements of			
Haemonetics equipment	$ 18,333	$ 5,069	$ 7,833
Debt assumed from acquisition	$ —	$ —	$ 5,132
Supplemental Disclosures of Cash Flow Information:			
Interest paid	$ 414	$ 487	$ 563
Income taxes paid	$ 10,764	$ 16,669	$ 21,519

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

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

Haemonetics is a global healthcare company dedicated to providing innovative blood management solutions for our customers — plasma collectors, blood collectors, and hospitals. Anchored by our strong brand name in medical device systems for the transfusion industry, we also provide information technology platforms and valued added services to provide customers with business solutions which support improved clinical outcomes for patients and efficiency in the blood supply chain.

Our systems automate the collection and processing of donated blood; perform blood diagnostics; salvage and process surgical patient blood; and dispense blood within the hospital. These systems include devices and single-use, proprietary disposable sets that operate only on our specialized equipment. Our blood processing 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 the likelihood of a patient's blood loss allowing clinicians to make informed decisions about a patient's treatment as it relates to blood loss in surgery. Our surgical blood salvage systems collect blood lost by a patient in surgery, clean the blood, and make it available for reinfusion to the patient, in this way giving the patient the safest blood possible — his or her own. Our blood distribution systems are "smart" refrigerators located throughout hospitals which automate the storage, inventory tracking, and dispositioning of blood in key blood use areas.

Our information technology platforms are used by blood and plasma collectors to improve the safety and efficiency of blood collection logistics by eliminating previously manual functions at not-for-profit blood centers and commercial plasma centers. Our platforms are also used by hospitals to enable hospital administrators to monitor and measure blood management practices and to manage processes within transfusion services. Our information technology platforms allow all customers to better manage processes across the blood supply chain, comply with regulatory requirements, and identify increased opportunities to reduce costs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal years 2012 and 2011 each includes 52 weeks with each quarter having 13 weeks. Fiscal year 2010 includes 53 weeks with each of the first three quarters having 13 weeks and the fourth quarter having 14 weeks.

Principles of Consolidation

The accompanying consolidated financial statements include all accounts including those of our subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the amounts derived from our estimates and assumptions.

Reclassifications

Certain reclassifications have been made to prior years' amounts to conform to the current year's presentation.

Revenue Recognition

Our revenue recognition policy is to recognize revenues from product sales, software and services in accordance with ASC Topic 605, *Revenue Recognition*, and ASC Topic 985-605, *Software*. These standards require that revenues are recognized when persuasive evidence of an arrangement exists, product delivery, including customer acceptance, has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. When more than one element

such as equipment, disposables, and services are contained in a single arrangement, we allocate revenue between the elements based on each element's relative selling price, provided that each element meets the criteria for treatment as a separate unit of accounting. An item is considered a separate unit of accounting if it has value to the customer on a stand-alone basis. The selling price of the undelivered elements is determined by the price charged when the element is sold separately, or in cases when the item is not sold separately, by third-party evidence of selling price or by management's best estimate of selling price. For our software arrangements accounted for under the provisions of ASC 985-605, *Software*, we establish fair value of undelivered elements based upon vendor specific objective evidence.

Product Revenues

Product sales consist of the sale of our equipment devices and the related disposables used with these devices. On product sales to end customers, revenue is recognized when both the title and risk of loss have transferred to the customer as determined by the shipping terms and all obligations have been completed. For product sales to distributors, we recognize revenue for both equipment and disposables upon shipment of these products to our distributors. Our standard contracts with our distributors state that title to the equipment passes to the distributors at point of shipment to a distributor's location. The distributors are responsible for shipment to the end customer along with installation, training and acceptance of the equipment by the end customer. All shipments to distributors are at contract prices and payment is not contingent upon resale of the product.

Collection of Taxes from Customers

We are required to collect sales or valued added taxes in connection with the sale of certain of our products. We report revenues net of these amounts as they are promptly remitted to the relevant taxing authority.

Software Solutions and Services Revenues

Our software solutions business provides support to our plasma and blood collection customers and hospitals. Through our Haemonetics Software Solutions unit, we provide information technology platforms and technical support for donor recruitment, blood and plasma testing laboratories, and for efficient and compliant operations of blood and plasma collection centers. For plasma customers, we also provide information technology platforms for managing distribution of plasma from collection centers to plasma fractionation facilities.

Our software solutions revenues also include revenue from software sales which includes per collection or monthly subscription fees for the license and support of the software as well as hosting services. With the acquisition of Global Med, a significant portion of our software sales are perpetual licenses typically accompanied with significant implementation service fees related to software customization as well as other professional and technical service fees.

We generally recognize revenue from the sale of perpetual licenses on a percentage-of-completion basis which requires us to make reasonable estimates of the extent of progress toward completion of the contract. These arrangements most often include providing customized implementation services to our customer. We also provide other services, including in some instances hosting, technical support, and maintenance, for the payment of periodic, monthly, or quarterly fees. We recognize these fees and charges as earned, typically as these services are provided during the contract period.

Translation of Foreign Currencies

All assets and liabilities of foreign subsidiaries are translated at the rate of exchange at year-end while sales and expenses are translated at an average rate in effect during the year. The net effect of these translation adjustments is shown in the accompanying financial statements as a component of stockholders' equity. Foreign currency transaction gains and losses, including those resulting from inter-company transactions, are included in other income, net on the consolidated statements of income.

Cash and Cash Equivalents

Cash equivalents include various instruments such as money market funds, U.S. government obligations and commercial paper with maturities of three months or less at date of acquisition. Cash and cash equivalents are recorded at cost, which approximates fair market value. As of March 31, 2012, our cash and cash equivalents consisted of investments in United States Government Agency and Institutional Money Market Funds.

Allowance for Doubtful Accounts

We establish a specific allowance for customers when it is probable that they will not be able to meet their financial obligation. Customer accounts are reviewed individually on a regular basis and appropriate reserves are established as deemed appropriate. We also maintain a general reserve using a percentage that is established based upon the age of our receivables. We establish allowances for balances not yet due and past due accounts based on past experience.

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. Sales to one unaffiliated Japanese customer, the Japanese Red Cross Society, amounted to $99.5 million, $95.9 million, and $92.6 million for 2012, 2011, and 2010, respectively. Accounts receivable balances attributable to this customer accounted for 15.3%, 13.7%, and 12.6% of our consolidated accounts receivable at fiscal year ended 2012, 2011, and 2010. Sales to another global healthcare customer, "Customer B", amounted to $79.9 million in fiscal 2012. Accounts receivable balances attributable to this customer accounted for 6.6% of our consolidated accounts receivable at fiscal year ended 2012. While the accounts receivable related to the Japanese Red Cross Society and Customer B may be significant, we do not believe the credit loss risk to be significant given the consistent payment history by these customers.

Certain other markets and industries can expose us to concentrations of credit risk. For example, in our commercial plasma business, our sales are concentrated with several large customers. As a result, our accounts receivable extended to any one of these commercial plasma customers can be somewhat significant at any point in time. Also, a portion of our trade accounts receivable outside the United States include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. We have not incurred significant losses on government receivables. We continually evaluate all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods.

Deteriorating credit and economic conditions in parts of Western Europe, particularly in Italy where our net accounts receivable was $21.0 million as of March 31, 2012 and $20.4 million as of April 2, 2011, may increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

Property, Plant and Equipment

Property, plant and equipment is recorded at historical cost. We provide for depreciation and amortization by charges to operations using the straight-line method in amounts estimated to recover the cost of the building and improvements, equipment, and furniture and fixtures over their estimated useful lives as follows:

Asset Classification	Estimated Useful Lives
Building	30 Years
Building improvements	5-20 Years
Leasehold improvements	5 Years
Plant equipment and machinery	3-10 Years
Office equipment and information technology	3-9 Years
Haemonetics equipment	2-6 Years

Depreciation expense was $38.6 million, $37.0 million, and $35.5 million for fiscal 2012, 2011, and 2010, respectively.

Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease. Maintenance and repairs are expensed to operations as incurred. When equipment and improvements are sold or otherwise disposed of, the asset cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is included in the statements of income. Fully depreciated assets are removed from the accounts when they are no longer in use.

Our installed base of devices includes devices owned by us and devices sold to the customer. The asset on our balance sheet entitled Haemonetics equipment consists of medical devices installed at customer sites but owned by Haemonetics. Generally the customer has the right to use it for a period of time as long as they meet the conditions we have established, which among other things, generally include one or more of the following:

- Purchase and consumption of a certain level of disposable products

- Payment of monthly rental fees
- An asset utilization performance metric, such as performing a minimum level of procedures per month per device

Consistent with the impairment tests noted for other intangible assets subject to amortization, we review our property, plant, and equipment assets, subject to depreciation, and their related useful lives at least once a year, or more frequently if certain conditions arise, to determine if any adverse conditions exist that would indicate the carrying value of these assets may not be recoverable. To conduct these reviews we estimate the future amount and timing of demand for these devices. Changes in expected demand can result in additional depreciation expense, which is classified as cost of goods sold. Any significant unanticipated changes in demand could impact the value of our devices and our reported operating results. There were no indicators of impairment in either fiscal 2012 or 2011. Expenditures for normal maintenance and repairs are charged to expense as incurred.

Goodwill and Other Intangible Assets

Intangible assets acquired in a business combination, including licensed technology, are recorded under the purchase method of accounting at their estimated fair values at the date of acquisition. Goodwill represents the excess purchase price over the fair value of the net tangible and other identifiable intangible assets acquired. We amortize our other intangible assets over their useful lives using the estimated economic benefit method, as applicable.

Goodwill is not amortized. Instead goodwill is reviewed for impairment at least annually in accordance with ASC Topic 350, *Intangibles — Goodwill and Other*. We perform our annual impairment test on the first day of the fiscal fourth quarter for each of our reporting units. The test is based on a discounted cash flow analysis for each reporting unit. The test showed no evidence of impairment to our goodwill for either fiscal 2012, 2011 or 2010 and demonstrated that the fair value of each reporting unit significantly exceeded the reporting unit's carrying value in each period.

We review our intangible assets, subject to amortization, and their related useful lives periodically to determine if any adverse conditions exist that would indicate the carrying value of these assets may not be recoverable. Our review includes examination of whether certain conditions exist, including: a change in the competitive landscape, any internal decisions to pursue new or different technology strategies, a loss of a significant customer, or a significant change in the market place including changes in the prices paid for our products or changes in the size of the market for our products.

An impairment loss results if the carrying value of the asset exceeds the estimated fair value of the asset. Fair value is determined using different methodologies depending upon the nature of the underlying asset. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life.

Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed

ASC Topic 985-20, *Software*, 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. Technological feasibility is established when we have a detailed design of the software and when research and development activities on the underlying device, if applicable, are completed.

We review the net realizable value of capitalized assets periodically to assess the recoverability of amounts capitalized. In the future, the net realizable value may be adversely affected by the loss of a significant customer or a significant change in the market place, which could result in an impairment being recorded.

At the end of fiscal 2010, based on a review of ongoing development plans for our next generation platelet apheresis products (Portico), we abandoned and wrote off $12.2 million associated with previously capitalized software development costs. Additionally, in connection with the acquisition of Global Med we elected to no longer market the Symphony blood center donation management system in favor of Global Med's El Dorado application. As a result, we wrote off the carrying value of the Symphony intangible asset totaling approximately $3.5 million.

Other Liabilities

Other liabilities represent items payable within the next twelve months. Other liabilities were $56.8 million and $46.3 million as of March 31, 2012 and April 2, 2011, respectively.

The significant items included in the fiscal year end balances were:

(In thousands)	March 31, 2012	April 2, 2011
VAT Liabilities	$ 6,875	$ 11,867
Forward Contracts	1,185	4,174
Deferred Revenue	24,132	21,740
HS Core Liability	3,654	—
All Other	20,989	8,475
Total	$ 56,835	$ 46,256

Research and Development Expenses

All research and development costs are expensed as incurred.

Advertising Costs

All advertising costs are expensed as incurred and are included in selling, general and administrative expenses in the consolidated statement of income. Advertising expenses were $4.5 million, $2.8 million, and $1.6 million for 2012, 2011 and 2010, respectively.

Accounting for Shipping and Handling Costs

Shipping and handling costs are included in costs of goods sold with the exception of $10.9 million for fiscal 2012, $9.7 million for fiscal 2011, and $11.2 million for fiscal 2010 that are included in selling, general and administrative expenses. Freight is classified in cost of goods sold when the customer is charged for freight and in selling, general and administration when the customer is not explicitly charged for freight.

Income Taxes

The income tax provision is calculated for all jurisdictions in which we operate. This process involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability and a valuation allowance is established with a corresponding additional income tax provision recorded in our consolidated statements of income if their recovery is not considered more likely than not. The provision for income taxes could also be materially impacted if actual taxes due differ from our earlier estimates.

We record a liability for uncertain tax positions taken or expected to be taken in income tax returns. Uncertain tax positions are unrecognized tax benefits for which reserves have been established. Our financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts.

We file income tax returns in all jurisdictions in which we operate. We establish reserves to provide for additional income taxes that may be due in future years as these previously filed tax returns are audited. These reserves have been established based on management's assessment as to the potential exposure attributable to permanent differences and interest applicable to both permanent and temporary differences. All tax reserves are analyzed periodically and adjustments are made as events occur that warrant modification.

Foreign Currency

We recognize all derivative financial instruments in our consolidated financial statements at fair value in accordance with ASC Topic 815, *Derivatives and Hedging*. In accordance with ASC Topic 815, for those derivative instruments that are designated and qualify as hedging instruments, the hedging instrument must be designated, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. The gains or losses on the forward exchange contracts designated as hedges are recorded in net revenues, cost of goods sold, and operating expenses in our consolidated statements of income when the underlying hedged transaction affects earnings. The cash flows related to the gains and losses are classified in the

consolidated statements of cash flows as part of cash flows from operating activities. For those derivative instruments that are not designated as part of a hedging relationship we record the gains or losses in earnings currently. These gains and losses are intended to offset the gains and losses recorded on net monetary assets or liabilities that are denominated in foreign currencies. The Company recorded foreign currency losses of $0.4 million, $1.4 million, and $2.2 million in fiscal 2012, 2011 and 2010, respectively.

Our derivative instruments do not subject our earnings or cash flows to material risk, as gains and losses on these derivatives are intended to offset losses and gains on the item being hedged. We do not enter into derivative transactions for speculative purposes and we do not have any non-derivative instruments that are designated as hedging instruments pursuant to ASC Topic 815.

Stock-Based Compensation

We use the Black-Scholes option-pricing model to calculate the grant-date fair value of our stock options. The following assumptions, which involve the use of judgment by management, are used in the computation of the grant-date fair value of our stock options:

Expected Volatility — We have principally used our historical volatility as a basis to estimate expected volatility in our valuation of stock options.

Expected Term — We estimate the expected term of our options using historical exercise and forfeiture data. We believe that this historical data is currently the best estimate of the expected term of our new option grants.

Additionally, after determining the fair value of our stock options, we use judgment in establishing an estimated forfeiture rate, to determine the amount of stock based compensation to record each period:

Estimated Forfeiture Rate — We have applied, based on an analysis of our historical forfeitures, an annual forfeiture rate which represents the portion that we expect will be forfeited each year over the vesting period. We reevaluate this analysis periodically and adjust the forfeiture rate as necessary. Ultimately, we will only recognize expense for those shares that vest.

Valuation of Acquisitions

We allocate the amounts we pay for each acquisition to the assets we acquire and liabilities we assume based on their estimated fair values at the dates of acquisition, including acquired identifiable intangible assets. We base the estimated fair value of identifiable intangible assets on detailed valuations that use historical information and market assumptions based upon the assumptions of a market participant. We allocate any excess purchase price over the fair value of the net tangible and intangible assets acquired to goodwill. The use of alternative valuation assumptions, including estimated cash flows and discount rates, and alternative estimated useful life assumptions could result in different purchase price allocations and intangible asset amortization expense in current and future periods.

In certain acquisitions, we have earn-out arrangements or contingent consideration to provide potential future payments to the seller for achieving certain agreed-upon financial targets. We record the contingent consideration at its fair value at the acquisition date. Generally, we have entered into arrangements with contingent consideration that require payments in cash. As such, each quarter, we revalue the contingent consideration obligations associated with certain acquisitions to their then fair value and record the change in the fair value as contingent consideration income or expense. Increases or decreases in the fair value of the contingent consideration obligations can result from changes in assumed discount periods and rates, changes in the assumed timing and amount of revenue and expense estimates, and changes in assumed probability adjustments with respect to regulatory approval. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, future business and economic conditions, as well as changes in any of the assumptions described above, can materially impact the amount of contingent consideration income or expense we record in any given period.

Recent Accounting Pronouncements

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. We will adopt this standard in the first quarter of fiscal 2013. The adoption of ASU 2011-05 will affect the presentation of comprehensive income but will not impact our financial condition or statement of operations.

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. ASU 2011-08 is effective for our first quarter of fiscal 2013 but is eligible for early adoption. We do not believe adoption of this standard will have an impact on our consolidated financial statements.

In December 2011, the FASB issued Accounting Standards Update No. 2011-11, *Balance Sheet (Topic 210)-Disclosures about Offsetting Assets and Liabilities* (ASU 2011-11). The update requires entities to disclose information about offsetting and related arrangements of financial instruments and derivative instruments. ASU 2011-11 is effective for our first quarter of fiscal 2014. We are currently evaluating the impact of adopting ASU 2011-11, but currently believe there will be no significant impact on our consolidated financial statements.

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, we 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 fiscal 2012 and thus the disclosure requirements were not applicable for the period.

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). ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. On January 1, 2012, we adopted this guidance, which did not have a material impact on our financial position or results of operations.

3. ACQUISITIONS

During fiscal 2011 and 2010 we completed several acquisitions as part of our growth initiatives. We did not complete any acquisitions during fiscal 2012.

Fiscal 2011 Acquisition

ACCS Acquisition

On December 28, 2010, Haemonetics acquired certain assets of Applied Critical Care Services, Inc. (ACCS) for $6.4 million. ACCS was a manufacturer's representative for Haemonetics engaged in the selling and servicing of the TEG analyzer product

line. The purchase price was allocated to customer relationships of $4.5 million, other liabilities of $0.8 million, and goodwill of $2.7 million.

Fiscal 2010 Acquisitions

Global Med Acquisition

On March 31, 2010 the Company completed its cash tender offer for the shares of Global Med Technologies, Inc. ("Global Med"). The total acquisition cost for the shares and outstanding warrants of Global Med was approximately $60.4 million.

Goodwill was determined by comparing the purchase price with the fair value of the assets and liabilities acquired. The carrying value of the related goodwill has been adjusted to reflect the final purchase price allocation. At March 31, 2012, goodwill recorded after our final purchase price allocation was $39.6 million and is not tax deductible. Global Med has an in-place workforce with extensive knowledge and experience in the development and support of blood management software. The acquisition was a unique strategic fit for the Company given our global presence and customer relationships in blood management.

Purchase Price Allocation

The following chart summarizes the final purchase price allocation:

		(In thousands)
Goodwill	$	39,554
Intangible assets subject to amortization		39,920
Trade accounts receivable		6,848
Other assets		7,639
Deferred taxes		(10,928)
Notes payable		(7,701)
Deferred revenue		(7,180)
Other liabilities		(7,725)
Total	$	60,427

SEBRA Acquisition

On September 4, 2009, Haemonetics acquired the assets of the blood collection and processing business unit ("SEBRA") of Engineering and Research Associates, Inc., a leading provider of blood and medical manufacturing technologies. SEBRA products, which include tubing sealers, blood shakers, sterile connection systems, mobile lounges and ancillary products used in blood collection and processing, complement Haemonetics' portfolio and add depth to Haemonetics' blood center and plasma product lines. The purchase price of $12.8 million was allocated to core technology of $2.0 million, customer relationships of $4.6 million, trade name intangible of $0.4 million, trade accounts receivables of $1.0 million, inventory of $1.1 million, and goodwill of $3.7 million.

Neoteric Acquisition

On April 16, 2009, Haemonetics acquired the outstanding shares of Neoteric. Neoteric is a medical information management company that markets a full end-to-end suite of products to track, allocate, release, and dispense hospital blood units while controlling inventory and recording the disposition of blood. The acquisition strategically broadened Haemonetics' blood management solutions. The purchase price of $6.6 million plus contingent consideration of $5.0 million was allocated to other intangible assets of $5.0 million, deferred tax liabilities of $1.6 million, and goodwill of $8.2 million.

The contingent consideration was based upon estimated annual revenue growth for the three years following the acquisition, at established profitability thresholds, and was not limited. Using projected revenues for fiscal years 2011, 2012, and 2013, an analysis was performed that probability weighted three performance outcomes for the noted years. The performance outcomes were then discounted using a discount rate commensurate with the risks associated with Neoteric to arrive at the fair value of the contingent consideration. The Company was required to reassess the fair value of contingent consideration on a periodic basis. During fiscal 2012, 2011 and 2010, this business did not achieve the necessary revenue growth milestones for the former shareholders to receive additional performance payments. As such, we reduced the contingent liability by $1.6 million, $1.9

million and $2.3 million during fiscal 2012, 2011 and 2010, respectively, and recorded the adjustments as contingent consideration income in the consolidated statements of income. Interest expense accretion on the contingent consideration was $0.6 million in fiscal 2010, and interest expense reversal was $0.6 million and $0.4 million in fiscal 2012 and 2011, respectively.

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.

4. 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.

(In thousands)	March 31, 2012	April 2, 2011
Warranty accrual as of the beginning of the period	$ 1,273	$ 903
Warranty provision	2,430	1,823
Warranty spending	(2,907)	(1,453)
Warranty accrual as of the end of the period	$ 796	$ 1,273

5. 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.

(In thousands)	March 31, 2012	April 2, 2011
Raw materials	$ 41,219	$ 26,404
Work-in-process	4,640	4,352
Finished goods	71,304	53,631
	$ 117,163	$ 84,387

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for fiscal 2012 and 2011 are as follows:

	(In thousands)
Carrying amount as of April 3, 2010	$ 109,988
SEBRA (a)	163
Altivation Software Inc.	228
ACCS (b)	2,662
Effect of change in foreign currency exchange rates	2,326
Carrying amount as of April 2, 2011	$ 115,367
Effect of change in foreign currency exchange rates	(309)
Carrying amount as of March 31, 2012	$ 115,058

(a) See Note 3, Acquisitions, for a full description of the acquisition of the SEBRA® assets, which occurred on September 4, 2009.

(b) See Note 3, Acquisitions, for a full description of the acquisition of Applied Critical Care Services, Inc. ("ACCS"), which occurred on December 28, 2010.

Other Intangible Assets

Other intangible assets include the value assigned to license rights and other technology, patents, customer contracts and relationships, software technology, and a trade name. The estimated useful lives for all of these intangible assets are 5 to 20 years.

Aggregate amortization expense for amortized other intangible assets for fiscal year 2012, 2011, and 2010 was $11.4 million, $11.1 million, and $7.7 million, respectively. Future annual amortization expense on other intangible assets is expected to approximate $11.0 million for fiscal year 2013, $10.7 million for fiscal year 2014, $10.1 million for fiscal year 2015, $9.7 million for fiscal year 2016 and $9.4 million for fiscal year 2017.

Amortized Intangibles

	Gross Carrying Amount	Accumulated Amortization	Weighted Average Useful Life
	(In thousands)	(In thousands)	(In years)
As of March 31, 2012			
Patents	$ 13,463	$ 7,843	11
Capitalized software	20,597	1,394	6
Other technology	42,693	20,120	11
Customer contracts and related relationships	69,361	23,639	12
Trade names	5,408	1,977	10
Total intangibles	$ 151,522	$ 54,973	11

	Gross Carrying Amount	Accumulated Amortization	Weighted Average Useful Life
	(In thousands)	(In thousands)	(In years)
As of April 2, 2011			
Patents	$ 12,704	$ 6,827	11
Capitalized software	14,506	656	6
Other technology	43,244	17,391	11
Customer contracts and related relationships	69,908	17,740	12
Trade names	5,254	1,213	10
Total intangibles	$ 145,616	$ 43,827	11

The changes to the net carrying value of our intangible assets from April 2, 2011 to March 31, 2012 reflect amortization expense and the effect of exchange rate changes in the translation of our intangible assets held by our international subsidiaries.

7. DERIVATIVES AND FAIR VALUE MEASUREMENTS

We manufacture, market and sell our products globally. For the fiscal year ended March 31, 2012, approximately 51.6% of our sales were generated outside the U.S. 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 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 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.

Designated Foreign Currency Hedge Contracts

All of our designated foreign currency hedge contracts as of March 31, 2012 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 $162.1 million as of March 31, 2012 and $154.8 million as of April 2, 2011.

During fiscal 2012 and 2011, we recognized net losses of $3.2 million and $0.8 million, respectively, in earnings on our cash flow hedges. All currency cash flow hedges outstanding as of March 31, 2012 mature within twelve months. For the fiscal year ended March 31, 2012, $3.1 million of gains, net of tax, were recorded in 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 for the fiscal year ended April 2, 2011. At March 31, 2012, gains of $3.1 million, net of tax, may be reclassified to earnings within the next 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 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 $45.5 million as of March 31, 2012 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 fiscal year ended March 31, 2012.

Derivative Instruments (In thousands)	Amount of Gain/(Loss) Recognized in OCI (Effective Portion)	Amount of Loss Reclassified from OCI into Earnings (Effective Portion)	Location in Statement of Operations	Amount of Gain/(Loss) Excluded from Effectiveness Testing (*)	Location in Statement of Operations
Designated foreign currency hedge contracts	$ 3,140	$ (3,230)	Net revenues, COGS, and SG&A	$ 67	Other income (expense), net
Non-designated foreign currency contracts				$ (1,666)	Other income (expense), net
	$ 3,140	**$ (3,230)**		**$ (1,599)**	

(*) 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 March 31, 2012 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 March 31, 2012, we have classified our derivative assets and liabilities within Level 2 of the fair value 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 March 31, 2012 and April 2, 2011 by type of contract and whether it is a qualifying hedge under ASC Topic 815.

(In thousands)	Location in Balance Sheet	Balance as of March 31, 2012	Balance as of April 2, 2011
Derivative Assets:			
Designated foreign currency hedge contracts	Other current assets	$ 6,186	$ 2,563
		$ 6,186	$ 2,563
Derivative Liabilities:			
Designated foreign currency hedge contracts	Other current liabilities	$ 1,185	$ 4,174
		$ 1,185	$ 4,174

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 fiscal year ended March 31, 2012 and April 2, 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 derivative 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.

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 March 31, 2012:

(In thousands)	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Money market funds	$ 194,574	$ —	$ —	$ 194,574
Forward currency exchange contracts	—	6,186	—	6,186
	$ 194,574	$ 6,186	$ —	$ 200,760
Liabilities				
Forward currency exchange contracts	$ —	$ 1,185	$ —	$ 1,185
Other liabilities — contingent consideration	—	—	—	—
	$ —	$ 1,185	$ —	$ 1,185

Neoteric contingent consideration

Under ASC Topic 805, *Business Combinations*, we established a liability for payments to former shareholders of Neoteric which were contingent on the performance of the Blood Track business in the first three years post acquisition, beginning with fiscal 2010. As of April 2, 2011, the liability was $2.3 million. We have reviewed the expected performance versus the performance thresholds for payment. Because the expected performance thresholds would not be achieved, we recorded an adjustment to the fair value of the contingent consideration liability. This appears as contingent consideration income of $1.6 million in the accompanying consolidated statements of income. Interest expense reversal on the contingent consideration was $0.6 million in fiscal 2012.

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 $3.1 million and $4.1 million at March 31, 2012 and April 2, 2011, respectively. This liability is a Level 2 financial instrument and the fair value has been determined using a net present value calculation of the future mortgage payments due discounted by a rate derived from corresponding U.S. Treasury rates.

8. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consisted of the following:

(In thousands)	March 31, 2012	April 2, 2011
Real estate mortgage	$ 3,771	$ 4,590
Short-term notes payable	—	289
	$ 3,771	$ 4,879
Less-Current portion	$ 894	$ 913
	$ 2,877	$ 3,966

Real Estate Mortgage Agreement

In December 2000, we entered into a $10.0 million real estate mortgage agreement (the “Mortgage Agreement”) with an investment firm. The Mortgage Agreement requires principal and interest payments of $0.1 million per month for a period of 180 months, commencing February 1, 2001. The entire balance of the loan may be repaid at any time after February 1, 2006, subject to a prepayment premium, which is calculated based upon the change in the current weekly average yield of Ten (10)-year U.S. Treasury Constant Maturities, the principal balance due and the remaining loan term. The Mortgage Agreement provides for interest to accrue on the unpaid principal balance at a rate of 8.41% per annum. Borrowings under the Mortgage Agreement, with a carrying value of approximately $3.8 million and $4.6 million as of March 31, 2012 and April 2, 2011, respectively, are secured by the land, building and building improvements at our headquarters and manufacturing facility in the U.S.. There are no financial covenants in the terms and conditions of this agreement.

As of March 31, 2012, notes payable and long-term debt matures as follows (in thousands):

Fiscal Year Ending	
2013	$ 894
2014	971
2015	1,056
2016	850
2017 and thereafter	—
	$ 3,771

9. INCOME TAXES

Domestic and foreign income before provision for income tax is as follows:

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010
Domestic	$ 40,666	$ 58,040	$ 42,260
Foreign	$ 48,832	$ 52,041	$ 39,011
Total	**$ 89,498**	**$ 110,081**	**$ 81,271**

The income tax provision contains the following components:

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010
Current			
Federal	$ 8,505	$ 14,982	$ 10,088
State	2,275	2,111	887
Foreign	5,954	7,226	9,334
Total current	$ 16,734	$ 24,319	$ 20,309
Deferred			
Federal	7,522	4,931	4,103
State	(597)	438	259
Foreign	(1,047)	413	(1,770)
Total deferred	$ 5,878	$ 5,782	$ 2,592
Total	$ 22,612	$ 30,101	$ 22,901

Included in the federal income tax provisions for fiscal 2012, 2011 and 2010 are approximately $1.6 million, $10.8 million and $8.1 million, respectively, provided on foreign source income of approximately $6.2 million, $31.0 million and $23.2 million for fiscal 2012, 2011 and 2010, respectively, for taxes which are payable in the United States.

Tax affected, significant temporary differences comprising the net deferred tax assets/(liabilities) are as follows:

(In thousands)	March 31, 2012	April 2, 2011
Depreciation	$ (17,208)	$ (9,447)
Amortization	(19,249)	(20,597)
Inventory	4,224	2,244
Hedging	(589)	1,120
Accruals and reserves	6,352	5,950
Net operating loss carry-forward	3,354	7,241
Stock Based Compensation	8,649	7,725
Tax credit carry-forward, net	2,328	1,583
Gross Deferred Taxes	(12,139)	(4,181)
Less valuation allowance	$ (1,569)	$ (3,630)
Net deferred tax liabilities	$ (13,708)	$ (7,811)

As of March 31, 2012, the Company has approximately $4.7 million in U.S. acquisition and approximately $1.2 million in French acquisition related net operating loss carry-forwards that it believes are more likely than not that they will be realized. The Company also has $2.3 million in gross federal and state tax credits available to offset future tax. The Company has established valuation allowances to reduce the value of tax assets to amounts that it deems to be realizable. The valuation allowance is made up of $0.4 million acquisition-related R&D credits and $1.2 million acquisition-related net operating losses. The net operating loss carry-forwards are subject to separate limitations and will expire beginning in 2020.

Approximately $167 million of our foreign subsidiary undistributed earnings are deemed to be indefinitely reinvested outside the US. Determination of the amount of unrecognized deferred U.S. income taxes is not practical because of the complexities associated with this hypothetical calculation. Accordingly we have not provided U.S. income taxes on these earnings. The income tax provision from operations differs from tax provision computed at the 35% U.S. federal statutory income tax rate due to the following:

(In thousands)	March 31, 2012		April 2, 2011		April 3, 2010	
Tax at federal statutory rate	$ 31,324	35.0 %	$ 38,528	35.0 %	$ 28,444	35.0 %
Domestic Manufacturing Deduction	(700)	(0.8)%	(1,120)	(1.0)%	(883)	(1.1)%
Difference between U.S. and foreign tax	(8,539)	(9.5)%	(8,610)	(7.9)%	(4,392)	(5.4)%
State income taxes net of federal benefit	1,136	1.3 %	1,741	1.6 %	764	0.9 %
Repatriation of Earnings	—	— %	(506)	(0.5)%	(1,574)	(1.9)%
Other, net	(609)	(0.7)%	68	0.1 %	542	0.7 %
Income tax provision	$ 22,612	25.3 %	$ 30,101	27.3 %	$ 22,901	28.2 %

Unrecognized Tax Benefits

Unrecognized tax benefits represent uncertain tax positions for which reserves have been established. As of March 31, 2012, we had $6.9 million of unrecognized tax benefits, of which $6.6 million will impact the effective tax rate, if recognized. As of April 2, 2011, we had $4.7 million of unrecognized tax benefits, of which $4.3 million will impact the effective tax rate, if recognized.

During the fiscal year ended March 31, 2012 our unrecognized tax benefits were increased by $2.1 million as a result of additional tax benefits arising in the prior year return and current year provision from the usage of acquired net operating losses with a valuation allowance recorded. This was in addition to reserves set up for other various tax matters in the amount of $0.2 million.

The following table summarizes the activity related to our gross unrecognized tax benefits for the fiscal years ending April 2, 2011 and March 31, 2012:

(In thousands)	March 31, 2012	April 2, 2011
Beginning Balance	$ 4,669	$ 4,620
Additions based upon positions related to the current year	1,124	20
Additions for tax positions of prior years	1,216	1,641
Reductions of tax positions	(124)	(1,042)
Settlements with taxing authorities	—	—
Closure of statute of limitations	—	(570)
Ending Balance	$ 6,885	$ 4,669

As of March 31, 2012 we anticipate that the liability for unrecognized tax benefits for uncertain tax positions could change by up to $0.8 million in the next twelve months, as a result of closure of various foreign statutes of limitations.

Our historic practice has been and continues to be to recognize interest and penalties related to Federal, state and foreign income tax matters in income tax expense. Approximately $1.0 million and $0.7 million was accrued for interest and penalties at March 31, 2012 and April 2, 2011, respectively and is not included in the amounts above.

We conduct business globally and, as a result, file consolidated and separate Federal, 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. With few exceptions, we are no longer subject to U.S. federal, state and local, or foreign income tax examinations for years before 2008.

10. COMMITMENTS AND CONTINGENCIES

We lease facilities and certain equipment under operating leases expiring at various dates through fiscal 2017. Facility leases require us to pay certain insurance expenses, maintenance costs and real estate taxes.

Approximate future basic rental commitments under operating leases as of March 31, 2012 are as follows (in thousands):

Fiscal Year Ending		
2013	$	6,169
2014		4,093
2015		2,718
2016		2,320
2017		1,852
Thereafter		2,456
	$	19,608

Rent expense in fiscal 2012, 2011, and 2010 was $6.1 million, $6.6 million, and $5.9 million, respectively.

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 also made subsequent claims regarding financial losses alleged to have been incurred as a result of this matter. As of March 31, 2012, our current best estimate of the liability associated with this matter is $10.0 million, and we recorded that amount as an expense within selling, general and administrative expenses. To date, we have been reimbursed under our insurance policies for $3.7 million paid to customers to settle their claims. We have also determined that an additional $3.2 million is recoverable under our insurance policies and recorded a corresponding insurance receivable within current assets as of March 31, 2012. Receivables for insurance recoveries for product liability claims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized on a claim by claim basis. We have recorded $3.1 million of expenses, net of insurance recovery, within selling, general and administrative expenses for fiscal 2012 related to this matter.

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.

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

For the past five years, we have pursued patent infringement lawsuits against Fenwal Inc. seeking an injunction and damages from their infringement of a Haemonetics patent, through the sale of the ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems.

Currently, we are pursuing a patent infringement action in Germany against Fenwal, and its European and German subsidiary. On September 20, 2010, we filed a patent infringement action in Germany. In response, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action on December 1, 2010.

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. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. In connection with this conviction, our Italian subsidiary is liable to pay a fine of €147,500 and a proportionate share of the cost of the proceedings. The final amount has not yet been determined.

When this matter 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.

11. CAPITAL STOCK

Stock Plans

The Company has an incentive compensation plan, (the "2005 Incentive Compensation Plan"). The 2005 Incentive Compensation Plan permits the award of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, deferred stock/restricted stock units, other stock units and performance shares to the Company's key employees, officers and directors. The 2005 Incentive Compensation Plan is administered by the Compensation Committee of the Board of Directors (the "Committee") consisting of three independent members of our Board of Directors. The maximum number of shares available for award under the 2005 Incentive Compensation Plan is 7,512,460. The maximum number of shares that may be issued pursuant to incentive stock options may not exceed 500,000. Any shares that are subject to the award of stock options shall be counted against this limit as one (1) share for every one (1) share issued. Any shares that are subject to awards other than stock options shall be counted against this limit as 3.26 shares for every one (1) share granted. The exercise price for the nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, deferred stock/restricted stock units, other stock units and performance shares granted under the 2005 Incentive Compensation Plan is determined by the Committee, but in no event shall such exercise price be less than the fair market value of the common stock at the time of the grant. Options, Restricted Stock Awards and Restricted Stock Units become exercisable, or in the case of restricted stock, the resale restrictions are released in a manner determined by the Committee, generally over a four year period for employees and one year from grant for non-employee directors, and all options expire not more than 7 years from the date of the grant. At March 31, 2012, there were 2,182,028 shares subject to options, no shares of restricted stock outstanding and 160,763 shares subject to restricted stock units outstanding under this plan and 3,203,967 shares available for future grant.

The Company had a long-term incentive stock option plan and a non-qualified stock option plan, (the "2000 Long-term Incentive Plan") which permitted the issuance of a maximum of 3,500,000 shares of our common stock pursuant to incentive and non-qualified stock options granted to key employees, officers and directors. The plan was terminated in connection with the adoption of the 2005 Incentive Compensation Plan. At March 31, 2012, there were 241,539 options outstanding under this plan and no further options will be granted under this plan.

The Company had a non-qualified stock option plan under which options were granted to non-employee directors and two previous plans under which options were granted to key employees. At March 31, 2012, there were no options outstanding related to these plans. No further options will be granted under these plans.

The Company has an Employee Stock Purchase Plan (the "Purchase Plan") under which a maximum of 700,000 shares (subject to adjustment for stock splits and similar changes) of common stock may be purchased by eligible employees. Substantially all of our full-time employees are eligible to participate in the Purchase Plan.

The Purchase Plan provides for two "purchase periods" within each of our fiscal years, the first commencing on November 1 of each year and continuing through April 30 of the next calendar year, and the second commencing on May 1 of each year and continuing through October 31 of such year. Shares are purchased through an accumulation of payroll deductions (of not less than 2% nor more than 15% of compensation, as defined) for the number of whole shares determined by dividing the balance in the employee's account on the last day of the purchase period by the purchase price per share for the stock determined under the Purchase Plan. The purchase price for shares is the lower of 85% of the fair market value of the common stock at the beginning of the purchase period, or 85% of such value at the end of the purchase period.

Stock-based compensation expense of $9.3 million, $10.8 million, and $10.3 million was recognized under ASC Topic 718, *Compensation — Stock Compensation*, for the fiscal year ended March 31, 2012, April 2, 2011, and April 3, 2010, respectively. The related income tax benefit recognized was $2.7 million, $3.7 million, and $3.0 million for the fiscal year ended March 31, 2012, April 2, 2011, and April 3, 2010, respectively. We recognize stock-based compensation on a straight line basis.

ASC Topic 718 requires that cash flows relating to the benefits of tax deductions in excess of stock compensation cost recognized be reported as a financing cash flow, rather than as an operating cash flow. This excess tax benefit was $1.4 million, $3.1 million, and $0.4 million for the fiscal year ended March 31, 2012, April 2, 2011, and April 3, 2010, respectively.

A summary of stock option activity for the fiscal year ended March 31, 2012 is as follows:

	Options Outstanding (shares)	Weighted Average Exercise Price per Share	Weighted Average Remaining Life (years)	Aggregate Intrinsic Value ($000's)
Outstanding at April 2, 2011	2,446,843	$ 48.94	4.09	$ 43,149
Granted	464,837	62.29		
Exercised	(369,092)	42.00		
Forfeited	(119,021)	54.16		
Outstanding at March 31, 2012	2,423,567	$ 52.30	3.87	$ 42,134
Exercisable at March 31, 2012	1,412,052	$ 47.98	2.57	$ 30,644
Vested or expected to vest at March 31, 2012	2,302,589	$ 51.95	3.76	$ 40,816

The total intrinsic value of options exercised was $8.5 million, $26.5 million, and $8.2 million during fiscal 2012, 2011, and 2010, respectively.

As of March 31, 2012, there was $11.1 million of total unrecognized compensation cost related to non-vested stock options. This cost is expected to be recognized over a weighted average period of 2.6 years.

The fair value was estimated using the Black-Scholes option-pricing model based on the weighted average of the high and low stock prices at the grant date and the weighted average assumptions specific to the underlying options. Expected volatility assumptions are based on the historical volatility of our common stock. The risk-free interest rate was selected based upon yields of U.S. Treasury issues with a term equal to the expected life of the option being valued. The expected life of the option was estimated with reference to historical exercise patterns, the contractual term of the option and the vesting period. The assumptions utilized for option grants during the periods presented are as follows:

	March 31, 2012	April 2, 2011	April 3, 2010
Volatility	27.5%	28.2%	28.6%
Expected life (years)	4.9	4.9	4.9
Risk-free interest rate	1.1%	1.8%	2.4%
Dividend yield	0.0%	0.0%	0.0%

The weighted average grant date fair value of options granted during 2012, 2011, and 2010 was approximately $16.31, $15.83, and $15.37, respectively.

We have applied, based on an analysis of our historical forfeitures, an annual forfeiture rate of 8% to all unvested stock options as of March 31, 2012 and April 2, 2011, which represents the portion that we expect will be forfeited each year over the vesting period.

The fair values of shares purchased under the Employee Stock Purchase Plan are estimated using the Black-Scholes single option-pricing model with the following weighted average assumptions:

	March 31, 2012	April 2, 2011	April 3, 2010
Volatility	26.3%	21.1%	30.9%
Expected life	6 mos.	6 mos.	6 mos.
Risk-free interest rate	0.1%	0.2%	0.2%
Dividend Yield	0.0%	0.0%	0.0%

The weighted average grant date fair value of the six-month option inherent in the Purchase Plan was approximately $14.19, $11.73, and $12.53 during fiscal 2012, 2011, and 2010, respectively.

Restricted Stock Awards

As of March 31, 2012, there was no unrecognized compensation cost related to non-vested restricted stock awards.

A summary of restricted stock awards activity for the fiscal year ended March 31, 2012 is as follows:

	Shares		Weighted Average Grant Date Fair Value
Outstanding at April 2, 2011	2,500	$	48.09
Released	(2,500)	$	48.09
Outstanding at March 31, 2012	—	$	—

Restricted Stock Units

As of March 31, 2012, there was $6.4 million of total unrecognized compensation cost related to non-vested restricted stock units. This cost is expected to be recognized over a weighted average period of 2.7 years.

A summary of restricted stock units activity for the fiscal year ended March 31, 2012 is as follows:

	Shares		Weighted Average Market Value at Grant Date
Nonvested at April 2, 2011	130,632	$	50.62
Awarded	90,228	$	59.81
Released	(45,064)	$	61.45
Forfeited	(15,033)	$	53.48
Nonvested at March 31, 2012	160,763	$	51.72

12. EARNINGS PER SHARE ("EPS")

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations as required by ASC Topic 260, *Earnings Per Share*. Basic EPS is computed by dividing net income by weighted average shares outstanding. Diluted EPS includes the effect of potentially dilutive common shares.

(In thousands, except per share amounts)	March 31, 2012	April 2, 2011	April 3, 2010
Basic EPS			
Net income	$ 66,886	$ 79,980	$ 58,370
Weighted average shares	25,364	25,077	25,451
Basic income per share	$ 2.64	$ 3.19	$ 2.29
Diluted EPS			
Net income	$ 66,886	$ 79,980	$ 58,370
Basic weighted average shares	25,364	25,077	25,451
Net effect of common stock equivalents	431	519	612
Diluted weighted average shares	25,795	25,596	26,063
Diluted income per share	$ 2.59	$ 3.12	$ 2.24

During 2012, 2011, and 2010, approximately 0.7 million, 1.2 million, and 0.9 million, respectively, potentially dilutive common shares were not included in the computation of diluted earnings per share because the inclusion of these potentially dilutive shares would be anti-dilutive.

13. 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:

(In thousands)	Foreign Currency Translation	Unrealized Gain/(Loss) on Derivatives, Net of Tax	Impact of Defined Benefit Plans, Net of Tax	Accumulated Other Comprehensive Income
Balance as of April 3, 2010	$ 5,271	$ 1,454	$ (820)	$ 5,905
Changes during the year	6,380	(3,299)	555	$ 3,636
Balance as of April 2, 2011	$ 11,651	$ (1,845)	$ (265)	$ 9,541
Changes during the year	(2,813)	6,370	(3,988)	$ (431)
Balance as of March 31, 2012	$ 8,838	$ 4,525	$ (4,253)	$ 9,110

14. RETIREMENT PLANS

Defined Contribution Plans

We have a Savings Plus Plan that is a 401(k) plan that allows our U.S. employees to accumulate savings on a pre-tax basis. In addition, matching contributions are made to the Plan based upon pre-established rates. Our matching contributions amounted to approximately $4.0 million in 2012, $3.3 million in 2011, and $3.0 million in 2010. Upon Board approval, additional discretionary contributions can also be made. No discretionary contributions were made for the Savings Plan in fiscal 2012, 2011, or 2010.

Some of our subsidiaries also have defined contribution plans, to which plan both the employee and the employer make contributions. The employer contributions to these plans totaled $0.8 million, $1.8 million, and $1.7 million in fiscal 2012, 2011, and 2010, respectively, of which $1.5 million, and $1.4 million in fiscal 2011, and 2010, respectively, were contributed for our employees in Switzerland.

During fiscal 2012, it was determined that the plan for our employees in Switzerland was a defined benefit plan rather than a defined contribution plan. For fiscal 2012, this plan has been accounted for as a defined benefit plan as described below.

Defined Benefit Plans

ASC Topic 715, *Compensation — Retirement Benefits*, requires an employer to: (a) recognize in its statement of financial position an asset for a plan's over-funded status or a liability for a plan's under-funded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Accordingly, the Company is required to report changes in its funded status in comprehensive income on its Statement of Stockholders' Equity and Comprehensive Income.

Benefits under these plans are generally based on either career average or final average salaries and creditable years of service as defined in the plans. The annual cost for these plans is determined using the projected unit credit actuarial cost method that includes actuarial assumptions and estimates which are subject to change.

Some of the Company's foreign subsidiaries have defined benefit pension plans covering substantially all full time employees at those subsidiaries. Net periodic benefit costs for the plans in the aggregate include the following components:

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010
Service cost	$ 2,545	$ 667	$ 512
Interest cost on benefit obligation	601	283	242
Expected (return)/loss on plan assets	2	(467)	(289)
Actuarial (gain)/loss	(385)	(48)	223
Amortization of unrecognized prior service cost	(31)	381	(68)
Amortization of unrecognized transition obligation	221	30	27
Totals	$ 2,953	$ 846	$ 647

The net periodic benefit costs shown above for fiscal 2012 include the associated costs for the Switzerland defined benefit plan. The net periodic benefit costs for fiscal 2011 and 2010 shown above have not been updated to reflect the Switzerland plan costs. These costs were approximately $1.5 million and $1.4 million for fiscal 2011 and 2010, respectively. During those periods, the Switzerland plan was accounted for as a defined contribution plan and Company contributions to the plan were expensed.

The activity under those defined benefit plans are as follows:

(In thousands)	March 31, 2012	April 2, 2011
Change in Benefit Obligation:		
Benefit Obligation, beginning of year	$ (8,628)	$ (7,949)
Switzerland Benefit Obligation, beginning of year	(14,079)	n/a
Service cost	(2,545)	(667)
Interest cost	(601)	(283)
Benefits paid	1,952	843
Actuarial (loss)/gain	(1,244)	102
Employee and plan participants contribution	(1,728)	
Plan Amendments	(193)	—
Currency translation	(84)	(674)
Benefit obligation, end of year	$ (27,150)	$ (8,628)
Change in Plan Assets:		
Fair value of plan assets, beginning of year	$ 4,449	$ 3,833
Fair value of Switzerland plan assets, beginning of year	11,349	n/a
Company contributions	2,156	478
Benefits paid	(1,873)	(783)
Gain/(Loss) on plan assets	124	467
Employee and plan participants contributions	1,728	n/a
Currency translation	252	454
Fair value of Plan Assets, end of year	$ 18,185	$ 4,449
Funded Status	$ (8,965)	$ (4,179)
Unrecognized net actuarial loss/(gain)	4,513	341
Unrecognized initial obligation	141	(83)
Unrecognized prior service cost	254	171
Net amount recognized	$ (4,057)	$ (3,750)

The fiscal 2012 amounts shown above include the Switzerland plan amounts. The fiscal 2011 amounts shown above have not been updated to reflect the Switzerland amounts. The benefit obligation for the Switzerland plan was approximately $14.1 million as of April 2, 2011. The fair value of the Switzerland plan assets as of April 2, 2011 was approximately $11.3 million.

One of the benefit plans is funded by benefit payments made by the Company. Accordingly that plan has no assets included in the information presented above. The total liability for this plan was $4.9 million and $4.1 million as of March 31, 2012 and April 2, 2011, respectively.

The accumulated benefit obligation for all plans was $22.5 million and $3.9 million for the fiscal year ended March 31, 2012 and April 2, 2011, respectively. The increase in the current fiscal year is due to the change in accounting for the Switzerland plan. The accumulated benefit obligation for fiscal 2011 has not been updated to reflect the Switzerland plan.

Amounts recognized as a component of other accrued liabilities on the balance sheet as of March 31, 2012 and April 2, 2011, under ASC Topic 715 totaled $9.0 million and $4.2 million, respectively.

The components of the change recorded in our accumulated other comprehensive income related to our defined benefit plans, net of tax, are as follows (in thousands):

Balance as of April 3, 2010	$	(820)
Obligation at transition		574
Actuarial loss		(50)
Prior service cost		31
Balance as of April 2, 2011	$	(265)
Obligation at transition		30
Actuarial loss		(3,701)
Prior service cost		(317)
Balance as of March 31, 2012	$	(4,253)

The weighted average rates used to determine the net periodic benefit costs were as follows:

	March 31, 2012	April 2, 2011	April 3, 2010
Discount rate	2.40%	5.30%	5.20%
Rate of increased salary levels	1.50%	2.60%	2.00%
Expected long-term rate of return on assets	2.10%	1.60%	1.60%

Assumptions for expected long-term rate of return on plan assets are based upon actual historical returns, future expectations of returns for each asset class and the effect of periodic target asset allocation rebalancing. The results are adjusted for the payment of reasonable expenses of the plan from plan assets.

We have no other material obligation for post-retirement or post-employment benefits.

The Company’s investment policy for its pension plans is to balance risk and return through a diversified portfolio to reduce interest rate and market risk. Maturities are managed so that sufficient liquidity exists to meet immediate and future benefit payment requirements. For the Company's plans with assets, the majority of the investments are in fixed-income instruments such as bonds and time-deposits.

ASC Topic 820, *Fair Value Measurements and Disclosures*, provides guidance for reporting and measuring the plan assets of our defined benefit pension plan at fair value as of March 31, 2012. Using the same three- level valuation hierarchy for disclosure of fair value measurements as described in Note 7, all of the assets of the Company’s plan are classified within Level 1 of the fair value hierarchy because the plan assets are primarily local market and global fixed-income securities that are valued using prices quoted on the active market.

Expected benefit payments for both plans are estimated using the same assumptions used in determining the company’s benefit obligation at March 31, 2012. Benefit payments will depend on future employment and compensation levels, average years employed and average life spans, among other factors, and changes in any of these factors could significantly affect these estimated future benefit payments.

Estimated future benefit payments during the next five years and in the aggregate for the five fiscal years thereafter, are as follows (in thousands):

Expected Benefit Payments		
Fiscal Year 2013	$	1,199
Fiscal Year 2014	$	1,428
Fiscal Year 2015	$	1,073
Fiscal Year 2016	$	1,429
Fiscal Year 2017	$	1,878
Fiscal Year 2018-2021	$	4,545

The Company contributions for fiscal 2013 are expected to be consistent with our recent historical experience.

15. 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 categories.

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® autologous blood recovery system 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).

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

Revenues from External Customers:

(In thousands)	March 31, 2012	April 2, 2011	April 3, 2010
Disposable revenues			
Plasma disposables	$ 258,061	$ 227,209	$ 232,378
Blood center disposables			
Platelet	167,946	156,251	151,026
Red cell	48,034	46,828	48,031
	215,980	203,079	199,057
Hospital disposables			
Surgical	66,619	66,503	69,942
OrthoPAT	31,186	35,631	37,079
Diagnostics	23,087	19,414	16,770
	120,892	121,548	123,791
Disposables revenue	594,933	551,836	555,226
Software solutions	70,557	66,876	35,919
Equipment & other	62,354	57,982	54,285
Total revenues	$ 727,844	$ 676,694	$ 645,430

Enterprise Wide Disclosures about Product and Services
Year ended (in thousands)

March 31, 2012	United States	Other North America	Total North America	Japan	Other Asia	Total Asia	Total Europe	Total Consolidated
Sales	$ 352,160	$ 512	$ 352,672	$ 124,381	$ 67,223	$ 191,604	$ 183,568	$ 727,844
Total Assets	$ 634,171	$ 15,365	$ 649,536	$ 50,509	$ 27,353	$ 77,862	$ 183,737	$ 911,135
Long-Lived Assets	$ 305,370	$ 12,796	$ 318,166	$ 13,128	$ 3,961	$ 17,089	$ 38,009	$ 373,264

April 2, 2011	United States	Other North America	Total North America	Japan	Other Asia	Total Asia	Total Europe	Total Consolidated
Sales	$ 316,447	$ 908	$ 317,355	$ 110,263	$ 61,594	$ 171,857	$ 187,482	$ 676,694
Total Assets	$ 582,733	$ 15,903	$ 598,636	$ 47,156	$ 18,164	$ 65,320	$ 169,308	$ 833,264
Long-Lived Assets	$ 305,305	$ 12,715	$ 318,020	$ 12,391	$ 4,181	$ 16,572	$ 38,092	$ 372,684

April 3, 2010	United States	Other North America	Total North America	Japan	Other Asia	Total Asia	Total Europe	Total Consolidated
Sales	$ 301,774	$ 2,191	$ 303,965	$ 109,573	$ 51,324	$ 160,897	$ 180,568	$ 645,430
Total Assets	$ 487,955	$ 22,941	$ 510,896	$ 42,438	$ 20,928	$ 63,366	$ 190,043	$ 764,305
Long-Lived Assets	$ 313,241	$ 16,800	$ 330,041	$ 11,230	$ 3,805	$ 15,035	$ 19,285	$ 364,361

The Long-Lived Assets reported above include Goodwill, Other Intangibles and Net Property, Plant and Equipment.

16. RESTRUCTURING

During fiscal 2012, 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 fiscal 2012, the Company incurred $5.9 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.

On April 1, 2010, our Board of Directors approved transformation and restructuring plans, which include the integration of Global Med Technologies, Inc. During fiscal 2011, in addition to the costs in the below table and as part of our approved transformation and restructuring plans, we incurred the following expenses:

- Stock compensation expense of $1.7 million resulting from the acceleration of unvested stock options in accordance to terms of an employment contract for an employee. This expense is included as part of our restructuring charges and reflected in our consolidated statement of income as selling, general and administrative expense for the fiscal year ended April 2, 2011.
- $2.1 million of integration costs related to the Global Med acquisition.

During fiscal 2010, in connection with the transformation plan, we had an asset write down of $15.7 million related to the abandonment of our next generation platelet apheresis platform and our blood center donation management software, as well as $8.6 million in transformation costs related to the separation of employees and reflected in our consolidated statement of income as selling, general and administrative expense.

The following summarizes the restructuring activity for the fiscal year ended March 31, 2012, April 2, 2011, and April 3, 2010, respectively:

(In thousands)	Balance at April 2, 2011	Cost Incurred	Payments	Asset Write down	Restructuring Accrual Balance at March 31, 2012
Employee-related costs	$ 2,782	$ 4,112	$ (5,433)	$ —	$ 1,461
Facility related costs	889	1,746	(2,102)	—	533
	$ 3,671	$ 5,858	$ (7,535)	$ —	$ 1,994

(In thousands)	Balance at April 3, 2010	Cost Incurred	Payments	Asset Write down	Restructuring Accrual Balance at April 2, 2011
Employee-related costs	$ 9,761	$ 3,595	$ (10,574)	$ —	$ 2,782
Facility related costs	—	89	—	—	889
	$ 9,761	$ 3,684	$ (10,574)	$ —	$ 3,671

(In thousands)	Balance at March 28, 2009	Cost Incurred	Payments	Asset Write down	Restructuring Accrual Balance at April 3, 2010
Employee-related costs	$ 2,729	$ 8,598	$ (1,566)	$ —	$ 9,761
Facility related costs	42	—	(42)	—	—
Other exit & termination costs	78	15,686	(78)	(15,686)	—
	$ 2,849	$ 24,284	$ (1,686)	$ (15,686)	$ 9,761

17. CAPITALIZATION OF SOFTWARE DEVELOPMENT COSTS

The cost of software that is developed or obtained for internal use is accounted for pursuant to ASC Topic 350, *Intangibles — Goodwill and Other*. Pursuant to ASC Topic 350, the Company capitalizes costs incurred during the application development stage of software developed for internal use, and expenses costs incurred during the preliminary project and the post-implementation operation stages of development. The Company capitalized $3.6 million and $2.8 million in costs incurred for acquisition of the software license and related software development costs for new internal software that was in the application development stage during the fiscal year ended March 31, 2012 and April 2, 2011, respectively. The capitalized costs are included as a component of property, plant and equipment in the consolidated financial statements.

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 $6.1 million, $6.9 million and $4.7 million in software development costs for ongoing initiatives during the fiscal year ended March 31, 2012, April 2, 2011 and April 3, 2010, respectively. At March 31, 2012 and April 2, 2011, we have a total of $19.5 million and $13.4 million, respectively, of software costs capitalized, of which $15.4 million and $13.4 million, respectively, related to in process software development initiatives. The costs capitalized for each project are included in intangible assets in the consolidated financial statements. In connection with these development activities, we capitalized interest of $0.2 million and $0.1 million in fiscal 2012 and 2011, respectively. We will begin to amortize the remaining costs when the products are released for sale. In the first quarter of fiscal 2012, $4.1 million of costs capitalized related to one in-process project were placed into service.

During fiscal 2010, in connection with the change in our technology strategy and restructuring of our Research and Development organization, the Company decided to abandon our software development project for our next generation blood center apheresis platform. At April 2, 2011, we had an asset impairment of $12.2 million in total capitalized software development costs of this project in accordance with ASC Topic 985-20, as the net realizable value of the capitalized software was insufficient to recover the asset amount capitalized.

Additionally during fiscal 2010, in connection with our acquisition of Global Med, we had an asset impairment of $3.5 million in capitalized costs of other software development initiatives in accordance with ASC Topic 985-20, as the net realizable value of the capitalized software was insufficient to recover the asset amount capitalized.

18. SUMMARY OF QUARTERLY DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended March 31, 2012:				
Net revenues	$ 170,569	$ 179,445	$ 191,160	$ 186,670
Gross profit	$ 88,748	$ 89,949	$ 95,931	$ 94,612
Operating income	$ 23,908	$ 18,566	$ 25,324	$ 20,960
Net income	$ 16,947	$ 13,880	$ 18,254	$ 17,805
Share data:				
Net Income:				
Basic	$ 0.66	$ 0.55	$ 0.73	$ 0.71
Diluted	$ 0.65	$ 0.54	$ 0.72	$ 0.69
Fiscal year ended April 2, 2011:				
Net revenues	$ 163,039	$ 166,833	$ 176,789	$ 170,033
Gross profit	$ 86,463	$ 87,755	$ 93,490	$ 87,501
Operating income	$ 24,189	$ 28,905	$ 28,559	$ 28,895
Net income	$ 17,918	$ 21,338	$ 19,734	$ 20,989
Share data:				
Net Income:				
Basic	$ 0.71	$ 0.86	$ 0.79	$ 0.82
Diluted	$ 0.70	$ 0.85	$ 0.77	$ 0.81

Operating income and net income declined in the second quarter of fiscal 2012 as increases in operating expenses more than offset gross profit associated with revenue growth due to higher costs of quality, relatively higher sales of our lower-margin products and expenses associated with European customer claims arising from a quality matter with HS Core.

Gross profit declined during the fourth quarter of fiscal 2011 due to a decline in sales volume and increased inventory reserves. Operating income remained flat during the same period due to a reduction in cash bonus incentive compensation as the Company’s financial results were lower than the financial targets established at the beginning of the year.

19. SUBSEQUENT EVENTS (UNAUDITED)

On April 28, 2012, Haemonetics Corporation entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Pall Corporation (“Pall”), pursuant to which Haemonetics agreed to acquire from Pall (i) substantially all of the assets relating to its blood collection, filtration, processing, storage and re-infusion product lines, and (ii) all of the outstanding equity interest in Pall Mexico Manufacturing, S. de R.L. de C.V, a subsidiary of Pall based in Mexico (collectively, the “Product Lines” and such transaction, the “Transaction”).

At the closing of the Transaction, subject to adjustments (upward or downward) to reflect (i) the audited adjusted operating income of the Product Lines before depreciation, amortization and non-cash restructuring charges for Pall's fiscal year ended July 31, 2011, and (ii) the amount of actual Product Line inventory being acquired, Haemonetics will pay to Pall $551 million in cash consideration, subject to a holdback of $15 million, which will be payable upon the replication and delivery of certain manufacturing assets of Pall's filter media business to Haemonetics by 2016. Until that time, Pall will manage these assets under a supply agreement with Haemonetics.

The Purchase Agreement includes customary representations, warranties and covenants of Pall and Haemonetics, as well as indemnification provisions for breaches or inaccuracies in either party's representations and warranties or covenants. Under the Purchase Agreement, Pall has agreed to operate the Product Lines in the ordinary course of business consistent with past practice until the closing of the Transaction. In addition, Pall will be restricted from discussing or otherwise agreeing to a competing transaction with respect to the Product Lines, and Haemonetics will be restricted from discussing or otherwise

agreeing to acquire any assets, entities, businesses or product lines that compete with the Product Lines, or from acquiring any assets or entities if such acquisition could reasonably be expected to increase the risk of not obtaining necessary governmental approvals or to materially delay the completion of the Transaction.

The Transaction is expected to close in the second quarter of Haemonetics' fiscal 2013, subject to the conditions precedent set forth in the Purchase Agreement, receipt of necessary regulatory and third-party approvals and labor-related notifications, as well as a period of confirmatory due diligence by Haemonetics. If in the course of conducting such confirmatory due diligence, Haemonetics discovers matters or issues that would adversely affect the Product Lines above certain thresholds, Haemonetics will have the right to terminate the Purchase Agreement. The Purchase Agreement also includes other customary termination provisions for both Haemonetics and Pall and provides that if, after all closing conditions are satisfied, one party refuses to consummate the Transaction, the other party will be entitled to a termination fee in an amount equal to $17 million, which will be the sole and exclusive remedy in such circumstances.

Haemonetics intends to finance the purchase price primarily with $475 million of new borrowings under term loans. JPMorgan Chase Bank N.A. and Citibank N.A. (together, the “Lenders”) have committed to provide Haemonetics a term loan facility in an initial aggregate principal amount of $475 million, and J.P. Morgan Securities LLC and Citibank, N.A. have agreed to use commercially reasonable efforts to syndicate a revolving credit facility in a maximum aggregate principal amount of $50 million, both of which facilities will be unsecured, on the terms and subject to the conditions set forth in a debt commitment letter (the “Debt Commitment Letter”). The obligation of the Lenders to provide debt financing under the Debt Commitment Letter is subject to a number of conditions, including, among other things, (i) no material adverse condition or material adverse change in or affecting the business, property, financial condition or operations of Haemonetics and its subsidiaries (both before and, on a pro forma basis, after giving effect to the Transaction), taken as a whole, (ii) the execution and delivery of definitive financing documentation and other customary closing certificates, documents and instruments, (iii) the Transaction being consummated pursuant to the Purchase Agreement, with no provision of the Purchase Agreement having been amended or waived in a manner materially adverse to the Lenders, and (iv) Haemonetics having demonstrated that it will be in pro forma compliance with all financial covenants. The final termination date for the Debt Commitment Letter is August 1, 2012.

Also, on April 28, 2012, Haemonetics announced that it had entered into a definitive agreement to acquire the business assets of Hemerus Medical, LLC, a Minnesota-based company that develops innovative technologies for the collection of whole blood, and processing and storage of blood components. Hemerus has completed Phase 3 clinical trials and has submitted a New Drug Application to the FDA for its unique, patented SOLX® whole blood collection system.

This system's features include a collection set and a storage solution that is believed to considerably extend the quality and effective life of red blood cells. Hemerus expects FDA approval in calendar year 2012. The storage solution is the result of research partially funded by the US Army, and invented by Dr. John Hess of the University of Maryland, and the late Dr. Tibor Greenwalt of the University of Cincinnati. Hemerus holds the exclusive worldwide license to the intellectual property and furthered this research through the development of a whole blood collection set and clinical trials.

Under terms of the agreement, Haemonetics will pay up to $27 million in several stages, each of which is contingent upon successful regulatory approvals of SOLX. Additionally, Haemonetics has agreed to pay a royalty on future sales of SOLX based products. The acquisition is expected to close during the second quarter of fiscal 2013.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Haemonetics Corporation:

We have audited the accompanying consolidated balance sheets of Haemonetics Corporation and subsidiaries as of March 31, 2012 and April 2, 2011 and the related consolidated statements of income, stockholders' equity and other comprehensive income, and cash flows for each of the three years in the period ended March 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Haemonetics Corporation and subsidiaries at March 31, 2012 and April 2, 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Haemonetics Corporation and subsidiaries' internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 22, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 22, 2012

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our 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 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures are effective.

Reports on Internal Control

Management's Annual Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-a5(f). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2012. In making this assessment, the management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on our assessment we believe that, as of March 31, 2012, the Company's internal control over financial reporting is effective based on those criteria.

Ernst & Young, LLP, an independent registered public accounting firm, has issued a report on the effectiveness of our internal control over financial reporting. This report, in which they expressed an unqualified opinion, is included below.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Haemonetics Corporation:

We have audited Haemonetics Corporation and subsidiaries' internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Haemonetics Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Haemonetics Corporation and subsidiaries as of March 31, 2012 and April 2, 2011, and the related consolidated statements of income, stockholders' equity and other comprehensive income, and cash flows for each of the three years in the period ended March 31, 2012 of Haemonetics Corporation and subsidiaries and our report dated May 22, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 22, 2012

Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of the Company's most recently completed fiscal year that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

The Company has attached a complete copy of its bylaws as Exhibit 3. In preparing for the upcoming Annual Shareholders Meeting, management discovered an error in the copies filed on Form 10-K in 2005 and 2008. In the previously provided copies, Article VIII indicates that the Board has a maximum of 8 members. These copies failed to record an amendment to the Bylaws expanding the Board to 9 directors authorized by the Board in 2002.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

1. The information called for by Item 401 of Regulations S-K concerning our directors and the information called for by Item 405 of Regulation S-K concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 required by this Item is incorporated by reference to our Proxy Statement for the Annual Meeting to be held July 27, 2012.

2. The information concerning our Executive Officers is set forth at the end of Part I hereof.

3. The balance of the information required by this item, including information concerning our Audit Committee and the Audit Committee Financial Expert and compliance with Item 407(c)(3) of S-K, is incorporated by reference to the Company's Proxy Statement for the Annual Meeting to be held July 27, 2012. We have adopted a Code of Ethics that applies to our chief executive officer, chief financial officer and senior financial officers. The Code of Ethics is incorporated into the Company's Code of Business Conduct located on the Company's internet web site at http://phx.corporate-ir.net/phoenix.zhtml?c=72118&p=irol-IRHome and it is available in print to any shareholder who requests it. Such requests should be directed to our Company's Secretary.

We intend to disclose any amendment to, or waiver from, a provision of the Code of Ethics that applies to our chief executive officer, chief financial officer or senior financial officers and that relates to any element of the Code of Ethics definition enumerated in Item 406 of Regulation S-K by posting such information on our website. Pursuant to NYSE Rule 303A.10, as amended, any waiver of the code of ethics for any executive officer or director must be disclosed within four business days by a press release, SEC Form 8-K, or internet posting.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our Proxy Statement for the Annual Meeting to be held July 27, 2012. Notwithstanding the foregoing, the Compensation Committee Report included within the Proxy Statement is only being "furnished" hereunder and shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item concerning security ownership of certain beneficial owners and management is incorporated by reference to the Company's Proxy Statement for the Annual Meeting to be held July 27, 2012.

Stock Plans

The following table below sets forth information as of March 31, 2012 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)*
Equity compensation plans approved by security holders	2,584,330	$ 52.26	3,623,237
Equity compensation plans not approved by security holders	—	—	—
Total	**2,584,330**	**$ 52.26**	**3,623,237**

* Includes 419,270 shares available for purchase under the Employee Stock Purchase Plan in future purchase periods.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPEDENCE

The information required by this Item is incorporated by reference to our Proxy Statement for the Annual Meeting to be held July 27, 2012.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to our Proxy Statement for the Annual Meeting to be held July 27, 2012.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this report:

A) Financial Statements are included in Part II of this report

Financial Statements required by Item 8 of this Form

- Consolidated Statements of Income 41
- Consolidated Balance Sheets 42
- Consolidated Statements of Stockholders' Equity and Comprehensive Income 43
- Consolidated Statements of Cash Flows 44
- Notes to Consolidated Financial Statements 45
- Report of Independent Registered Public Accounting Firm 76

Schedules required by Article 12 of Regulation S-X

- II Valuation and Qualifying Accounts 86

All other schedules have been omitted because they are not applicable or not required.

B) Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index at page 83, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/ Brian Concannon
Brian Concannon,
President and Chief Executive Officer

Date : May 22, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Brian Concannon Brian Concannon	President, Chief Executive Officer and Director (Principal Executive Officer)	May 22, 2012
/s/ Christopher Lindop Christopher Lindop	Chief Financial Officer and Vice President Business Development (Principal Financial Officer)	May 22, 2012
/s/ Susan Hanlon Susan Hanlon	Vice President Finance (Principal Accounting Officer)	May 22, 2012
/s/ Lawrence Best Lawrence Best	Director	May 22, 2012
/s/ Paul Black Paul Black	Director	May 22, 2012
/s/ Susan Bartlett Foote Susan Bartlett Foote	Director	May 22, 2012
/s/ Ronald Gelbman Ronald Gelbman	Director	May 22, 2012
/s/ Pedro Granadillo Pedro Granadillo	Director	May 22, 2012
/s/ Mark Kroll, Ph.D. Mark Kroll	Director	May 22, 2012
/s/ Richard Meelia Richard Meelia	Director	May 22, 2012
/s/ Ronald Merriman Ronald Merriman	Director	May 22, 2012

EXHIBITS FILED WITH SECURITIES AND EXCHANGE COMMISSION

Number and Description of Exhibit

1. Articles of Organization

3A*	Articles of Organization of the Company effective August 29, 1985, as amended December 12, 1985 and May 21, 1987 (filed as Exhibit 3A to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
3B*	Form of Restated Articles of Organization of the Company (filed as Exhibit 3B to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
3C*	Articles of Amendment to the Articles of Organization of the Company filed May 8, 1991 with the Secretary of the Commonwealth of Massachusetts (filed as Exhibit 3E to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).
3D*	Articles of Amendment to the Articles of Organization of the Company filed August 21, 2006 with the Secretary of the Commonwealth of Massachusetts
3E	By-Laws of the Company, as amended January 23, 2008 (filed herewith)

2. Instruments defining the rights of security holders

4A*	Specimen certificate for shares of common stock (filed as Exhibit 4B to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).

3. Material Contracts

10A*	Lease dated July 17, 1990 between the Buncher Company and the Company of property in Pittsburgh, Pennsylvania (filed as Exhibit 10K to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
10B*	First Amendment to lease dated July 17, 1990 between Buncher Company and the Company of property in Pittsburgh, Pennsylvania (filed as Exhibit 10AI to the Company's Form 10-Q No. 1-10730 for the quarter ended December 28, 1996 and incorporated herein by reference).
10C*	Second Amendment to lease dated July 17, 1990 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania. (filed as Exhibit 10AG to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003 and incorporated herein by reference).
10D*	Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company for the property adjacent to the main facility in Braintree, Massachusetts (filed as Exhibit 10M to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).
10E*	Amendment No. 1 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company for the child care facility (filed as Exhibit 10N to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).
10F*	Amendment No. 2 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company (filed as Exhibit 10S to the Company's Form 10-K No. 1-10730 for the year ended April 3, 1993 and incorporated herein by reference).
10G*	Amendment No. 3 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company, dated April 1, 1997 (filed as Exhibit 10AA to the Company's Form 10-K No. 1-10730 for the year ended March 30, 2002 and incorporated herein by reference).
10H*	Amendment No. 4 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership, as assigned to Trinet Essential Facilities XXIX, Inc., effective June 18, 1998, and the Company, dated February 25, 2002. (filed as Exhibit 10AB to the Company's Form 10-K No. 1-10730 for the year ended March 30, 2002 and incorporated herein by reference).
10I*	Note and Mortgage dated December 12, 2000 between the Company and General Electric Capital Business Asset Funding Corporation relating to the Braintree facility (filed as Exhibit 10B to the Company's Form 10-Q No. 1-10730 for the quarter ended December 30, 2000 and incorporated herein by reference).
10J*†	1992 Long-Term Incentive Plan (filed as Exhibit 10V to the Company's Form 10-K No. 1-10730 for the year ended April 3, 1993 and incorporated herein by reference).
10K*†	1998 Stock Option Plan for Non-Employee Directors. (filed as Exhibit 10AA to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1998 and incorporated herein by reference).
10L*†	Haemonetics Corporation 2000 Long-term Incentive Plan (filed as Exhibit 10A to the Company's Form 10-Q No. 1-10730 for the quarter ended December 30, 2000 and incorporated herein by reference).

10M*†	Form of Option Agreements for Non-Qualified stock options for the 1998 Stock Option Plan for Non-Employee Directors. (filed as Exhibit 10AI to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003 and incorporated herein by reference).
10N*†	Form of Option Agreement for Non-Qualified stock options for the 2000 Long Term-Incentive Plan for Employees. (filed as Exhibit 10AJ to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003 and incorporated herein by reference).
10O*†	Form of Option Agreements for Non-Qualified stock options for the 2000 Long- Term Incentive Plan for Non-Employee Directors. (filed as Exhibit 10AK to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003).
10P*†	2005 Long Term Incentive Compensation Plan (filed as Exhibit 10Z in the Company's Form 10-Q for the quarter ended September 26, 2009)
10Q*†	Amendment to the 2005 Long Term Incentive Compensation Plan (filed as Item 2 in the Company's 2008 Definitive Proxy Statement)
10R*†	Amendment to the 2005 Long Term Incentive Compensation Plan (filed as Item 2 in the Company's 2011 Definitive Proxy Statement)
10S*†	Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term-Incentive Compensation Plan for Non-employee Directors (filed as Exhibit 10.1 to the Company's Form 10-Q No. 1-10730 for the quarter ended October 1, 2005).
10T*	Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term Incentive Compensation Plan for Employees.
10U*†	Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term-Incentive Compensation Plan for the Chief Executive Officer (filed as Exhibit 10.3 to the Company's Form 10-Q No. 1-10730 for the quarter ended October 1, 2005).
10V*	Form of Restricted Stock Agreement with Employees under 2005 Long Term Incentive Compensation Plan.
10W*†	Form of Change in Control Agreement dated January 19, 2006 between the Company and members of the Company's Operating Committee (filed as Exhibit 10AQ to the Company's Form 10-K No. 1-10730 for the year ended April 1, 2006 and incorporated herein by reference).
10X*†	Change in Control Agreement entered into between the Company and Christopher Lindop on and January 2, 2007 (filed as Exhibit 10AR to the Company's Form 10-K No. 1-10730 for the year ended March 31, 2007 and incorporated herein by reference).
10Y*†	2007 Employee Stock Purchase Plan (filed as Exhibit 10AS to the Company's Form 10-K No. 1-14041 for the year ended March 29, 2008 and incorporated herein by reference).
10Z	Asset Purchase Agreement, dated as of April 28, 2012, by and between Haemonetics Corporation and Pall Corporation (filed herewith)
21.1	Subsidiaries of the Company
23.1	Consent of the Independent Registered Public Accounting Firm
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, Vice President and Chief Financial Officer 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
101ˆ	The following materials from Haemonetics Corporation on Form 10-K for the year ended March 31, 2012, formatted in Extensive Business Reporting Language (XBRL): (i) Consolidated Statements of Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statement of Stockholders' Equity and Other Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.

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* Incorporated by reference

† Agreement, plan, or arrangement related to the compensation of officers or directors

ˆ In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Form 10-K 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 purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

(All other exhibits are inapplicable.)

SCHEDULE II

HAEMONETICS CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

(In thousands)	Balance at Beginning of Period	Charged to Costs and Expenses	Write-Offs (Net of Recoveries)	Balance at End of Period
For Year Ended March 31, 2012				
Allowance for Doubtful Accounts	$ 1,799	$ (39)	$ (280)	$ 1,480
For Year Ended April 2, 2011				
Allowance for Doubtful Accounts	$ 2,554	$ 343	$ (1,098)	$ 1,799
For Year Ended April 3, 2010				
Allowance for Doubtful Accounts	$ 2,312	$ 363	$ (121)	$ 2,554

As amended through January 24, 2008

BY-LAWS

of

HAEMONETICS CORPORATION

ARTICLE I

Articles of Organization

The name and purposes of the Corporation shall be as set forth in the Articles of Organization. These By-Laws, the powers of the Corporation and of its Directors and shareholders, and all matters concerning the conduct and regulation of the business of the Corporation shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization; and the Articles of Organization, as from time to time amended, are hereby made a part of these By-Laws. All references in these By-Laws to the Articles of Organization shall be construed to mean the Articles of Organization of the Corporation as from time to time amended.

ARTICLE II

Annual Meeting of Shareholders

The annual meeting of the shareholders shall be held on a date and at a time as shall be designated from time to time by the Board of Directors, the Chairman of the Board or the President and stated in the notice of the meeting. Purposes for which an Annual Meeting is to be held, additional to those prescribed by law and these By-Laws, may be specified solely by the Directors.

If such Annual Meeting has not been held as herein provided, or the time for an Annual Meeting is not fixed in accordance with these By-Laws to be held within thirteen (13) months after the last Annual Meeting was held, a Special Meeting of the Shareholders in Lieu of the Annual Meeting may be held, and any business transacted or elections held at such Special Meeting shall have the same effect as if transacted or held at the Annual Meeting, and in such case all references in these By-Laws, except in this Article II, to the Annual Meeting of the Shareholders shall be deemed to refer to such Special Meeting. Any such Special Meeting shall be called, and the purposes thereof shall be specified in the Call, as provided in Article III of these By-Laws.

To be properly brought before the meeting, business must be of a nature that is appropriate for consideration at an Annual Meeting and must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a shareholder in accordance with clause (a) or (b) below, as applicable.

(a) In addition to any other applicable requirements, for business to be properly brought by a shareholder at the Corporation's Annual Meeting to be held in 2005, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, each such notice must be given either by personal delivery or by United States mail, postage prepaid, to the Secretary of the

Corporation not later than sixty (60) days prior to the date such meeting was held in the prior year. The notice shall set forth (i) information concerning the shareholder, including his or her name and address, (ii) a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present the matter specified in the notice, and (iii) such other information as would be required to be included in a proxy statement soliciting proxies for the presentation of such matter to the meeting.

(b) In addition to any other applicable requirements, for business to be properly brought by a shareholder at the Corporation's Annual Meetings to be held in 2006 and thereafter, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's Annual Meeting; provided, however, that in the event that the date of the Annual Meeting is advanced by more than 30 days before or delayed by more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such Annual Meeting and not later than the close of business on the later of the 90th day prior to such Annual Meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Such shareholder's notice shall set forth (a) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made, and the names and addresses of other shareholders known by the shareholder proposing such business to support such proposal, and the class and number of shares of the Corporation's capital stock beneficially owned by such other shareholders; and (b) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such shareholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such shareholder and such beneficial owner.

Only such business shall be conducted at an Annual Meeting as shall have been brought before the meeting in accordance with the provisions of this By-law. The Board of Directors or a designated committee thereof shall have the power to determine whether any business proposed to be brought before the meeting was made in accordance with the provisions of this By-law. If neither the Board of Directors nor such designated committee makes a determination as to whether any shareholder proposal was made in accordance with the provisions of this By-law, the presiding officer of the Annual Meeting shall have the power and duty to determine whether the shareholder proposal was made in accordance with the provisions of this By-law. If the Board of Directors or a designated committee thereof or the presiding officer, as applicable, determines that any shareholder proposal was not made in accordance with the provisions of this By-law, such proposal or nomination shall be disregarded and shall not be presented for action at the Annual Meeting.

For purposes of this By-law, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire or comparable

national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this By-law, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE III

Special Meetings of Shareholders

A Special Meeting of the Shareholders may be called at any time by the President, or by a majority of the Directors acting by vote or by written instrument or instruments signed by them. A Special Meeting of Shareholders shall be called by the Secretary, or in the case of the death, absence, incapacity or refusal of the Secretary, by any other officer, upon written application of one or more shareholders who hold at least (i) eighty percent (80%) in interest of the capital stock of the Corporation entitled to vote at such meeting, or (ii) such lesser percentage, if any, (but not less than forty percent (40%)) as shall be determined to be the maximum percentage which the Corporation is permitted by applicable law to establish for the call of such a meeting. Such call shall state the time, place, and purposes of the meeting. Only business within the purpose or purposes described in the meeting notice may be conducted at a Special Meeting.

ARTICLE IV

Place of Shareholders' Meetings

All meetings of the shareholders shall be held at the principal office of the Corporation in Massachusetts, unless a different place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States is designated by the Chairman of the Board of Directors, the President, or by a majority of the Directors acting by vote or by written instrument or instruments signed by them. Any adjourned session of any meeting of the shareholders shall be held at such place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States as is designated in the vote of adjournment.

ARTICLE V

Notice of Shareholders' Meetings

A written Notice of the place, date and hour of all meetings of shareholders stating the purposes of the meeting shall be given at least seven (7) days and not more than sixty (60) days before the meeting to each shareholder entitled to vote thereat, by leaving such Notice with him or at his residence or usual place of business, or by mailing, postage prepaid, and addressed to such shareholder at his address as it appears in the records of the Corporation. Such Notice shall be given by the Secretary, or in the case of the death, absence, incapacity or refusal of the Secretary, by any other officer or by a person designated either by the Secretary, by the person or persons calling the meeting or by the Board of Directors. Notice may be delivered to a shareholder by electronic transmission in a manner specified by the shareholder, including by facsimile transmission, electronic mail or posting on an electronic network. Whenever Notice of a meeting is required to be given a shareholder under any provision of law, of the Articles of Organization, or of these By-Laws, a written Waiver thereof, executed before or after the meeting by such

shareholder or his attorney thereunto authorized, and filed with the records of the meeting, shall be deemed equivalent to such Notice. In addition, any shareholder who attends the meeting (i) without objecting to holding the meeting or transacting business at the meeting at the beginning of the meeting waives objection to lack of notice or defective notice of the meeting or (ii) without objecting to the consideration of a particular matter when it is presented waives objection that consideration of the matter is not within the purposes described in the notice for such meeting.

ARTICLE VI

Quorum of Shareholders; Adjournment

At any meeting of the shareholders, a quorum for the election of any Director or for the consideration of any question shall consist of a majority of the votes entitled to be cast on the matter, except that if two or more voting groups are entitled to vote for the election of any Director or upon any question, then in the case of each such voting group a quorum for the election of any Director or for the consideration of such question shall consist of a majority of the votes entitled to be cast on the matter by the voting group. As used in these By-Laws, a voting group includes all shares of one or more classes or series that, under the Articles of Organization or the Massachusetts Business Corporation Act, are entitled to vote and to be counted together collectively on a matter at a meeting of shareholders. Stock owned by the Corporation, if any, except stock held directly or indirectly by it in a fiduciary capacity, shall be disregarded in determining any quorum.

Whether or not a quorum is present, any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further notice. When any meeting is convened, the presiding officer may adjourn the meeting if (a) no quorum is present for the transaction of business, (b) the Board of Directors determines that adjournment is necessary or appropriate to enable the shareholders to consider fully information which the Board of Directors determines has not been made sufficiently or timely available to shareholders, or (c) the Board of Directors determines that adjournment is otherwise in the best interests of the Corporation.

ARTICLE VII

Proxies and Voting

Except as may otherwise be provided in the Articles of Organization, shareholders entitled to vote shall have one vote for each share of stock entitled to vote owned by them. Shareholders entitled to vote may vote in person or by proxy, which vote may consist of an electronic transmission in accordance with the Massachusetts Business Corporation Act. Except as otherwise provided by law, no proxy dated more than eleven (11) months before the meeting named therein shall be valid and no proxy shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to the exercise of the proxy the Corporation receives specific written notice to the contrary from any one of them. Subject to Section 7.24 of the Massachusetts Business Corporation Act (or any successor provision), a proxy purporting to be executed by or on behalf of a shareholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. Proxies shall be filed with the Secretary, or person performing the duties of secretary, at the meeting, or any adjournment thereof, before being voted.

When a quorum for an election is present at any meeting, a plurality of the votes properly cast for any office shall elect such office. When a quorum for the consideration of a proposal is present at any

meeting, favorable action on the proposal is taken if the votes cast favoring the action exceed the votes cast opposing the action; except that if two or more voting groups are entitled to vote upon such proposal, then in the case of each such voting group, favorable action on the proposal is taken if the votes cast within the group favoring the action exceed the votes cast opposing the action; and except in any case where a different vote is required by law, by the Articles of Organization or by these By-Laws.

The Corporation shall not, directly or indirectly, vote upon any share of its own stock; but nothing herein shall be construed as limiting the right of the Corporation to vote shares of stock held directly or indirectly by it in a fiduciary capacity.

Any action required or permitted to be taken at any meeting of the shareholders may be taken without a meeting if all shareholders entitled to vote on the matter consent to the action in writing and the written Consents are delivered to the Corporation for inclusion with the records of the meetings of shareholders within sixty (60) days of the earliest dated Consent delivered to the Corporation. Such Consents shall be treated for all purposes as a vote at a meeting.

The Chairman of the Board, or in his absence the President, or in absence of both the Chairman of the Board and the President, a Vice-President shall call meetings of the shareholders to order and shall act as chairman (presiding officer) thereof. The Secretary of the Corporation, if present, shall record the proceedings of all meetings of shareholders and, in the absence of the Secretary, the presiding officer may appoint a secretary pro tempore of the meeting.

Unless otherwise provided in the Articles of Organization, if authorized by the Board of Directors, subject to such guidelines and procedures as the Board of Directors may adopt, shareholders and proxyholders not physically present at a meeting of shareholders may, by means of remote communications: (i) participate in a meeting of shareholders; and (ii) be deemed present in person and vote at a meeting of shareholders, provided that: (a) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a shareholder or proxyholder; (b) the Corporation shall implement reasonable measures to provide such shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (c) if any shareholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE VIII

Board of Directors

The business and affairs of this Corporation shall be managed under the direction of a Board of Directors consisting of not fewer than three (3) nor more than nine (9) Directors, the exact number to be determined from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors, such Board of Directors to be divided into such classes and elected by such shareholders as have the right to vote thereon, for such terms as are provided in the Articles of Organization. Each Director shall hold office until his successor shall have been elected and qualified subject to Article XVIII of these By-Laws. Whenever used in these By-Laws, the phrase “entire Board of Directors” shall mean that number of Directors fixed by the most recent resolution adopted pursuant to the preceding sentence prior to the date as of which a determination of the number of Directors then constituting the entire Board of Directors shall be relevant for any purpose under these By-Laws. No Director need be a shareholder.

Nominations for the election of Directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any shareholder entitled to vote generally in the election of Directors. However, any shareholder entitled to vote generally in the election of Directors may nominate one or more persons for election as Directors at a meeting only in accordance with the following clause (a) or (b), as applicable.

(a) In addition to any other applicable requirements, for a shareholder to properly nominate one or more persons for election as Directors at the Corporation's Annual Meeting to be held in 2005, the shareholder must provide written notice of such shareholder's intent to make such nomination or nominations, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than sixty (60) days prior to the date of the prior year's Annual Meeting. Each such notice to the Secretary shall set forth (i) the names and addresses of the shareholder and his or her nominees; (ii) a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the shareholder and each such nominee; (iv) such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominees of such shareholder; and (v) the consent of each nominee to serve as a Director of the Corporation if so elected. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. The presiding officer of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(b) In addition to any other applicable requirements, for a shareholder to properly nominate one or more persons for election as Directors at the Corporation's Annual Meetings to be held in 2006 and thereafter, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's Annual Meeting; provided, however, that in the event that the date of the Annual Meeting is advanced by more than 30 days before or delayed by more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such Annual Meeting and not later than the close of business on the later of the 90th day prior to such Annual Meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Such shareholder's notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (including such person's written consent to being named in the

proxy statement as a nominee and to serving as a director if elected); and (b) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (i) the name and address of such shareholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such shareholder and such beneficial owner.

Notwithstanding anything in the second sentence of the foregoing clause (b) to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 85 days prior to the first anniversary of the preceding year's Annual Meeting, a shareholder's notice required by this By-law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

Only such persons who are nominated in accordance with the provisions of this By-law shall be eligible for election and to serve as directors. The Board of Directors or a designated committee thereof shall have the power to determine whether a nomination was made in accordance with the provisions of this By-law. If neither the Board of Directors nor such designated committee makes a determination as to whether any nomination was made in accordance with the provisions of this By-law, the presiding officer of the Annual Meeting shall have the power and duty to determine whether the nomination was made in accordance with the provisions of this By-law. If the Board of Directors or a designated committee thereof or the presiding officer, as applicable, determines that any nomination was not made in accordance with the provisions of this By-law, such proposal or nomination shall be disregarded and shall not be presented for action at the Annual Meeting.

For purposes of this By-law, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this By-law, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law.

ARTICLE IX

Powers of Directors

The business of the Corporation shall be managed under the direction of the Board of Directors, which shall exercise all the powers of the Corporation except as otherwise required by law, by the Articles of Organization or by these By-Laws. In the event of one or more vacancies in the Board of Directors, the remaining Directors, except as otherwise required by law, may exercise the powers of the full Board until such vacancy or vacancies are filled.

Any unissued capital stock from time to time authorized under the Articles of Organization and Amendments thereto may be issued, and any shares of capital stock restored to the status of authorized but

unissued stock may be reissued, by vote of the Directors.

ARTICLE X

Committees of Directors

By vote of a majority of the Directors then in office, the Directors may elect from their own number an Executive Committee or other Committees and may by like vote delegate to any such Committee some or all of their powers except those which by law may not be delegated.

ARTICLE XI

Meetings of the Board of Directors; Action without a Meeting

Regular meetings of the Board of Directors may be held without call or notice at such places and at such times as the Board may from time to time determine; provided, however, that reasonable notice of such determination and of any changes therein is given to each member of the Board then in office. A regular meeting of the Board of Directors may be held without call or notice immediately after and at the same place as the Annual Meeting of Shareholders, or any Special Meeting held in lieu thereof.

Special meetings of the Board of Directors may be held at any time and at any place when called by the President, the Treasurer, the Chairman of the Board, or two or more Directors, reasonable notice thereof being given to each Director by the Secretary, or in the case of death, absence, incapacity or refusal of the Secretary, by the officer or Directors calling the meeting. In any case, it shall be deemed sufficient notice to a Director to send notice by mail at least forty-eight (48) hours, or by telegram or by facsimile transmission or other electronic means at least twenty-four (24) hours, before the meeting, addressed to him at his usual or last known business or residence address (which may include his telecopy number or electronic mail address); or to give notice to him in person, either by telephone or by handing him a written notice, at least twenty-four (24) hours before the meeting.

Notwithstanding the foregoing, notice of a meeting need not be given to any Director if a written waiver of notice, executed by him before or after the meeting, or delivered by means of electronic transmission, is filed with the records of the meeting, or to any Director who attends the meeting without protesting at its commencement or promptly upon his arrival, the holding of the meeting, or who thereafter votes for or assents to any action taken at the meeting. A notice of a meeting or a waiver of notice need not specify the purposes of the meeting.

Any action required or permitted to be taken at any meeting of the Directors may be taken without a meeting if a written consent thereto is signed by all the Directors, or delivered to the Corporation by means of electronic transmission, and such written consent is filed with the records of the meetings of the Directors. Such consent shall be treated as a vote at a meeting for all purposes. Such consents may be executed in one or more counterparts and not every Director need sign the same counterpart.

Members of the Board of Directors or any committee designated thereby may participate in a meeting of such Board or committee by, or conduct the meeting through the use of, any means of communication by which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

ARTICLE XII

Quorum of Directors

At any meeting of the Board of Directors, a quorum shall consist of a majority of the Directors then in office, but a smaller number may make a determination pursuant to Section 8.55 or Section 8.56 of the Massachusetts Business Corporation Act, or any successor provision. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for appointment to any office, and a majority of the Directors present shall decide any question brought before such meeting, except in any case where a different vote is required by law, by the Articles of Organization or by these By-Laws.

ARTICLE XIII

Officers and Agents

The officers of the Corporation shall be a President, a Chairman of the Board, a Treasurer, a Secretary, and such other officers, which may include a Controller, one or more Vice Presidents, Assistant Treasurers, Assistant Secretaries, or Assistant Controllers, as the Board of Directors may, in its discretion, appoint. The Corporation may also have such agents, if any, as the Board of Directors may, in its discretion, appoint. The President need not be a Director. The Secretary shall be a resident of Massachusetts unless the Corporation has a resident agent appointed for the purpose of receiving service of process. So far as is permitted by law, any two or more offices may be held by the same person.

Subject to law, to the Articles of Organization and the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and as the Board of Directors may from time to time designate.

The President, Chairman of the Board, Treasurer and Secretary shall be appointed annually by the Board of Directors at its first meeting following the Annual Meeting of Shareholders, by vote of a majority of the full Board of Directors. Such other officers of the Corporation as may be created in accordance with these By-Laws may be filled at such meeting by vote of a majority of the full Board of Directors or any other time by vote of a majority of the Directors then in office.

Each officer shall (subject to Article XVIII of these By-Laws) hold office until the first meeting of the Board of Directors following the next Annual Meeting of Shareholders and until his successor is appointed and qualified, or until he sooner dies, resigns, is removed, or becomes disqualified. Each agent shall retain his authority at the pleasure of the Board of Directors.

Any officer, employee, or agent of the Corporation may be required, as and if determined by the Board of Directors, to give bond for the faithful performance of his duties.

Notwithstanding the foregoing, and without limiting the powers of the Board of Directors set forth above, the President shall have the authority to appoint from time to time one or more Vice Presidents. Any Vice President appointed by the President shall hold office until his successor is appointed or until he sooner dies, resigns, is removed or becomes disqualified. The President or the Directors may remove from office any Vice President appointed by the President, with or without assignment of cause.

The Corporation may enter into employment contracts with officers authorized by the Board of

Directors extending beyond the terms of office of the Directors. An employment contract shall be valid despite any inconsistent provision of these By-Laws relating to terms of officers and removal of officers with or without cause, but shall not affect the authority of the Board of Directors to remove officers. Any removal or failure to reappoint an officer shall be without prejudice to the officer's contract rights, if any.

ARTICLE XIV

President and Vice Presidents; Chairman of the Board

The Chairman of the Board shall be a member of the Board of Directors, shall preside at its meetings and at the meetings of the shareholders, and shall advise and counsel with the President. The Chairman of the Board shall have general charge and supervision of the business, property and affairs of the Corporation and such other powers and duties as the Board of Directors may prescribe, subject to the control of the Board of Directors, unless otherwise provided by law, the Articles of Organization, these By-Laws or by specific vote of the Board of Directors.

The President shall have such duties and powers as shall be designated from time to time by the Board of Directors or by the Chairman, and, in any case, shall be responsible to and shall report to the Board of Directors. In the absence or disability of the Chairman, the President shall have the powers and duties of the Chairman.

Any Vice President shall have such duties and powers as shall be designated from time to time by the Board of Directors or by the President, and, in any case, shall be responsible to and shall report to the President. In the absence or disability of the President, the Vice President or, if there be more than one, the Vice Presidents in the order of their seniority or as otherwise designated by the Board of Directors, shall have the powers and duties of the President.

ARTICLE XV

Treasurer and Assistant Treasurer

The Treasurer may be the Chief Financial Officer of the Corporation or any other person appointed by the Board of Directors, and shall be in charge of its funds and the disbursements thereof, subject to the President and the Board of Directors, and shall have such duties and powers as are commonly incident to the office of a corporate treasurer and such other duties and powers as may be prescribed from time to time by the Board of Directors or the President, or if the Treasurer is other than the Chief Financial Officer, then by the Chief Financial Officer. If no Controller is elected, the Treasurer shall also have the duties and powers of the Controller as provided in these By-Laws. The Treasurer shall be responsible to and shall report to the Board of Directors, but in the ordinary conduct of the Corporation's business, shall be under the supervision of the President, or if the Treasurer is not the Chief Financial Officer, shall be under the supervision of the Chief Financial Officer.

Any Assistant Treasurer shall have such duties and powers as shall be prescribed from time to time by the Board of Directors or by the Treasurer, and shall be responsible to and shall report to the Treasurer. In the absence or disability of the Treasurer, the Assistant Treasurer or, if there be more than one, the Assistant Treasurers, in their order of seniority or as otherwise designated by the Board of Directors shall have the powers and duties of the Treasurer. If no Assistant Treasurer is elected, the Vice President, Finance shall have the powers and duties of the Treasurer in the absence or disability of the Treasurer.

ARTICLE XVI

Controller

If a Controller is elected, he shall be the chief accounting officer of the Corporation and shall be in charge of its books of account and accounting records and of its accounting procedures, and shall have such duties and powers as are commonly incident to the office of a corporate controller and such other duties and powers as may be prescribed from time to time by the Board of Directors or by the President. The Controller shall be responsible to and shall report to the Board of Directors, but in the ordinary conduct of the Corporation's business, shall be under the supervision of the President.

Any Assistant Controller shall have duties and powers as shall be prescribed from time to time by the Board of Directors or by the Controller, and shall be responsible to and shall report to the Controller. If the absence or disability of the Controller, the Assistant Controller or, if there be more than one, Assistant Controllers in their order of seniority or as otherwise designated by the Board of Directors, shall have the powers and duties of the Controller.

ARTICLE XVII

Secretary and Assistant Secretary

The Secretary shall record all proceedings of the shareholders in books to be kept therefor, and shall have custody of the Corporation's records, documents and valuable papers. In the absence of the Secretary from any such meeting, the Assistant Secretary, if any, may act as temporary secretary, and shall record the proceedings thereof in the aforesaid books, or a temporary secretary may be chosen by vote of the meeting.

The Secretary shall also keep, or cause to be kept, the stock transfer records of the Corporation which shall contain a complete list of the names and addresses of all shareholders and the amount of stock held by each.

Unless the Board of Directors shall otherwise designate, the Secretary or, in his absence, the Assistant Secretary, if any, shall have custody of the corporate seal and be responsible for affixing it to such documents as may be required to be sealed.

The Secretary shall have such other duties and powers as are commonly incident to the office of a corporate secretary, and such other duties and powers as may be prescribed from time to time by the Board of Directors or by the President.

The Secretary shall also record all proceedings of the Board of Directors and of any meetings of any committees of the Board, and, in his absence from any such meeting, a temporary secretary shall be chosen who shall record the proceedings thereof.

The Secretary shall attend all meetings of the Board of Directors and shall record the proceedings thereat in books provided for that purpose which shall be open during business hours to the inspection of any Director. He shall notify the Directors of the meetings in accordance with these By-Laws and shall have and may exercise such other powers and duties as the Board of Directors may prescribe. In the absence of the Secretary at a meeting of the Board of Directors, a temporary secretary shall be chosen.

Any Assistant Secretary shall have such duties and powers as shall from time to time be designated by the Board of Directors or the Secretary, and shall be responsible to and shall report to the Secretary.

ARTICLE XVIII

Resignations and Removals

Any Director or officer may resign at any time by delivering his resignation in writing to the President or the Secretary or to a meeting of the Directors. Such resignations shall take effect at such time as is specified therein, or if no such time is so specified, then upon delivery thereof to the President or the Secretary or to a meeting of the Directors.

Directors, including Directors elected by the Directors to fill vacancies in the Board, may be removed from office (a) with cause by vote of the holders of a majority of the shares issued and outstanding and entitled to vote generally in the election of Directors; or (b) with cause by vote of a majority of the Directors then in office; provided that the Directors of a class elected by a particular voting group may be removed only by vote of the holders of a majority of the shares of such voting group. A Director may be removed by the shareholders or the Directors in accordance with the foregoing, only at a meeting called for the purpose of removing him and the meeting notice must state that the purpose or one of the purposes of the meeting is removal of the Director.

The Directors may terminate or modify the authority of any agent or employee. The Directors may remove any officer from office with or without assignment of cause by vote of a majority of the Directors then in office.

If cause is assigned for removal of any Director or officer, such Director or officer may be removed only after a reasonable notice and opportunity to be heard before the body proposing to remove him.

No Director or officer who resigns or is removed shall have any right to any compensation as such Director or officer for any period following his resignation or removal, or any right to damages on account of such removal whether his compensation be by the month or by the year or otherwise; provided, however, that the foregoing provision shall not prevent such Director or officer from obtaining damages for breach of any contract of employment legally binding upon the Corporation.

ARTICLE XIX

Vacancies

Any vacancy in the Board of Directors, including a vacancy resulting from an enlargement of the Board, shall be filled by the Directors by vote of a majority of the remaining Directors then in office, though less than a quorum. Any Director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new Directorship was created or the vacancy occurred and until such Directors' successor shall have been elected and qualified or until he sooner dies, resigns, is removed or becomes disqualified.

If the office of any officer becomes vacant, the Directors may choose or appoint a successor by vote of a majority of the Directors present at the meeting at which such choice or appointment is made.

Each such successor shall hold office for the unexpired term of his predecessor and until his successor shall be chosen or appointed and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

ARTICLE XX

Capital Stock

The authorized amount of the capital stock and the par value, if any, of the shares shall be as fixed in the Articles of Organization. At all times when there are two or more classes of stock, the several classes of stock shall conform to the description and terms, and have the respective preferences, voting powers, restrictions and qualifications set forth in the Articles of Organization.

ARTICLE XXI

Certificate of Stock

The Board of Directors may authorize the issue without certificates of some or all of the shares of any and all of the Corporation's classes or series of stock. Except to the extent the Board of Directors has determined to issue shares without certificates, each shareholder shall be entitled to a certificate of the capital stock of the Corporation owned by him, in such form as shall, in conformity to law, be prescribed from time to time by the Board of Directors. Such certificate shall be signed by either the President or a Vice President, and by either the Treasurer or an Assistant Treasurer, and shall bear the corporate seal or its facsimile; but when any such certificate is signed by a transfer agent or by a registrar other then a Director, officer, or employee of the Corporation, the signature of the President or a Vice President and of the Treasurer or an Assistant Treasurer of the Corporation, or either or both such signatures may be facsimile. If any officer who has signed, or whose facsimile signature has been placed on, any such certificate shall have ceased to be such officer before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if he were such officer at the time of issue.

Every certificate for shares of stock which are subject to any restriction on transfer pursuant to law, the Articles of Organization, these By-Laws or any agreement to which the Corporation is a party shall have the restriction noted conspicuously on the front or back of the certificate. Every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall set forth on its front or back either a summary of the variations in the rights, preferences and limitations applicable to each class and series, and the authority of the Board to determine variations for any future class or series, or a conspicuous statement that the Corporation will furnish a copy of such information to the holder of such certificate upon written request and without charge.

ARTICLE XXII

Transfer of Shares of Stock

Subject to the restrictions, if any, stated or noted on the stock certificates, shares of stock may be transferred on the books of the Corporation only by the surrender to the Corporation, or its transfer agent, of the certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with all requisite stock transfer stamps affixed, and with such proof of the authenticity and effectiveness of the signature as the Corporation or its transfer agent shall reasonably require. Except as may otherwise be required by law, the Articles of Organization, or these By-Laws, the Corporation shall have the right to treat the person registered on the stock transfer books as the owner of any shares of the Corporation's stock as the owner-in-fact thereof for all purposes, including the payment of dividends, liability for assessments, the right to vote with respect thereto and otherwise, and accordingly shall not be bound to recognize any attempted transfer, pledge or other disposition thereof, or any equitable or other claim with respect thereto, whether or not it shall have actual or other notice thereof, until such shares

shall have been transferred on the Corporation's books in accordance with these By-Laws. It shall be the duty of each shareholder to notify the Corporation of his post office address.

ARTICLE XXIII

Transfer Agents and Registrars; Further Regulations

The Board of Directors may appoint one or more banks, trust companies or corporations doing a corporate trust business, in good standing under the laws of the United States or any state therein, to act as the Corporation's transfer agent and/or registrar for shares of capital stock, and the Board may make such other and further regulations, not inconsistent with applicable law, as it may deem expedient concerning the issue, transfer and registration of capital stock and stock certificates of the Corporation.

ARTICLE XXIV

Loss of Certificates

In the case of the alleged loss, destruction, or wrongful taking of a certificate of stock, a duplicate certificate may be issued in place thereof upon receipt by the Corporation of such evidence of loss and such indemnity bond, with or without surety, as shall be satisfactory to the President and the Treasurer, or otherwise upon such terms, consistent with law, as the Board of Directors may prescribe.

ARTICLE XXV

Record Date

The Directors may fix in advance a time, which shall not be more than seventy (70) days before the date of any meeting of shareholders or the date for the payment of any dividend or the making of any distribution to shareholders, or the last day on which the consent or dissent of shareholders may be effectively expressed for any purpose, as the record date for determining the shareholders having the right to notice of and to vote at, such meeting and any adjournment thereof, or the right to receive such dividend or distribution, or the right to give such consent or dissent, and in such case, only shareholders of record on such record date shall have such right, notwithstanding any transfer of stock on the books of the Corporation after the record date. If a record date for a specific action is not fixed by the Board of Directors, and is not otherwise specified by applicable law, the record date shall be the close of business either on the day before the first notice is sent to shareholders, or if no notice is sent, on the day before the meeting. A determination of shareholders entitled to notice of or to vote at a meeting of shareholders is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

ARTICLE XXVI

Seal

The seal of the Corporation shall, subject to alteration by the Board of Directors, consist of a flat-faced circular die with the word “Massachusetts”, together with the name of the Corporation and the year of its incorporation, cut or engraved thereon. An impression of the seal impressed upon the original copy of these By-Laws shall be deemed conclusively to be the seal adopted by the Board of Directors.

ARTICLE XXVII

Execution of Papers

Except as the Board of Directors may generally or in particular cases otherwise authorize or direct, all deeds, leases, transfers, contracts, proposals, bonds, notes, checks, drafts and other obligations made, accepted or endorsed by the Corporation shall be signed or endorsed on behalf of the Corporation by its Chairman, its President or by one of its Vice Presidents or by its Treasurer.

ARTICLE XXVIII

Fiscal Year

Except as from time to time provided by the Board of Directors, the fiscal year of the Corporation shall end on the Saturday closest to the last day of March.

ARTICLE XXIX

Indemnification of Directors and Others

Section 29.1 Definitions

For purposes of this Article XXIX:

(a) “Director/officer” means any person who is serving or has served as a Director, officer or employee of the Corporation appointed or elected by the Board of Directors or the shareholders of the Corporation, or any Director, officer or employee of the Corporation who is serving or has served at the request of the Corporation as a Director, officer, trustee, principal, partner, member of a committee, employee or other agent of any other organization, or in any capacity with respect to any employee benefit plan of the Corporation or any of its subsidiaries.

(b) “Proceeding” means any action, suit or proceeding, whether civil, criminal, administrative or investigative, brought or threatened in or before any court, tribunal, administrative or legislative body or agency, and any claim which could be the subject of a Proceeding.

(c) “Expense” means any fine or penalty, and any liability fixed by a judgment, order, decree or award in a Proceeding, any amount reasonably paid in settlement of a Proceeding and any professional fees and other disbursements reasonably incurred in connection with a Proceeding. The term “Expense” shall include any taxes or penalties imposed on a Director/officer with respect to any employee benefit plan of the Corporation or any of its subsidiaries.

Section 29.2 Right to Indemnification

Except as limited by law or as provided in Sections 29.3 and 29.4 of this Article XXIX, each Director/officer (and his heirs and personal representatives) shall be indemnified by the Corporation against any Expense incurred by him in connection with each Proceeding in which he is involved as a result of his serving or having served as a Director/officer.

Section 29.3 Indemnification not Available

No indemnification shall be provided to a Director/officer with respect to a Proceeding as to which it shall have been adjudicated that he did not act in good faith in the reasonable belief that his action was

in the best interests of the Corporation, or, to the extent that such Proceeding relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

Section 29.4 Compromise or Settlement

In the event that a Proceeding is compromised or settled so as to impose any liability or obligation on a Director/officer or upon the Corporation, no indemnification shall be provided as to said Director/officer with respect to such Proceeding if such Director/officer shall have been adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interests of the Corporation, or, to the extent that such Proceeding relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

Section 29.5 Advances

The Corporation shall pay sums on account of indemnification in advance of a final disposition of a Proceeding upon receipt of an undertaking by the Director/officer to repay such sums if it is subsequently established that he is not entitled to indemnification pursuant to Sections 29.3 and 29.4 hereof, which undertaking may be accepted without reference to the financial ability of such person to make repayment.

Section 29.6 Not Exclusive

Nothing in this Article XXIX shall limit any lawful rights to indemnification existing independently of this Article 29.

Section 29.7 Insurance

The provisions of this Article XXIX shall not limit the power of the Board of Directors to authorize the purchase and maintenance of insurance on behalf of any Director/officer against any liability incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this Article XXIX.

ARTICLE XXX

Voting Stock in Other Corporations

Unless otherwise ordered by the Board of Directors, the President or, in the case of his absence or failure to act, the Treasurer, shall have full power and authority on behalf of the Corporation to attend and to act and to vote at any meetings of shareholders of any corporation in which this Corporation may hold stock, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock and which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors, by resolution from time to time, or, in the absence thereof, the President, may confer like powers upon any other person or persons as attorneys and proxies of the Corporation.

ARTICLE XXXI

Corporate Records

The original or attested copies of the Articles of Organization, By-Laws, and records of all

meetings of the incorporators and shareholders, and the stock and transfer records which shall contain the names of all shareholders and the record address and the amount of stock held by each, shall be kept in Massachusetts either at the principal office of the Corporation or at an office of its transfer agent or of the Secretary. Said copies and records need not all be kept in the same office.

ARTICLE XXXII

Amendments

These By-Laws may at any time be altered, amended or repealed or new By-Laws enacted by the affirmative vote of a majority of the entire Board of Directors (if notice of the proposed alteration or amendment is contained in the notice of the meeting at which such vote is taken or if all Directors are present), except with respect to any provision that by law, the Articles of Organization or these By-Laws requires action by the shareholders, or at any regular meeting of the shareholders (or at any special meeting thereof duly called for that purpose) by the affirmative vote of a majority of the shares represented and entitled to vote at such meeting (if notice of the proposed alteration or amendment is contained in the notice of such meeting).

Notwithstanding anything contained in the preceding paragraph of this Article XXXII to the contrary, either (i) the affirmative vote of the holders of at least eighty percent (80%) of the votes entitled to be cast by the holders of all shares of the Corporation entitled to vote generally in election of Directors, voting together as a single class, or (ii) the affirmative vote of the majority of the entire Board of Directors with the concurring vote of a majority of the Continuing Directors, voting separately and as a subclass of Directors, shall be required to alter, amend, or repeal or adopt any provision inconsistent with Article II, Article VIII, Article XVIII, and this paragraph of this Article XXXII. For purposes of this Article XXXII, the term “Continuing Director” shall have the meaning ascribed to it in Article 6 of the Articles of Organization of the Corporation.

ARTICLE XXXIII

Control Share Acquisition Statute

The provisions of Chapter 110D of the Massachusetts General Laws shall not be applicable to the Corporation.

ASSET PURCHASE AGREEMENT

BY AND AMONG

HAEMONETICS CORPORATION,

AND

PALL CORPORATION

DATED AS OF APRIL 28, 2012

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Schedule 3.12(a)	Contracts and Commitments
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Schedule 3.13(b)	Intellectual Property Information
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Schedule 5.9	Confirmatory Due Diligence Items
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Schedule 5.15(a)(ii)	Media Acceptance Criteria
Schedule 5.15(a)(iii)	Estimate
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Schedule 6.1(h)	Required Material Contracts
Schedule 6.1(w)(i)	Enterprise Solution Systems
Schedule 6.1(w)(ii)	Schedule of Training Criteria
Schedule 6.3(k)	Pricing
Schedule 9.7(a)(i)	Jurisdictions
Schedule 9.7(a)(v)(B)	Severance and Retention Plans

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of April 28, 2012, by and between Pall Corporation, a New York corporation (the "Company"), and Haemonetics Corporation, a Massachusetts corporation ("Buyer"). The Company and its Affiliates and Buyer and its Affiliates are collectively referred to herein as the "Parties" and each individually as a "Party." Capitalized terms used in this Agreement without definition shall have the meaning given to such terms in Article I hereof.

WHEREAS, the Company is engaged in the business of researching, designing, developing, manufacturing, implementing, marketing, distributing, selling, servicing and/or otherwise commercially exploiting blood collection, filtration and processing applications;

WHEREAS, Buyer has for many years been engaged in researching, designing, developing, manufacturing, implementing, marketing, distributing, selling, servicing and/or otherwise commercially exploiting automated filtration devices used in various apheresis blood collection and processing applications; and

WHEREAS, Buyer desires to acquire from the Company, and the Company desires to sell to Buyer, substantially all of the assets of the Product Lines (as defined below), together with the goodwill of the Product Lines represented thereby. The purchase and sale of the Purchased Assets (as defined below) will be accomplished by direct purchase, sale and conveyance of the assets specified herein upon the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

"Adjusted EBITDA" means the EBITDA of the Product Lines for the year ended July 31, 2011, as set forth in the Audited Financial Statements and adjusted to conform to the Agreed EBITDA Principles.

"Adjustment Multiplier" means 6.8.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

"Agreed EBITDA Principles" means the principles for calculating Adjusted EBITDA of the Product Lines as set forth on Schedule 1.1(g).

"Antitrust Authority" means the Federal Trade Commission, the Antitrust Division of the United States Department of Justice and any other Governmental Entity having jurisdiction with respect to the transactions contemplated hereby pursuant to applicable Antitrust Laws.

"Antitrust Laws" means any Law designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade, including, but not limited to, the HSR Act.

"Ascoli Facility" means the manufacturing plant located in Ascoli, Italy used to support the Product Lines.

"Base EBITDA" means an amount equal to $66,254,000.

"Base Purchase Price" means an amount in cash equal to $536,143,161.

"BICO Line" means that certain portion of the Company's blood filter Media business referred to as the BICO Line and primarily located at the Puerto Rico Facility as of the date hereof.

"BICO Process" means the process producing a melt blown nonwoven web for use as a blood leukoreduction medium using a bi component resin process.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by Law to be closed in Boston, Massachusetts or New York, New York or the location where the applicable obligation is to be performed.

"Buyer Disclosure Schedule" means the Schedules delivered by Buyer on or prior to the date hereof.

"Buyer Group" means Buyer and each of the Affiliates of Buyer that acquires any of the Purchased Assets or assumes any of the Assumed Liabilities in accordance with Section 10.4.

"CE Mark" means the CE marking of conformity as described in Article 17 of Directive 93/42/EEC of The Council of European Communities dated June 14, 1993 concerning medical devices.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and any rules or regulations promulgated thereunder.

"Code" means the Internal Revenue Code of 1986, as amended, and any rules or regulations promulgated thereunder.

"Company Disclosure Schedule" means Schedule 1.1(c) and the schedules referenced in Article III of this Agreement prior to the date hereof.

"Company Group" means the Company and each of the Affiliates of the Company.

"Confidentiality Agreement" means that certain Non-Disclosure Agreement, dated as of October 7, 2011, by and between Buyer and the Company, as amended.

"Contract" means any contract, license, sublicense, mortgage, purchase order, indenture, loan

agreement, lease, sublease, agreement or instrument or any binding commitment to enter into any of the foregoing (in each case, whether written or oral) to which the Company or any of its Affiliates is a party or by which any of their respective assets are bound.

"Covina Facility" means collectively the manufacturing plant and warehouse located in Covina, California used to support the Product Lines.

"Designated Employees" means those certain Product Line Employees set forth on a list as mutually agreed to by Buyer and the Company prior to the Initial Closing.

"EBITDA" for any period of determination means operating profit (on a basis consistent with the Financial Statements) before depreciation, amortization and, if included in the determination of operating profit, non-cash restructuring charges of the Product Lines.

"Environmental Liabilities" means any and all Liabilities arising in connection with or in any way relating to the operation or any site of operation of the Product Lines that (i) arise under the Environmental Requirements, and (ii) arise from actions occurring or conditions existing on or prior to the Initial Closing (or, with respect to the HDC Line, on or prior to the Subsequent Closing), including any continuing effects of such actions or conditions after the Initial Closing (or, with respect to the HDC Line, after to the Subsequent Closing).

"Environmental Requirements" means all federal, state, local and foreign statutes, regulations, ordinances and other provisions having the force or effect of Law, all judicial and administrative orders and determinations, all contractual obligations with Governmental Entities and all common law, in each case concerning pollution or protection of the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, Release, threatened Release, control or cleanup of any Hazardous Substance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any rules or regulations promulgated thereunder.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any rules or regulations promulgated thereunder.

"Excluded Taxes" means all Taxes arising out of, relating to or in respect of the Product Lines or the Purchased Assets for any Pre-Closing Tax Period other than Transfer Taxes or VAT arising as a result of entering into this Agreement.

"Financing Sources" means the lenders described in the Commitment Letter, or the lenders described in any commitment letter in respect of any Alternate Financing, as appropriate.

"Force Majeure Event" means as to a Party, acts of God, acts of war or terrorism, civil war, natural disasters, fires, national strikes (but excluding strikes or internal disputes held by the employees of a Party), lock-outs, insurrection or riots, embargoes, impossibility of obtaining transportation, impossibility of obtaining raw materials, or other similar actions or events beyond such Party's reasonable control and without the fault or negligence of such Party.

"Fundamental Representations and Warranties" means the representations and warranties of the

Company set forth in Section 3.2 (Organization; Corporate Power), Section 3.3 (Authorization of Transactions), the second sentence of Section 3.10(b) (Title to Properties), Section 3.10(d) (Title to Properties), Section 3.11 (Taxes), Section 3.15 (Brokerage) and Section 3.23 (Environmental Matters).

"GAAP" means United States generally accepted accounting principles, consistently applied throughout the periods involved.

"Governmental Entity" means any of the following: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; or (iii) governmental or quasi-governmental authority of any nature (including any governmental, regulatory or administrative body, division, department, agency, commission, instrumentality, official, organization, unit, body or entity and any court or other tribunal).

"Hazardous Substance" means any toxic substance, hazardous substance, hazardous material (including building materials), hazardous waste, pollutant, contaminant, petroleum product or byproduct, asbestos, asbestos-containing material, radioactive materials, or polychlorinated biphenyls as those terms are defined under applicable Environmental Requirements.

"HDC Line" means the portion of the Company's Media business referred to as the HDC Line and located at the Pensacola Facility as of the date hereof or at the Puerto Rico Facility, as the context requires.

"HDC Process" means the process producing a melt blown nonwoven web for use as a blood leukoreduction medium.

"Holdback Amount" means an amount in cash equal to $4,500,000.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise, (iv) any obligation for the reimbursement of any obligor on any letter of credit, (v) any Liabilities under leases recorded for accounting purposes by the applicable Person as capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, (vi) any indebtedness secured by a Lien on a Person's assets, (vii) any off-balance sheet financing of a Person (but excluding all leases recorded for accounting purposes by the applicable Person as operating leases), (viii) any accrued and unpaid interest on, and any prepayment premiums, penalties or similar contractual charges in respect of, any of the foregoing obligations, (ix) any obligations of a type referred to in clauses (i) through (viii) above that are guaranteed in any manner by a Person (including, without limitation, guarantees in the form of an agreement to repurchase or reimburse), and (x) all obligations of the type referred to in clauses (i) through (ix) above of other Persons secured by any Lien on any property or asset of such Person.

"Initial Closing Purchase Price" means (a) the Base Purchase Price plus (b) the Purchase Price Upward Adjustment (if any), minus (c) the Purchase Price Downward Adjustment (if any), plus (d) the difference between the Estimated Inventory and the Target Inventory expressed as (i) a positive number if the Estimated Inventory exceeds the Target Inventory and (ii) a negative number if the Estimated Inventory is less than the

Target Inventory.

"Knowledge of Buyer" means the actual knowledge of the individuals set forth on Schedule 1.1(a), after due inquiry of each person who directly reports to such individual in the ordinary course of his or her duties at Buyer.

"Knowledge of the Company" means the actual knowledge of the individuals set forth on Schedule 1.1(b), after due inquiry of: (a) each person who directly reports to such individual in the ordinary course of his or her duties at the Company, (b) each person who is the most senior employee with day-to-day supervision over the Company's main facilities located at Covina, California, Ascoli, Italy, Tijuana, Mexico and Fajardo, Puerto Rico, and (c) each person who is responsible for the human resources functions, manufacturing and quality functions, environmental health and safety functions and operations functions for each of the Company's main facilities identified in clause (b).

"Law" means any federal, state, local, municipal, foreign, international, multinational, or other constitution, law, statute, treaty, rule, regulation, ordinance, code, binding case law or principle of common law.

"Letter of Intent" means that certain letter agreement, dated January 6, 2012, between Buyer and the Company, as amended.

"Liability" means any liability, debt, obligation, deficiency, Tax, penalty, assessment, fine, claim, cause of action or other loss, fee, cost or expense of any kind or nature whatsoever, whether asserted or unasserted, absolute or contingent, known or unknown, accrued or unaccrued, liquidated or unliquidated, and whether due or to become due and regardless of when asserted.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof) or any agreement to file any of the foregoing and any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute, in each case, to which a Purchased Asset is subject.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, assets or Liabilities (including contingent Liabilities), results of operations or the condition (financial or otherwise) of the Product Lines, (b) the ability of the Company to consummate the transactions contemplated hereby or to perform its obligations under any of the Transaction Documents, or (c) the ability of Buyer to operate or conduct the Product Lines in the manner in which they are currently operated or conducted by the Company; provided, however, that none of the following, either alone or in combination, will constitute, or be considered in determining whether there has been, a Material Adverse Effect: any event, change, circumstance, effect or other matter resulting from or related to (i) any outbreak or escalation of war or major hostilities or any act of terrorism, (ii) changes or developments in Law, GAAP or enforcement or interpretation thereof, (iii) effects or changes that are generally applicable to the industries and markets in which the Product Lines are used, provided that such effects or changes do not affect the Product Lines in a materially disproportionate manner as compared to other participants in such industries or markets, (iv) changes in financial markets, general economic conditions (including prevailing interest rates, exchange rates, commodity prices and fuel costs) or political conditions, provided that such changes do not affect the Product Lines in a materially disproportionate manner as compared to other participants in the financial markets, (v) any failure, in and of itself, of the Product Lines to meet any published or internally prepared projections, budgets, plans or

forecasts of revenues, earnings or other financial performance measures or operating statistics (it being understood that the facts and circumstances underlying any such failure that are not otherwise excluded from the definition of a "Material Adverse Effect" may be considered in determining whether there has been, or is reasonably likely to be, a Material Adverse Effect), or (vi) any action taken or failed to be taken at the written request of, or consented to in writing by, Buyer, (vii) the execution or delivery of any of the Transaction Documents, the consummation of the transactions contemplated by any of the Transaction Documents or the public announcement or other publicity, leak or rumor with respect to any of the foregoing, including without limitation, any actions of competitors.

"Material Contracts" means all of the following Product Line Contracts (including certain Shared Contracts), each of which is listed on Schedule 1.1(c) and subject to changes in such Material Contracts permitted under Section 5.1:

1. any Contract under which a member of the Company Group is lessee of, or holds or operates, any real property owned by any other party or under which it is lessor of or permits any third party to hold or operate any real property owned or controlled by it and which required to Company to spend or for which the Company received more than $50,000 in the Company's fiscal year ended July 31, 2011 or in the current fiscal year;

2. any Contract with any customer for the sale of any Products, which customer has purchased greater than (i) $500,000 of Products in the Company's fiscal year ended July 31, 2011 or (ii) $250,000 of Products in the six-month period ended January 31, 2012;

3. any Contract, for the purchase of supplies, molds, equipment, components, products or other personal property or for the receipt of services where the required payment thereunder was greater than (i) $250,000 in the Company's fiscal year ended July 31, 2011 or (ii) $125,000 in the six-month period ended January 31, 2012; and

4. any Contract (other than those covered by clauses 1, 2, or 3) where the payment thereunder was greater than (i) $100,000 in the Company's fiscal year ended July 31, 2011 or (ii) $50,000 in the six-month period ended January 31, 2012.

   It being understood that, notwithstanding anything to the contrary set forth herein, Contracts with Eligible Employees shall not constitute Material Contracts.

"Media" means melt blown nonwoven web material produced through the HDC Process or the BICO Process currently used in the leukoreduction of blood. Media may be either HDC Process Media or BICO Process Media. For avoidance of doubt, the term "Media" does not include the tubing, bags, microporous membranes, or vents that are included in the blood set systems used in the Product Lines.

"Mexico Subsidiary" means Pall Mexico Manufacturing, S. de R.L. de C.V.

"Pensacola Facility" means the manufacturing plant located in Pensacola, Florida presently used, inter alia, to produce the HDC Process Media.

"Permitted Liens" means (i) Liens for Taxes or other governmental charges, assessments or levies that are not delinquent, (ii) landlord's, mechanic's, carrier's, workmen's, repairmen's or other similar Liens arising or incurred in the ordinary course of business that do not materially detract from the value of the

property encumbered thereby, (iii) minor imperfections of title, conditions, easements and reservations of rights, including easements and reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, encroachments, covenants and restrictions, (iv) Liens arising under workers compensation, unemployment insurance, social security, retirement or similar legislation and (v) Liens set forth on Schedule 1.1(d). Notwithstanding the foregoing, any Lien for Indebtedness as of a Closing will not be a Permitted Lien.

"Person" means any individual, partnership, limited liability company, corporation, cooperative, association, joint stock company, trust, joint venture, unincorporated organization or Governmental Entity.

"Post-Closing Tax Period" means any taxable period beginning after a Closing and the portion of any Straddle Period beginning after a Closing.

"Pre-Closing Tax Period" means any taxable period ending on or before a Closing and the portion of any Straddle Period ending on a Closing.

"Products" means those products that are currently developed, manufactured, sold, distributed and/or otherwise made commercially available by the Company in the Product Lines, each of which is listed on Schedule 1.1(e) or which are Media, and the services made commercially available by the Company in the Product Lines.

"Product Line Contracts" means all Contracts which are currently used to carry on the activities of the Product Lines, including those portions of the Shared Contracts to the extent that they are currently used to carry on the activities of the Product Lines.

"Product Lines" means the researching, designing, developing, manufacturing, implementing, marketing, distributing, selling, servicing and/or otherwise commercially exploiting blood leukoreduction, blood filtration, and blood processing products and services, including systems for whole blood collection and processing of blood transfusion components (e.g. red cells, platelets, plasma and platelet rich plasma), Media, the storage and reinfusion of leukoreduced blood components and platelet pooling and further including, without limitation, blood collection, filtration, processing, storage and re-infusion products, including, without limitation, products for retail sales (whole blood collection and component preparation and storage; Acrodose platelet pooling; eBDS product platform; transfusion filters, transfer packs, pooling bags; Data-5 software; and related services and consulting), original equipment manufacturer sales for manual and automated collections and component processing and leukoreduction filters, and distribution of the Hemoflow product, but excluding product uses related to or consisting of (i) cord blood and birth tissue applications, (ii) the collection and/or processing of biological fluids and/or tissues for cell therapy (i.e. the further concentration of stem cells, progenitor cells, and/or pluripotent cells), (iii) autologous non-manipulated cell applications for therapeutic use, (iv) allogeneic Minimally Manipulated (as defined by FDA) cell applications for therapeutic use, (v) cardiovascular pumps (including Pre-Bypass Plus and Cardioplegia Plus) and masks, (vi) plasma fractionation (provided, however, that the concentration of specific proteins, glycoproteins and hormones at the point of collection is not plasma fractionation), and (vii) the biopharm market.

"Puerto Rico Facility" means the manufacturing plant located in Fajardo, Puerto Rico used to support the Product Lines.

"Purchase Price Downward Adjustment" means:

(a) if the difference between the Base EBITDA minus the Agreed Adjusted EBITDA is greater than zero, then the Purchase Price Downward Adjustment shall equal an amount in cash equal to the product of:

(i) (A) the Base EBITDA minus (B) the Agreed Adjusted EBITDA,

multiplied by:

(ii) the Adjustment Multiplier; provided, however, in no event shall the Purchase Price Downward Adjustment be greater than $22,526,360; and

(b) if the difference between the Base EBITDA minus the Agreed Adjusted EBITDA is a negative number or zero, then the Purchase Price Downward Adjustment shall equal zero.

"Purchase Price Upward Adjustment" means:

(a) if the difference between the Agreed Adjusted EBITDA minus the Base EBITDA is greater than zero, then the Purchase Price Upward Adjustment shall equal an amount in cash equal to the product of:

(i) (A) the Agreed Adjusted EBITDA minus (B) the Base EBITDA,

multiplied by:

(ii) the Adjustment Multiplier; provided, however, in no event shall the Purchase Price Upward Adjustment be greater than $22,526,360; and

(a) if the difference between the Agreed Adjusted EBITDA minus the Base EBITDA is a negative number or zero, then the Purchase Price Upward Adjustment shall equal zero.

"Release" shall have the meaning set forth in CERCLA.

"Representatives" means a Person's officers, directors, employees, accountants, consultants, legal counsel, investment bankers or financial advisors, other advisors, agents and other representatives.

"Required Closing Financial Statements" means the Adjusted Audited Financial Statements and the Nine-Month Financial Statements.

"Schedule" means the Company Disclosure Schedule, the Buyer Disclosure Schedule or the other Schedules to this Agreement, as the context requires.

"SEC" means the U.S. Securities and Exchange Commission.

"SEC Letters" means that certain letter dated January 31, 2012 from the Company to Craig Olinger, Deputy Chief Accountant of the SEC's Division of Corporation Finance and that certain letter dated February 8, 2012 from Leslie A. Overton, Associate Chief Accountant of the SEC's Division of Corporation Finance

to the Company.

"Shared Contracts" means all Contracts relating in part, but not exclusively, to the Product Lines.

"Straddle Period" means any taxable period that includes (but does not end on) a Closing Date.

"Subsequent Closing Purchase Price" means an amount in cash equal to $10,500,000.

"Subsidiary" means, with respect to any Person, any other Person, an amount of the voting securities, other voting rights or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, fifty percent (50%) or more of the equity interests of which) is owned directly or indirectly by such first Person.

"Target Inventory" means the amount of inventory reflected in the Audited Financial Statements, excluding inventory related to the HDC Line.

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, capital gains, franchise, alternative or add-on minimum, estimated, sales, use, goods and services, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, special assessment, personal property, capital stock, social security, unemployment, employment, disability, payroll, license, employee or other withholding, contributions or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing.

"Tax Returns" means returns, declarations, reports, claims for refund, information returns or other documents (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of Taxes of any party or the administration of any Laws, regulations or administrative requirements relating to any Taxes.

"Terms and Conditions of Employment" shall mean the rights of Transferred Employees, the employment of whom transfers automatically to the Employer by operation of applicable Law, according to their individual terms and conditions of employment and the Company's employment policies, pursuant to applicable Law, and, where applicable, under individual and collective agreements, including (i) any collective bargaining, company or shop agreements, (ii) any arrangements based on works customs and unilateral undertakings and (iii) any individual employment agreements or arrangements, in each case with respect to an employing party, if and to the extent they provide to a Transferred Employee direct and enforceable causes of action under applicable Law against that party.

"Title Commitment" means the Commitment for Title Insurance for the Covina Facility issued by the Title Company and dated February 3, 2012, File No. 09511322, as amended.

"Title Company" means Commonwealth Land Title Insurance Company.

"Title Pro Forma" means that certain Pro Forma ALTA Extended Owner's Policy of Title Insurance issued by the Title Company, Policy No. 09511322-1-E, with all endorsements attached thereto.

"Total Purchase Price" means an amount equal to the Initial Closing Purchase Price plus the Subsequent Closing Purchase Price.

"Transaction Documents" means this Agreement and the other agreements contemplated hereby to which the Company or Buyer or any of their respective Subsidiaries is a party, each of which is listed on Schedule 1.1(f), together with such other agreements that the Parties may mutually agree after the date of this Agreement to be added to Schedule 1.1(f).

"WARN Act" means the Worker Adjustment and Retraining Notification Act and any similar Law of any jurisdiction in the United States of America.

1.2. Other Definitions. Each of the following defined terms has the meaning given such term in the Section set forth opposite such defined term:

Defined Term	Section Reference
Acceptance Test	5.15(d)(i)
Accounting Firm	2.7(c)
Additional Acceptance Test	5.15(d)(iii)
Adjusted Audited Financial Statements	2.8(a)
Adjusted Initial Closing Purchase Price	2.8(b)(i)
Agreed Adjusted EBITDA	2.8(d)
Agreement	Preamble
Allocation Schedule	2.4(a)
Alternate Financing	5.7(f)
Amendment to Lease Agreement	6.3(i)
Applicable Environmental Requirements	3.23(a)
Applicable Limitation Date	8.1(a)
Arbitrable Dispute	10.14
Arbitrators	10.14(b)
Assignable Shared Contracts	2.11(a)
Assumed Liabilities	2.2(a)
Audited Financial Statements	5.8
Available Financing	5.7(b)
Basket	8.2(c)(ii)
Break Fee	7.3
Buyer	Preamble
Buyer Initial Closing Representations and Warranties	6.2(a)
Buyer Parties	8.2(a)
Buyer Subsequent Closing Representations and Warranties	6.4(a)
Cap	8.2(c)(ii)
Closing	2.5(c)
Closing Dates	2.5(c)
Closing Inventory	2.7(a)
Closing Inventory Statement	2.7(a)
Commitment Letter	4.4
Company	Preamble
Company Copyrights	3.13(a)
Company Expenses	5.7(b)
Company FSA Plan	9.7(e)

Company Initial Closing Representations and Warranties	3.1(b)
Company Intellectual Property Assets	3.13(c)(i)
Company Marks	3.13(a)
Company Parties	8.2(b)
Company Patents	3.13(a)
Company Signing Representations and Warranties	3.1(d)
Company Subsequent Closing Representations and Warranties	3.1(e)
Company Trade Secrets	3.13(b)(x)
Competing Transaction	5.6(a)
Confidential Information	9.4(c)
Confirmatory Acceptance Test	5.15(f)
Confirmatory Due Diligence Category	5.9
Confirmatory Due Diligence Review Period	5.9
Confirmatory Due Diligence Termination Event	5.9
Contract Manufacturing Agreement	6.1(n)
Copyrights	3.13(c)(ii)
Costs and Fees	10.14(c)(i)
Definitive Agreements	5.7(a)
Delayed Delivery Contracts	5.1
Delayed Delivery Period	5.1
Design Consulting Period	5.15(b)(ii)(B)
Design Objection Notice	5.15(b)(ii)(B)
Design Specifications	5.15(b)(ii)
Disclosing Party	9.4(c)
Disclosure Item	5.9
Distribution Agreement	6.1(p)
EBITDA Dispute Notice	2.8(a)
EBITDA Review Period	2.8(a)
Effectively Transferred	2.10©
Eligible Employee	9.7(a)(i)
Employee Program	3.18(f)(i)
Employer	9.7(a)(i)
Employer 401(k) Plan	9.7(d)
Employer FSA Plan	9.7(e)
Employer PR Plan	9.7(d)
Employer US 401(k) Plan	9.7(d)
Environmental Permits	3.23(b)
Equity Assignment	2.9(a)
ERISA Affiliate	3.18(f)(iii)
Estimate	5.15(a)
Estimated Adjusted EBITDA	2.8(b)(i)
Estimated Inventory	2.6
Estimated Inventory Statement	2.6
Excluded Assets	2.1(b)
Excluded Liabilities	2.2(b)
Facilities	3.10(b)

FDA	2.1(a)(xi)
FDCA	3.16(b)
Financial Statements	3.7(a)
Financing	4.4
HDC Line Delivery	5.15(d)(iv)
HDC Expense Cap	5.15(a)
HDC Project	5.15(a)
Indemnified Party	8.2(d)
Indemnifying Party	8.2(d)
Initial Closing	2.5(a)
Initial Closing Date	2.5(a)
Initial Closing Purchased Assets	2.1(a)(i)
Initial Closing Purchased Contracts	2.1(a)(i)(E)
Insiders	3.21
Intellectual Property Assets	3.13(c)(ii)
Inventory Dispute Notice	2.7(a)
Inventory Item of Dispute	2.7(a)
Item of Dispute	2.8(a)
Know-How and Trade Secrets	3.13(c)(ii)
Lease Agreement	6.1(r)
Leased Facilities	3.10(b)
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ARTICLE II

PURCHASE AND SALE OF ASSETS

2.1. Purchase of Assets.

(a) Purchased Assets.

(i) On the terms and subject to the conditions contained in this Agreement, at the Initial Closing, Buyer shall, or shall cause its Affiliates to, purchase, and the Company shall, or shall cause its Affiliates to, sell, convey, assign, transfer and deliver to Buyer, free and clear of any Liens (except for any Permitted Liens) by appropriate instruments of conveyance reasonably satisfactory to Buyer, all assets, properties, rights, titles and interests of every kind or nature owned, leased, licensed or otherwise held by the Company Group as of the Initial Closing, and used in or otherwise necessary to operate (consistent with the past practice of the Company Group) the Product Lines, whether tangible, intangible, real or personal and wherever located, including, without limitation, all of the following assets, but excluding the Subsequent Closing Purchased Assets and all Excluded Assets (the "Initial Closing Purchased Assets"):

(A) the goodwill of the Company Group relating to the Product Lines, other than goodwill associated with the corporate name of the Company or any other member of the Company Group;

(B) all prepayments, prepaid expenses and other current assets relating to the Product Lines (other than cash, cash equivalents and accounts receivable);

(C) all inventories, work in progress and supplies related to the Product Lines;

(D) all dies, benches, molds, cabinets, cases, booths, toolings, castings, trays and gauges, machinery and other equipment of the Product Lines, spare parts and supplies, and all related equipment and tangible personal property (together with any additions thereto prior to the Initial Closing);

(E) subject to Section 2.10 and Section 2.11, all rights of the Company Group existing under all Product Line Contracts as of the Initial Closing (collectively, the "Initial Closing Purchased Contracts");

(F) the interests of the Company Group in the manufacturing plants and warehouse facilities located in Ascoli, Italy, Tijuana, Mexico and Covina, California and related assets for wet and dry sets to support the Product Lines;

(G) all Product Line assets at the Puerto Rico Facility, including without limitation the BICO Line;

(H) all of the quotas in the Mexico Subsidiary (it being understood and agreed that, by the transfer of the quotas hereunder to Buyer and its Affiliates, Buyer shall acquire all

assets of the Mexico Subsidiary existing as of the Initial Closing);

(I) all assets, if any, of any benefit plan maintained by the Mexico Subsidiary;

(J) all research and development assets related to the Product Lines that are presently housed in the facilities located in Covina, California and Port Washington, New York;

(K) all lists and records pertaining to customer accounts (whether past or current), suppliers, distributors, manufacturers and agents of the Product Lines;

(L) to the extent transferable, all Permits and applications therefor (including, without limitation, all 510k premarket notification submissions, new drug applications, biological license applications, investigational new drug or investigational device exemptions, product registrations, CE Mark applications, orders, approvals or other action by the United States Food and Drug Administration (the "FDA") and similar regulatory bodies, and all similar regulatory permits, licenses, franchises, and other orders, authorizations and approvals, and all clinical data);

(M) all insurance, warranty and condemnation net proceeds received after the date of this Agreement with respect to damage, non-conformance of or loss to the Initial Closing Purchased Assets, except to the extent such proceeds are used to replace a Initial Closing Purchased Asset;

(N) except to the extent they relate to Excluded Assets or Excluded Liabilities, all books, records (including accounting and employee records), ledgers, files, documents, correspondence, lists, studies, reports, promotional and marketing materials, all quality manuals and other documentation necessary to demonstrate compliance of the Products with all applicable good manufacturing requirements, and other printed or written materials related to the Product Lines;

(O) all Company Intellectual Property Assets (including, without limitation, (1) claims against third parties of infringement of the Company Intellectual Property Assets and misappropriation of the Company Intellectual Property Assets and (2) Know-How and Trade Secrets for the HDC Process), except for any Intellectual Property Assets used or held for use in the Product Lines (including the HDC Line) that are to be licensed to Buyer after the Initial Closing pursuant to the License Agreement (including the procurement and processing of monomers at the Company's Hauppauge, New York facility);

(P) all rights of the Company Group under any confidentiality, non-competition, assignment of invention or similar agreements related to the Product Lines or any of the Company Intellectual Property Assets included in the Initial Closing Purchased Assets; and

(Q) all claims, deposits, prepayments, warranties, guarantees, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment of every kind and nature related to the assets described in Sections 2.1(a)(i)(A) - (P), inclusive, except for any of the foregoing to the extent they relate to Excluded Assets or Excluded Liabilities.

(ii) On the terms and subject to the conditions contained in this Agreement, at the Subsequent Closing, Buyer shall, or shall cause its Affiliates to, purchase, and the Company shall, or shall cause its Affiliates to, sell, convey, assign, transfer and deliver to Buyer, free and clear of any Liens (except for any Permitted Liens) by appropriate instruments of conveyance reasonably satisfactory to Buyer, all assets, properties, rights, titles and interests of every kind or nature owned, leased, licensed or otherwise held by the Company Group as of the Subsequent Closing, and used in or otherwise necessary to operate (consistent with the past practice of the Company Group) the HDC Line, whether tangible, intangible, real or personal and wherever located, including, without limitation, all of the following assets, but excluding all Excluded Assets (the "Subsequent Closing Purchased Assets" and, together with the Initial Closing Purchased Assets, the "Purchased Assets"):

(A) the goodwill of the Company Group relating to the HDC Line, other than goodwill associated with the corporate name of the Company or any other member of the Company Group;

(B) all prepayments, prepaid expenses and other current assets relating to the HDC Line (other than cash, cash equivalents and accounts receivable);

(C) other than raw materials, all finished goods and work in progress inventories related to the HDC Line;

(D) all dies, benches, molds, cabinets, cases, booths, toolings, castings, trays and gauges, machinery and other equipment of the HDC Line, spare parts and supplies, and all related equipment and tangible personal property;

(E) all rights of the Company Group existing under all Product Line Contracts related to the HDC Line as of the Subsequent Closing (collectively, the "Subsequent Closing Purchased Contracts" and, together with the Initial Closing Purchase Contracts, the "Purchased Contracts");

(F) all lists and records pertaining to suppliers and manufacturers of the HDC Line;

(G) except to the extent they relate to Excluded Assets or Excluded Liabilities, all books, records (including accounting and employee records), ledgers, files, documents, correspondence, lists, studies, reports, promotional and marketing materials, all quality manuals and other documentation necessary to demonstrate compliance of the Products relating to the HDC Line with all applicable good manufacturing requirements, and other printed or written materials related to the HDC Line;

(H) all rights of the Company Group under any confidentiality, non-competition, assignment of invention or similar agreements related to the HDC Line or any of the Company Intellectual Property Assets included in the Subsequent Closing Purchased Assets;

(I) all warranties, guaranties or similar rights related to the assets under Section 2.1(a)(ii)(D); and

(J) all claims, deposits, prepayments, warranties, guarantees, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment of every kind and nature

related to the assets described in Sections 2.1(a)(ii)(A) - (I), inclusive, except for any of the foregoing to the extent they relate to Excluded Assets or Excluded Liabilities.

(b) Excluded Assets. Notwithstanding the foregoing, the following assets are expressly excluded from the purchase and sale contemplated hereby (the "Excluded Assets") and, as such, are not included in the assets to be conveyed hereby:

(i) the Company's rights under or pursuant to this Agreement and the other Transaction Documents;

(ii) all assets, rights, titles and interests exclusively used in or intended to be exclusively used by the Company in researching, designing, developing, manufacturing, implementing, marketing, distributing, selling and servicing (A) cord blood and birth tissue applications, (B) the collection and/or processing of biological fluids and/or tissues for cell therapy (i.e. the further concentration of stem cells, progenitor cells, and/or pluripotent cells), (C) autologous non-manipulated cell applications for therapeutic use, (D) allogeneic Minimally Manipulated (as defined by the FDA) cell applications for therapeutic use, (E) cardiovascular pumps (including Pre-Bypass Plus and Cardioplegia Plus) and masks, (F) plasma fractionation (provided, however, that the concentration of specific proteins, glycoproteins and hormones at the point of collection is not plasma fractionation), and (G) the biopharm market;

(iii) subject to Buyer's rights under Section 2.11, all Contracts not otherwise a Purchased Contract;

(iv) all billed and unbilled accounts receivable of the Product Lines and all correspondence with respect thereto, including, without limitation, all trade accounts receivable, notes receivable from customers and all other obligations from customers with respect to sales of goods or services, whether or not evidenced by a note;

(v) the Company Group's (other than the Mexico Subsidiary) general ledgers, accounting records, minute books, statutory books and corporate seal;

(vi) all rights existing under (A) each customer Contract to the extent relating to any action, suit, proceeding, order, judgment, decree or investigation set forth on Schedule 3.14 attached hereto and (B) each Contract set forth on Schedule 2.1(b)(vi);

(vii) other than the interest of the Company or any of its Subsidiaries in the real property listed in Section 2.1(a)(i)(F), all real property interests in owned, leased or subleased real property, and all fixtures and leasehold improvements related thereto;

(viii) all cash, cash equivalents, bank deposits, investment accounts, lockboxes, certificates of deposit, marketable securities, bank accounts, corporate credit cards and other similar cash items of the Company;

(ix) except as expressly permitted by the Transition Services Agreements, any trade name, trademark, service mark or logo using or incorporating the names "Pall" and "Purecell" or any derivations of either of them, and all goodwill associated with the corporate name of the Company or any other member of the Company Group (the "Pall Marks");

(x) except for the outstanding quotas in the Mexico Subsidiary, the shares of the capital stock of any member of the Company Group and all of the Company's or any other Company Group member's ownership interest in any Subsidiaries or other Person;

(xi) all insurance policies, binders and claims and rights thereunder and proceeds thereof, except as expressly set forth in Section 2.1(a)(xii);

(xii) all rights to refunds, credits or similar benefits relating to Taxes and other governmental charges of whatever nature for periods ending before the Initial Closing;

(xiii) all Intellectual Property Assets and Company Intellectual Property, subject to the License Agreement;

(xiv) other than the right to receive the services pursuant to the terms of the Transition Services Agreements, all rights to receive services and benefits of the kind provided to the Product Lines by the Company Group, either directly or indirectly through third-party service providers, prior to the relevant Closing, including (A) computer and information processing services, (B) finance, accounting and payroll services, (C) facilities management services (including environmental, health and safety), (D) treasury services (including banking, insurance, administration, taxation and internal audit), (E) general and administrative services, (F) executive and management services, (G) legal services, (H) human resources services, (I) risk management services, (J) group purchasing services, (K) corporate marketing, strategy and development services, (L) corporate travel and aircraft services, (M) investor relation services and (N) regulatory consulting services;

(xv) any rights, refunds, claims, credits, causes of action or rights of set-off of the Company and the Company's Affiliates against third Persons to the extent relating to or arising from the Excluded Assets or Excluded Liabilities;

(xvi) all export licenses;

(xvii) all assets, if any, of Company employee benefit plans other than any assets of any benefit plan maintained by the Mexico Subsidiary;

(xviii) all assets listed on Schedule 2.1(b)(xviii);

(xix) all assets related to the production, storage, or processing of HDC Process Media at the Pensacola Facility, to the extent such assets represent raw material inventory, are tangible assets which will be replicated at the Puerto Rico Facility pursuant to Section 5.15, or are Contracts or other rights which by their terms expired prior to the Subsequent Closing Date;

(xx) all rights arising under any Excluded Liability; and

(xxi) all assets and other rights relating to the Product Lines sold or otherwise transferred or disposed of during the period from the date of this Agreement through and including the Initial Closing, and, through and including the Subsequent Closing with respect to the HDC Line, as the same may be permitted under the provisions of this Agreement.

2.2. Assumed Liabilities; Excluded Liabilities.

(a) At the Initial Closing, other than with respect to the Liabilities associated with the Subsequent Closing Purchased Assets (which Buyer will assume and be liable for, and will pay, defend, perform and discharge as and when due and performable, following the Subsequent Closing), Buyer will assume and be liable for, and will pay, defend, perform and discharge as and when due and performable the following specific Liabilities of the Company Group related to the Product Lines, except to the extent that any of the following constitute Excluded Liabilities (collectively, the "Assumed Liabilities"):

(i) subject to Section 2.10, all Liabilities under each Purchased Contract arising after the applicable Closing (other than Liabilities attributable to any failure by the Company or any of its Subsidiaries to comply with the terms thereof, including, without limitation, any event, condition or circumstance occurring or existing on or prior to the applicable Closing that, with notice, lapse of time or both, would constitute or result in a default or breach by the Company or any of its Subsidiaries of such Contract);

(ii) all Taxes arising out of, relating to or in respect of the Product Lines or the Purchased Assets for all applicable Post-Closing Tax Periods;

(iii) all Liabilities relating to any Products manufactured by or on behalf of Buyer or its Affiliates after the applicable Closing (but, for the avoidance of doubt, excluding any Products manufactured by the Company under the Supply Agreement);

(iv) all Liabilities arising from or relating to the use, ownership, operation, manufacture, distribution, or resale after the applicable Closing of the Purchased Assets;

(v) except for the matters referred to in Section 5.11, all Liabilities relating to the employment of Transferred Employees arising following the applicable Closing;

(vi) solely to the extent that the Buyer Group is reimbursed by the Company Group in an equal amount relating thereto, all employment and employee benefits related Liabilities relating to any Transferred Employee that transfers automatically to Buyer or any of its Subsidiaries under applicable Law, including Liabilities under any Product Line Contracts subject to the agreements between the parties in Section 9.7 with respect to Liabilities relating to Transferred Employees; and

(vii) all Liabilities arising under the WARN Act or any similar state or local "mass layoff" or "plant closing" Laws arising out or relating to actions taken by Buyer or any of its Affiliates after the applicable Closing at the Covina Facility or the Puerto Rico Facility.

The assumption of the Assumed Liabilities by Buyer hereunder shall not enlarge any rights of third parties under Contracts or other arrangements with Buyer or the Company or any of its Subsidiaries, and nothing herein shall prevent any Party from, in good faith, contesting with any third party any of said Liabilities.

Buyer's obligations under this Section 2.2(a) shall not be subject to offset or reduction by reason of any actual or alleged breach of any representation, warranty or covenant contained in this Agreement or any Transaction Document or any right or alleged right to indemnification hereunder or thereunder; provided that the foregoing shall in no way be interpreted to limit or impair the indemnification or other rights of the

Buyer Group under this Agreement or any Transaction Document.

(b) Excluded Liabilities. The Company shall retain, and shall be responsible for paying, performing and discharging when due, and Buyer shall not assume or have any responsibility for, any Liabilities of the Company or any of its Subsidiaries as of the applicable Closing other than the Assumed Liabilities (the "Excluded Liabilities"), including, without limitation:

(i) all trade accounts payable, accrued Liabilities and all other current Liabilities of the Company Group, including, in each case, those relating to the Product Lines;

(ii) all Excluded Taxes;

(iii) all Indebtedness;

(iv) all Liabilities relating to or arising out of the Excluded Assets;

(v) all Liabilities relating to or arising out of any warranty obligations of the Company Group, product Liability claims, or other claims in respect of (i) products sold or services rendered by the Company Group on or prior to the applicable Closing and (ii) products manufactured by the Company Group and sold after the applicable Closing by the Buyer or any of its Affiliates;

(vi) all Environmental Liabilities;

(vii) all Liabilities relating to or arising out of any Employee Program or other employee benefit plan of the Company Group or any ERISA Affiliate thereof, subject to the agreements between the parties in Section 9.7 with respect to Liabilities relating to Transferred Employees; and

(viii) except to the extent expressly assumed under Section 2.2(a) or as otherwise provided in Section 9.7, all Liabilities of the Mexico Subsidiary existing as of the Initial Closing.

The Company hereby acknowledges and agrees that except for the Assumed Liabilities, Buyer is not assuming or becoming liable for any Liabilities of the Company Group, and the Company Group shall remain exclusively liable for all of the Excluded Liabilities.

The Company's obligations under this Section 2.2(b) shall not be subject to offset or reduction by reason of any actual or alleged breach of any representation, warranty or covenant contained in this Agreement or any Transaction Document or any right or alleged right to indemnification hereunder or thereunder; provided that the foregoing shall in no way be interpreted to limit or impair the indemnification or other rights of the Company Group under this Agreement or any Transaction Document.

2.3. Purchase Price.

(a) On and subject to the terms and conditions set forth in this Agreement, on the Initial Closing Date, Buyer shall (a) pay the Initial Closing Purchase Price, exclusive of the Taxes referenced in Section 9.1(a) and Section 9.1(b), by delivery of cash in the amount of the Initial Closing Purchase Price, payable to the Company by wire transfer of immediately available funds to an account designated by a duly

authorized officer of the Company at least five (5) Business Days prior to the Initial Closing Date and (b) assume the Assumed Liabilities.

(b) At the Initial Closing, the Initial Closing Purchase Price shall be adjusted to reflect the adjustments to the Initial Closing Purchase Price to the extent provided herein.

(c) On and subject to the terms and conditions set forth in this Agreement, on the Subsequent Closing Date, Buyer shall pay the Subsequent Closing Purchase Price by delivery of cash in the amount of the Subsequent Closing Purchase Price, payable to the Company by wire transfer of immediately available funds to an account designated by a duly authorized officer of the Company at least five (5) Business Days prior to the Subsequent Closing Date.

2.4. Allocation of Purchase Price.

(a) The Company, on behalf of the Company Group, and Buyer, on behalf of the Buyer Group, have agreed to allocate the Total Purchase Price and Assumed Liabilities among the Purchased Assets, as set forth on Schedule 2.4(a) (the "Allocation Schedule"). Each of the Company, on behalf of the Company Group, and Buyer, on behalf of the Buyer Group, acknowledges that the Allocation Schedule was prepared at arm's length based upon a good faith estimate of fair market values of the Purchased Assets and the Assumed Liabilities.

(b) Each of the Company, Buyer and their respective Affiliates shall prepare and file its Tax Returns (including Internal Revenue Service Form 8594) on a basis consistent with the Allocation Schedule and shall take no position inconsistent with the Allocation Schedule on any Tax Return or in any proceeding before any Taxing Authority or otherwise. In the event that the Allocation Schedule is disputed by any Taxing Authority, the Party receiving notice of the dispute shall promptly notify the other Party, and both the Company and Buyer agree to use their commercially reasonable efforts to defend such Allocation in any audit or similar proceeding.

2.5. Closing Transactions.

(a) Initial Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement with respect to the Initial Closing Purchased Assets shall take place at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109 (or such other place as may be mutually agreeable to Buyer and the Company), on the third (3rd) Business Day following satisfaction or waiver of the conditions to the obligations of the Parties set forth in Section 6.1 and Section 6.2 (or on such other date as may be mutually agreeable to Buyer and the Company) (the "Initial Closing Date"), and shall be effective as of 12:01 a.m. Boston time (the "Initial Closing").

(b) Initial Closing Transactions. Subject to the conditions set forth in this Agreement, the Parties shall consummate the following closing transactions on the Initial Closing Date:

(i) The Company shall deliver to Buyer the Initial Closing Purchased Assets;

(ii) Buyer shall deliver to the Company the Initial Closing Purchase Price in exchange for the transfer to Buyer of the Initial Closing Purchased Assets, and Buyer shall assume the Assumed Liabilities related thereto; and

(iii) The Parties and their respective Affiliates shall deliver the certificates and other documents and instruments required to be delivered by or on behalf of such Party under Article VI.

(c) Subsequent Closing. Subject to the terms and conditions of this Agreement, the closing of the purchase of the Subsequent Closing Purchased Assets shall take place at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109 (or such other place as may be mutually agreeable to Buyer and the Company), on the third (3rd) Business Day following satisfaction or waiver of the conditions to the obligations of the Parties set forth in Section 6.3 and Section 6.4 (or on such other date as may be mutually agreeable to Buyer and the Company) (the "Subsequent Closing Date" and together with the Initial Closing, the "Closing Date" or the "Closing Dates"), and shall be effective as of 12:01 a.m. Boston time (the "Subsequent Closing" and together with the Initial Closing, a "Closing" or the "Closings").

(d) Subsequent Closing Transactions. Subject to the conditions set forth in this Agreement, the Parties shall consummate the following closing transactions on the Subsequent Closing Date:

(i) The Company shall deliver to Buyer the Subsequent Closing Purchased Assets;

(ii) Buyer shall deliver to the Company the Subsequent Closing Purchase Price in exchange for the transfer to Buyer of the Subsequent Closing Purchased Assets, and Buyer shall assume the Assumed Liabilities related thereto; and

(iii) The Parties and their respective Affiliates shall deliver the certificates and other documents and instruments required to be delivered by or on behalf of such Party under Article VI.

2.6. Inventory Estimate. At least ten (10) Business Days prior to the Initial Closing, the Company shall deliver to Buyer a written statement (the "Estimated Inventory Statement") setting forth the Company's good faith determination of the estimated inventory balance of the Product Lines as of the Initial Closing (the "Estimated Inventory"). The Estimated Inventory Statement shall be accompanied by all applicable supporting documentation and any additional information reasonably requested by Buyer. The calculation of the items set forth in the Estimated Inventory Statement shall be prepared in accordance with GAAP. Within five (5) Business Days after receipt of the Estimated Inventory Statement, Buyer by written notice to the Company may object to the Estimated Inventory, setting forth in such notice Buyer's objections in reasonable detail, specifying the basis for such objections, the amounts in dispute and Buyer's determination of the Estimated Inventory (a "Pre-Closing Notice of Objection"). If Buyer gives a Pre-Closing Notice of Objection to the Company, Buyer and the Company shall attempt to resolve all matters set forth therein by negotiation, and to the extent all matters set forth therein are not resolved prior to the Initial Closing, the Estimated Inventory shall be the Estimated Inventory set forth in the Pre-Closing Notice of Objection. If Buyer does not give a Pre-Closing Notice of Objection to Buyer in the manner described above, the Estimated Inventory shall be the Estimated Inventory set forth in the Estimated Inventory Statement.

2.7. Closing Inventory Statement; Post-Closing Adjustments to Purchase Price.

(a) Closing Inventory Statement. Promptly, but in any event within sixty (60) days after the Initial Closing, Buyer shall deliver to the Company a written statement (the "Closing Inventory Statement") setting forth the inventory balance of the Product Lines (other than inventory relating to the HDC Line) as of the Initial Closing (the "Closing Inventory"). The calculation of the items set forth in the Closing Inventory Statement shall be prepared in accordance with GAAP; provided, however, that such calculation shall also be based on a calculation of inventory using a full physical inventory count to be

conducted by the Parties within approximately forty-five (45) days after the Initial Closing. Unless within the thirty (30) day period following the Company's receipt of the Closing Inventory Statement, the Company delivers written notice to Buyer (the "Inventory Dispute Notice") setting forth in reasonable detail any and all items of disagreement related to the Closing Inventory Statement, including the basis therefor and the amount thereof (each, an "Inventory Item of Dispute"), the Closing Inventory Statement shall be conclusive and binding upon each of the Parties. The Company shall and shall cause its Affiliates to cooperate fully with Buyer in connection with the preparation of the Closing Inventory Statement. After the delivery of the Closing Inventory Statement, Buyer shall cooperate with the Company in connection with its review of the Closing Inventory Statement, including, without limitation, by providing the Company and its accountants reasonable access during normal business hours to materials used in the preparation of the Closing Inventory Statement.

(b) Dispute Resolution by the Parties. If the Company delivers the Inventory Dispute Notice to Buyer within the required thirty (30) day period, Buyer and the Company shall use reasonable efforts to resolve their differences concerning the Inventory Items of Dispute, and if any Inventory Item of Dispute is so resolved, the Closing Inventory Statement shall be modified as necessary to reflect such resolution. If all Inventory Items of Dispute are so resolved, the Closing Inventory Statement (as so modified) shall be conclusive and binding on all Parties.

(c) Determination by Accounting Firm. If any Inventory Item of Dispute remains unresolved for a period of thirty (30) days after Buyer's receipt of the Inventory Dispute Notice, Buyer and the Company shall, within ten (10) days thereafter, submit the dispute to the Boston office of PricewaterhouseCoopers LLP (the "Accounting Firm"). Buyer and the Company shall each provide their respective calculations of the Closing Inventory and the Inventory Items of Dispute in writing to the Accounting Firm and shall request that the Accounting Firm render a written determination, which determination shall be solely based on whether each such Inventory Item of Dispute was prepared in accordance with the guidelines and procedures set forth in this Agreement (including GAAP) or whether each such Inventory Item of Dispute contains a mathematical or clerical error or errors, as soon as reasonably practicable, but in no event later than thirty (30) days after its retention, and the Parties shall cooperate fully with the Accounting Firm so as to enable it to make such determination as quickly and as accurately as practicable. The Accounting Firm's determination as to each Inventory Item of Dispute submitted to it shall be in writing and shall be conclusive and binding upon the Parties, absent manifest error or willful misconduct, and the Closing Inventory shall be modified to the extent necessary to reflect such determination. The fees and expenses of the Accounting Firm shall be allocated between Buyer and the Company, on the basis for each such Party, of the ratio of (A) the positive difference between the amount of Closing Inventory submitted by such Party and the determination made by the Accounting Firm to (B) the positive difference between the Closing Inventory amounts submitted by each Party.

(d) Final Closing Inventory. The Closing Inventory shall be deemed final for the purposes of this Section 2.7 upon the earliest of (x) the failure of the Company to provide Buyer with an Inventory Dispute Notice within thirty (30) days of Buyer's delivery of the Closing Inventory Statement, (y) the resolution of all Inventory Items of Dispute pursuant to Section 2.7(b) by the Company and Buyer and (z) the resolution of all Inventory Items of Dispute pursuant to Section 2.7(c) by the Accounting Firm. Upon the final determination of the Closing Inventory as set forth in this Section 2.7(d), Buyer shall adjust, if applicable, the Closing Inventory Statement accordingly and such adjusted Closing Inventory Statement shall be deemed final.

(e) Inventory Adjustment. If the amount of the Closing Inventory as reflected on the final

Closing Inventory Statement is less than the Estimated Inventory, then the Company shall pay to Buyer an amount equal to such shortfall. If the amount of the Closing Inventory as reflected on the final Closing Inventory Statement is greater than the Estimated Inventory, then Buyer shall pay to the Company an amount equal to such excess. Any such payment shall be made within ten (10) Business Days after the Closing Inventory Statement becomes final and binding upon the Parties, together, in either case, with interest thereon from the Initial Closing Date to the date of actual payment at a rate equal to the prime rate as of the Initial Closing Date as stated in The Wall Street Journal plus one percent (1%) per annum.

(f) No Impact of Rights under Article VIII. Any payment made pursuant to this Section 2.7 will be treated by the Parties for all purposes as an adjustment to the Initial Closing Purchase Price, will not be subject to offset for any reason and will not impact the rights or obligations of the Parties with respect to indemnification as provided in Article VIII.

2.8. Adjusted EBITDA.

(a) Adjusted EBITDA. No fewer than ten (10) Business Days prior to the anticipated Initial Closing Date, the Company shall deliver to Buyer the Audited Financial Statements and a schedule setting forth the calculation of EBITDA for the year ended July 31, 2011 and the adjustments to EBITDA made in accordance with the Agreed EBITDA Principles to determine the Adjusted EBITDA (together, the "Adjusted Audited Financial Statements"). Unless, within the 10-day period following Buyer's receipt of the Adjusted Audited Financial Statements (the "EBITDA Review Period"), Buyer delivers written notice to the Company (the "EBITDA Dispute Notice") setting forth in reasonable detail any and all items of disagreement related to the Adjusted Audited Financial Statements, including the basis therefor and the amount thereof (each, an "Item of Dispute"), the Adjusted EBITDA shall be conclusive and binding upon each of the Parties. After the delivery of the Adjusted Audited Financial Statements, the Company shall cooperate with Buyer in connection with its review thereof, including, without limitation, by providing Buyer and its accountants reasonable access during normal business hours to materials used in the preparation of the Adjusted Audited Financial Statements.

(b) Dispute Resolution by the Parties.

(i) If Buyer delivers the EBITDA Dispute Notice to the Company within the EBITDA Review Period, and if such EBITDA Dispute Notice asserts that the Adjusted EBITDA is greater than $62,941,300, Buyer and the Company shall use reasonable efforts to resolve their differences concerning the EBITDA Items of Dispute, and if any Item of Dispute is so resolved, the amount of the Adjusted EBITDA shall be adjusted to reflect such resolution. If all EBITDA Items of Dispute are so resolved, the amount of the Adjusted EBITDA (as so adjusted) shall be conclusive and binding on all Parties. If any EBITDA Items of Dispute remain unresolved on the Initial Closing Date, the Initial Closing Purchase Price shall be calculated using an Adjusted EBITDA equal to the average of the Company's calculation of Adjusted EBITDA and Buyer's calculation of Adjusted EBITDA, taking into account any resolved EBITDA Items of Dispute as if such Adjusted EBITDA was the Agreed Adjusted EBITDA for purposes of determining the Purchase Price Upward Adjustment or the Purchase Price Downward Adjustment, as applicable (the "Estimated Adjusted EBITDA"). In the event that the Agreed Adjusted EBITDA as finally determined in accordance with Section 2.8(d) is not equal to the Estimated Adjusted EBITDA, then the original Initial Closing Purchase Price (the "Original Initial Closing Purchase Price") shall be recalculated using such Agreed Adjusted EBITDA (the "Adjusted Initial Closing Purchase Price"). In the event that the Adjusted Initial Closing Purchase Price exceeds the Original Initial Closing Purchase Price, then Buyer shall pay the amount of such

excess to the Company with interest thereon from the Initial Closing Date to the date of actual payment at a rate equal to the prime rate as of the Initial Closing Date as stated in The Wall Street Journal plus one percent (1%) per annum. In the event that the Adjusted Initial Closing Purchase Price is less than the Original Initial Closing Purchase Price, then the Company shall pay the amount of such difference to Buyer with interest thereon from the Initial Closing Date to the date of actual payment at a rate equal to the prime rate as of the Initial Closing Date as stated in The Wall Street Journal plus one percent (1%) per annum. Buyer agrees not to submit an EBITDA Dispute Notice if and to the extent that the dispute relates to the Audited Financial Statements and the amount of the disagreement would, if successful, result in less than a $200,000 adjustment to operating income reflected in such Audited Financial Statements.

(ii) If Buyer delivers the EBITDA Dispute Notice to the Company within the EBITDA Review Period, and if the EBITDA Dispute Notice asserts that the Adjusted EBITDA is less than $62,941,300, the Initial Closing shall be postponed inter alia pending the resolution of such EBITDA Items of Dispute and Buyer and the Company shall use reasonable efforts to resolve their differences concerning the EBITDA Items of Dispute, and if any Item of Dispute is so resolved, the amount of the Adjusted EBITDA shall be adjusted to reflect such resolution. If all EBITDA Items of Dispute are so resolved, the amount of the Adjusted EBITDA (as so adjusted) shall be conclusive and binding on all Parties.

(c) Determination by Accounting Firm.

(i) If any Item of Dispute delivered by Buyer pursuant to Section 2.8(b)(i) remains unresolved as of the Initial Closing Date, Buyer and the Company shall, within five (5) days after the Initial Closing Date, submit such Item of Dispute to the Accounting Firm. Buyer and the Company shall each provide their respective calculations of the Adjusted EBITDA and the EBITDA Items of Dispute in writing to the Accounting Firm and shall request that the Accounting Firm render a written determination, as soon as reasonably practicable, but in no event later than thirty (30) days after its retention, and the Parties shall cooperate fully with the Accounting Firm so as to enable it to make such determination as quickly and as accurately as practicable. The Accounting Firm's determination as to each Item of Dispute submitted to it shall be in writing and shall be conclusive and binding upon the Parties, absent manifest error or willful misconduct, and the Adjusted EBITDA amount shall be adjusted to the extent necessary to reflect such determination. The fees and expenses of the Accounting Firm shall be allocated between Buyer and the Company, on the basis for each such Party, of the ratio of (A) the positive difference between the amount of Adjusted EBITDA submitted by such Party and the determination made by the Accounting Firm to (B) the positive difference between the Adjusted EBITDA amounts submitted by each Party.

(ii) If any Item of Dispute delivered by Buyer pursuant to Section 2.8(b)(ii) remains unresolved for a period of five (5) days after the Company's receipt of the EBITDA Dispute Notice, Buyer and the Company shall, within ten (10) days thereafter, submit the dispute to the Accounting Firm. Buyer and the Company shall each provide their respective calculations of the Adjusted EBITDA and the EBITDA Items of Dispute in writing to the Accounting Firm and shall request that the Accounting Firm render a written determination, as soon as reasonably practicable, but in no event later than thirty (30) days after its retention, and the Parties shall cooperate fully with the Accounting Firm so as to enable it to make such determination as quickly and as accurately as practicable. The Accounting Firm's determination as to each Item of Dispute submitted to it shall be in writing and shall be conclusive and binding upon the Parties, absent manifest error or willful

misconduct, and the Adjusted EBITDA amount shall be adjusted to the extent necessary to reflect such determination. The fees and expenses of the Accounting Firm shall be allocated between Buyer and the Company, on the basis for each such Party, of the ratio of (A) the positive difference between the amount of Adjusted EBITDA submitted by such Party and the determination made by the Accounting Firm to (B) the positive difference between the Adjusted EBITDA amounts submitted by each Party. For the avoidance of doubt, in the event any Item of Dispute delivered pursuant to Section 2.8(b)(ii) remains unresolved for a period of five (5) days after the Company's receipt of the EBITDA Dispute Notice, the Initial Closing shall be postponed inter alia pending the resolution of such EBITDA Items of Dispute.

(d) Agreed Adjusted EBITDA. The amount of the Adjusted EBITDA shall be deemed final for the purposes of this Section 2.8 upon the earliest of (x) the failure of Buyer to provide the Company with an EBITDA Dispute Notice within the EBITDA Review Period, (y) the resolution of all EBITDA Items of Dispute pursuant to Section 2.8(b) by the Company and Buyer and (z) the resolution of all EBITDA Items of Dispute pursuant to Section 2.8(c) by the Accounting Firm. Upon the final determination of the Adjusted EBITDA as set forth in this Section 2.8, such Adjusted EBITDA shall be deemed final (the "Agreed Adjusted EBITDA").

(e) No Impact of Rights under Article VIII. Any payment made pursuant to this Section 2.8 will be treated by the Parties for all purposes as an adjustment to the Initial Closing Purchase Price, will not be subject to offset for any reason and will not impact the rights or obligations of the Parties with respect to indemnification as provided in Article VIII.

2.9. Local Transfer Documents.

(a) The Company, on the one hand, and Buyer, on the other hand, shall, pursuant to and in accordance with the terms and conditions of this Agreement, enter into, or cause their respective Affiliates to enter into, on a Closing Date, (i) a bill of sale in the form agreed by the Parties, (ii) an assignment and assumption agreement in the form agreed by the Parties, (iii) a local asset transfer agreement for each jurisdiction other than the United States in which any Purchased Asset or Assumed Liability is located in the form agreed by the Parties (collectively, the "Local Transfer Documents") substantially in the forms provided as Exhibit B-1 and (iv) an assignment of the quotas in the Mexico Subsidiary in substantially the form attached hereto as Exhibit B-2 (the "Equity Assignment" and, together with the Local Transfer Documents and the documents referred to in clauses (i) and (ii) hereof, the "Transfer Documents"), documenting the purchase and sale of each portion of the Purchased Assets and the Assumed Liabilities to be conveyed separately to the Buyer Group, with such modifications as are required by local Law, in order to maintain substantially the same legal meaning and effect as provided for in this Agreement.

(b) In the event of any conflict or inconsistency between the terms and conditions of this Agreement and any Transfer Document, the terms and conditions of this Agreement shall prevail to the extent permissible under the relevant local Law. The execution of the Transfer Documents shall constitute a mere execution and not a novation of this Agreement and the Parties shall remain subject to all obligations set forth in this Agreement.

2.10. Assignment or Other Delivery of Contracts and Rights.

(a) Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Purchased Contract if an attempted assignment thereof, without consent

of a third party thereto, would constitute a breach or other contravention thereof or in any way adversely affect the rights of Buyer or the Company thereunder. From the date of this Agreement until the required consent to assignment is obtained, the Company will use commercially reasonable efforts, including making reasonable payments if necessary, to obtain the consent of the other parties to each Purchased Contract for the assignment thereof to Buyer (all such consents necessary for the assignment of each Purchased Contract, collectively a "Third Party Consent").

(b) Without limiting the condition of Initial Closing set forth in Section 6.1(h), with respect to each Purchased Contract for which a Third Party Consent could not be obtained prior to the Initial Closing (other than any Purchased Contract which requires the Company or any counterparty to expend less than $15,000 in a 12-month period), the Company shall continue to use commercially reasonable efforts from and after the Initial Closing to cause the counterparty to each such Purchased Contract to consent to the assignment of such Purchased Contract to Buyer or to otherwise enter into a new Contract with Buyer on substantially the same terms as exist under the applicable Purchased Contract. Until any such consent or new Contract is obtained, Buyer shall use commercially reasonable efforts to cooperate with the Company in any lawful and reasonable arrangement, to the extent such cooperation would not result in a breach of the terms of such Purchased Contract, and not prohibited under applicable Law, under which the Buyer Group would obtain the benefits and assume the obligations of such Purchased Contract in accordance with this Agreement, including subcontracting, sublicensing, or subleasing to Buyer Group any or all of the Company Group's rights and obligations with respect to such Purchased Contract. In any such arrangement, Buyer shall (i) pay, perform or discharge when due any Liabilities arising thereunder after the Initial Closing but not transferred to Buyer pursuant to this Section 2.10, and shall be solely responsible for completion of the work or provision of goods and services, (ii) bear all Taxes with respect thereto or arising therefrom and (iii) be solely entitled to all benefits thereof, economic or otherwise. If and when such Third Party Consent has been obtained or such other required actions have been taken, the assignment of such Purchased Contract will be effected in accordance with the terms of this Agreement.

(c) For purposes of the condition of Initial Closing set forth in Section 6.1(h), the Company Group shall be deemed to have obtained all consents or approvals of Persons required under the Material Contracts and a Material Contract shall have been "Effectively Transferred" to Buyer if:

(i) the Company has obtained all Third Party Consents to the assignment of a Material Contract under Section 2.10(a);

(ii) the Material Contract has been replaced or superseded by a new Contract between Buyer and the counterparty to the Material Contract on substantially the same terms and conditions as the Material Contract;

(iii) the Material Contract has been assigned in part to Buyer as a Shared Contract pursuant to Section 2.11(a); or

(iv) with respect to Material Contracts that Buyer cannot assume as a result of Buyer's lack of necessary licenses or registrations, Buyer shall have agreed to enter into an agreement with the Company as a distributor or supplier of Products on behalf of Buyer (such agreement not to be unreasonably withheld by either Party).

2.11. Shared Contracts.

(a) Each Shared Contract which, pursuant to its terms, may be assigned in part to Buyer without the consent of the counterparty thereto or other conditions, including pursuant to the payment of a transfer or other fee (the "Assignable Shared Contracts"), shall be deemed to be a Purchased Contract hereunder and the Company shall partially assign to Buyer, as of the Initial Closing, such Contract in accordance with its terms. The Company shall use commercially reasonable efforts prior to the Initial Closing to cause the counterparty to each Shared Contract that is not an Assignable Shared Contract (the "Non-Assignable Shared Contracts") to consent to the partial assignment of such Non-Assignable Shared Contract to Buyer, or to otherwise enter into a new Contract with Buyer on substantially the same terms as exist under such Non-Assignable Shared Contract, in each case as of the Initial Closing. Each such Non-Assignable Shared Contract for which the Parties have received consent to the partial assignment shall thereafter be deemed to be a Purchased Contract hereunder and, if applicable, the Company shall partially assign to Buyer as of the Initial Closing such Non-Assignable Shared Contract in accordance with its terms.

(b) With respect to each Purchased Contract that is a Non-Assignable Shared Contract for which the arrangements described in Section 2.11(a) could not be entered into prior to the Initial Closing, the Company shall continue to use commercially reasonable efforts from and after the Initial Closing, including making reasonable payments if necessary, to cause the counterparty to each such Non-Assignable Shared Contract to consent to the partial assignment of such Non-Assignable Shared Contract to Buyer or to otherwise enter into a new Contract with Buyer on substantially the same terms as exist under the applicable Non-Assignable Shared Contract. Until any such consent or new Contract is obtained, Buyer shall use commercially reasonable efforts to cooperate with the Company in any lawful and reasonable arrangement, to the extent such cooperation would not result in a breach of the terms of such Non-Assignable Shared Contract, and not prohibited under applicable Law, under which the Buyer Group would obtain the benefits and assume the obligations of the portion of such Non-Assignable Shared Contract that relates to the Product Lines in accordance with this Agreement, including subcontracting, sublicensing, or subleasing to Buyer Group any or all of the Company Group's rights and obligations with respect to such Non-Assignable Shared Contract with respect to the Product Lines. In any such arrangement, Buyer shall to the extent related to the Product Lines (i) pay, perform or discharge when due any Liabilities arising thereunder after the Initial Closing but not transferred to Buyer pursuant to this Section 2.11, and shall be solely responsible for completion of the work or provision of goods and services, (ii) bear all Taxes with respect thereto or arising therefrom and (iii) be solely entitled to all benefits thereof, economic or otherwise. If and when such consents or approvals are obtained or such other required actions have been taken, the partial assignment of such Non-Assignable Shared Contract will be effected in accordance with the terms of this Agreement.

2.12. Relocation of Assets.

(a) Notwithstanding the foregoing, the relocation of any Purchased Assets located at any facilities currently occupied by the Company or any other member of the Company Group, which facilities are not to be purchased, assigned, leased, subleased, transferred to or otherwise occupied by Buyer pursuant to this Agreement or any other agreement entered into in connection with the transactions contemplated by this Agreement, shall be governed by the Transition Services Agreement.

(b) Notwithstanding the foregoing, the relocation of any Excluded Assets located at any facilities currently occupied by the Company or any other member of the Company Group, which facilities shall be purchased, assigned, leased, subleased, transferred to or otherwise occupied by Buyer pursuant to this Agreement or any other agreement entered into in connection with the transactions contemplated by this

Agreement, shall be governed by the Transition Services Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

On or prior to the date hereof, the Company has delivered to Buyer the Schedules referenced in this Article III as part of the Company Disclosure Schedule, arranged in Sections corresponding to the numbered Sections contained herein and setting forth, among other things, items of disclosure that are necessary or appropriate either in response to a disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in this Article III. Capitalized terms used in the Schedules but not defined therein shall have the meanings assigned to such terms in this Agreement.

3.1. Making of Representations and Warranties.

(a) As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, except as set forth in the Company Disclosure Schedule, the Company hereby makes to Buyer the representations and warranties contained in this Article III.

(b) The Company hereby makes to Buyer the representations and warranties set forth in this Article III as of the date hereof and as of the Initial Closing; provided, however, that for such purposes the usage therein of the term "Product Lines" shall exclude the HDC Line, and the term "Product" shall exclude HDC Process Media from the definitions thereof and the term "Purchased Assets" shall exclude the Subsequent Closing Purchased Assets from the definition thereof (the "Company Initial Closing Representations and Warranties").

(c) The Company hereby makes to Buyer the representations and warranties set forth in Section 3.2(a), Section 3.3, Section 3.4(a), Section 3.6, Section 3.15, Section 3.16(c), Section 3.22, and Section 3.27 as of the date hereof; provided, however, that for such purposes the usage therein of the term "Product Lines" shall be deemed to consist solely of the HDC Line and the usage therein of the term "Purchased Assets" shall be deemed to consist solely of the Subsequent Closing Purchased Assets (the "Company Signing Representations and Warranties").

(d) The Company hereby makes to Buyer the representations and warranties set forth in Section 3.2(a), Section 3.3, Section 3.4(a), Section 3.6, Section 3.8, Section 3.10(c)-(d), Section 3.12(a), Section 3.13, Section 3.14, Section 3.15, Section 3.16(a), Section 3.16(c), Section 3.17, Section 3.18, Section 3.20(b), Section 3.21, Section 3.22, Section 3.23, Section 3.24, Section 3.26 and Section 3.27 as of the Subsequent Closing; provided, however, that for such purposes the usage therein of the term "Product Lines" shall be deemed to consist solely of the HDC Line, the term "Product" shall include only HDC Process Media, and the usage therein of the term "Purchased Assets" shall be deemed to consist solely of the Subsequent Closing Purchased Assets (the "Company Subsequent Closing Representations and Warranties").

(e) For purposes of the representations and warranties in this Article III (other than those in Section3.2, Section 3.3 and Section 3.5), the term "the Company" shall include each member of the Company Group that holds any Purchased Assets or is otherwise involved in the conduct of the Product Lines. For purposes of any determination of "materiality" or "Material Adverse Effect" with respect to the Company in this Agreement or any Transaction Document, the "Company" shall mean and include the Company and all of its Subsidiaries, taken as a whole, unless otherwise specified. For purposes of the representations and warranties in this Article III, except as otherwise specified, the term "Closing" shall mean the Initial Closing or the Subsequent Closing, as applicable, and the term "Closing Date" shall mean the Initial Closing Date or the Subsequent Closing Date, as applicable.

3.2. Organization; Corporate Power; Capitalization of Mexico Subsidiary.

(a) The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of New York. The Mexico Subsidiary is a limited liability company duly organized, and validly existing under the Laws of Mexico. Each member of the Company Group that holds any Purchased Assets is qualified to do business in every jurisdiction in which such qualification is necessary, except where the failure to so qualify has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each member of the Company Group that holds any Purchased Assets has full corporate power and authority to own and operate its properties and to carry on its business as currently conducted and proposed to be conducted. The Company has delivered to Buyer correct and complete copies of (i) the articles of incorporation and bylaws for the Company (as amended to date) and (ii) the articles of association and bylaws (*escritura constitutiva*) of the Mexico Subsidiary (as amended to date).

(b) Medsep Corporation, a direct wholly-owned subsidiary of the Company, owns, of record and beneficially, one quota representing 99.96667% of the capital of the Mexico Subsidiary and the Company owns, of record and beneficially, one quota representing 0.03333% of the capital of the Mexico Subsidiary (collectively, the "Quotas"). The Quotas constitute the sole outstanding equity or other beneficial interest of the Mexico Subsidiary authorized and/or outstanding. The Quotas are validly issued, fully paid and non-assessable, and have been issued in compliance with all applicable Law. There are no outstanding options, warrants, rights, commitments, preemptive rights, Contracts or Liens that may affect the capacity or authority of Medsep Corporation or the Company to transfer the Quotas to Buyer and its Affiliates in accordance with this Agreement and the Equity Assignment. Immediately after giving effect to the Initial Closing and the effectiveness of the Equity Assignment (including its registry in the Mexico Subsidiary's Registry Book), the Buyer Group will be the sole beneficial and record owners of the Mexico Subsidiary and the Buyer Group will have good title to its interest to the Quotas.

3.3. Authorization of Transactions. The Company (and each of its Affiliates party thereto) has full corporate power and authority to execute and deliver this Agreement, the Transfer Documents and each of the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby and to perform each of its obligations hereunder and thereunder. The board of directors of the Company has duly approved this Agreement, the Transfer Documents and all other Transaction Documents to which the Company is a party and has duly authorized the execution and delivery of this Agreement, the Transfer Documents and all other Transaction Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby. No other corporate proceedings on the part of the Company, its Affiliates or its stockholders are necessary to approve and authorize the execution and delivery of this Agreement, the Transfer Documents or the other Transaction Documents to which the Company or any of its Affiliates is (or may become) a party and the consummation of the transactions contemplated hereby and thereby, other than corporate proceedings of certain Affiliates of the

Company required in connection with the approval of the Local Transfer Documents, other than as set forth on Schedule 3.6. This Agreement, the Transfer Documents and all other Transaction Documents to which the Company is a party have been or, as of each Closing, will be duly executed and delivered by the Company (and its Affiliates that are party thereto) and constitute the valid and binding agreements of the Company (and its Affiliates that are party thereto), enforceable against the Company (and its Affiliates that are party thereto) in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

3.4. Limited Nature of Assets; Inventory.

(a) The Company includes the Product Lines in its Life Sciences reporting segment, as part of its Medical Business Group, and as such, the Company provides significant executive management and staff support to the Product Lines, including but not limited to, support in areas of finance, human resources, legal, supply chain, information technology, marketing, SLS, manufacturing, investor relations and quality assurance of regulatory requirements. Subject to the Buyer (i) providing substantially similar executive management and staff support, (ii) assuming the effective transfer of all Product Line Contracts, (iii) obtaining any necessary registrations and Permits, and (iv) receipt of the benefits with respect to the Shared Contracts, the Purchased Assets, the services and supplies to be provided by the Company under certain of the Transaction Documents (and any Intellectual Property Assets that are the subject matter of the License Agreement) together constitute all of the assets and services (x) used by or otherwise necessary to operate the Product Lines as they are currently operated by the Company and (y) used to generate revenue of approximately $219 million and EBITDA, as adjusted by the Agreed EBITDA Principles, of approximately $66.3 million for the fiscal year ended July 31, 2011. Subject to the first sentence of this Section 3.4 and assuming the receipt of all required consents, registrations and Permits, the employment or replacement by Buyer of substantially all of the Product Line Employees, the amendment, replacement or partial assignment of, or, pursuant to Section 2.11, receipt of the benefit with respect to, all Shared Contracts, and provided Buyer replaces the assets specified in Section 2.1(b)(xiv), (1) at the Initial Closing, the Initial Closing Purchased Assets and the services and supplies to be provided by the Company under certain of the Transaction Documents (and any Intellectual Property Assets that are the subject matter of the License Agreement) will enable the Buyer Group to operate the Product Lines after the Initial Closing in substantially the same manner as conducted by the Company immediately prior to the Initial Closing and (2) at the Subsequent Closing, the Purchased Assets will enable the Buyer Group to operate the Product Lines after the Subsequent Closing in substantially the same manner as conducted by the Company immediately prior to the Initial Closing but for the fact that the HDC Line will be operated at the Puerto Rico Facility.

(b) Subject to the Company's compliance with its policies to value excess and obsolescent inventory and damaged and quarantined items as reflected in the Financial Statements, the inventory of the Product Lines consists of goods of merchantable quality that are usable or saleable in the ordinary course of business. Except as set forth on Schedule 3.4(b), all of the inventory of the Product Lines is located at the Facilities.

3.5. Subsidiaries. Except as set forth on Schedule 3.5, the Company does not control, directly or indirectly, any other corporation, or any limited liability company, partnership, joint venture, association or any other business entity which owns, operates, leases, licenses or otherwise holds any of the assets related to, used in or held for use in the Product Lines.

3.6. Absence of Conflicts; Notices. Except (w) for compliance with the HSR Act, the rules

promulgated under the HSR Act and any other Antitrust Law, (x) for filings that may be required under the Exchange Act, (y) for filings that may be necessary or desirable to record the transfer of Purchased Assets, and (z) as set forth on Schedule 3.6, the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby by the Company (including by those Affiliates of the Company which are parties to such Transaction Documents) do not and shall not (a) result in any breach of any of the terms, conditions or provisions of, (b) constitute a default under, (c) result in a violation of, (d) give any third party the right to modify, terminate or accelerate or cause the modification, termination or acceleration of, any obligation under, (e) result in the creation of any Lien upon any of the Purchased Assets, or (f) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any third party or court or Governmental Entity, under (i) the provisions of the articles of incorporation or bylaws of the Company, (ii) the articles of association and bylaws (*escritura constitutiva*) of the Mexico Subsidiary, (iii) any Material Contract, (iv) any Permit used or held for use in the Product Lines, (v) any Law to which the Company or any of the Purchased Assets is subject or (vi) any judgment, order or decree to which the Company or any of the Purchased Assets is subject.

3.7. Financial Statements; Internal Controls.

(a) The Company has delivered to Buyer the Company's unaudited statement of assets acquired and liabilities assumed and statement of revenues and direct expenses for the Product Lines as of July 31, 2011 and for the year ended July 31, 2011, set forth in Schedule 3.7(a). Subject to the stipulations contemplated by subsections (ii) and (iii) of the Agreed EBITDA Principles, the foregoing financial statements (including in the notes thereto, if any) (the "Financial Statements") are consistent with the books and records of the Company (which, in turn, are accurate and complete in all material respects), are true and correct in all material respects and present fairly the assets to be acquired and Liabilities to be assumed by Buyer hereunder (and the revenues and direct expenses of the Product Lines as of and for the period referred to therein, and have been prepared in accordance with GAAP consistently applied (except as otherwise noted therein) adjusted in accordance with the Agreed EBITDA Principles. When delivered in accordance with Section 5.8, the Required Closing Financial Statements will be consistent with the books and records of the Company (which, in turn, are accurate and complete in all material respects), will be true and correct in all material respects and will present fairly the assets acquired and Liabilities assumed and the revenues and direct expenses of the Product Lines as of and for the periods referred to therein, and will have been prepared in accordance with the SEC Letters and GAAP consistently applied (except as otherwise noted therein) adjusted in accordance with the Agreed EBITDA Principles. Since July 31, 2011, there has been no event, occurrence, change, effect or condition of any character that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(b) The Company's system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) is designed to provide reasonable assurance 1. that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, 2. that receipts and expenditures are executed in accordance with the authorization of management and directors of the Company, and 3. that any unauthorized use, acquisition or disposition of the Company's assets that would materially affect the Company's financial statements would be detected in a timely manner or prevented. There were no material weaknesses identified in management's assessment of internal controls as of and for the year ended July 31, 2011 (nor has any such weakness been identified since such date). Since July 31, 2011, the Company has disclosed to its outside auditors and the audit committee of its board of directors any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(c) The Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are reasonably designed to ensure that 4. all material information (both financial and non-financial) required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and 5. all such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

3.8. Absence of Undisclosed Liabilities. The Company has no Liability related to or incurred by the Product Lines except (i) Liabilities under the Product Line Contracts (but, in each case, not Liabilities for breaches thereof), (ii) Liabilities reflected in, reserved against or otherwise disclosed in the Financial Statements or, when delivered pursuant to Section 5.8, the Required Closing Financial Statements, (iii) Liabilities which have arisen after July 31, 2011 in the ordinary course of business consistent with past practice and otherwise in accordance with the terms and conditions of this Agreement (none of which is a Liability for breach of contract, breach of warranty, tort or infringement or a claim or lawsuit or an environmental Liability and none of which is material individually or in the aggregate) (iv) Liabilities disclosed on Schedule 3.8 and (v) Excluded Liabilities.

3.9. Absence of Certain Developments. Except as set forth on Schedule 3.9 and except as expressly contemplated by this Agreement, since July 31, 2011, the Company has conducted the Product Lines only in the ordinary course of business consistent with past practice and the Company has not, with respect to the Product Lines:

(a) suffered any theft, damage, destruction or casualty loss in excess of $200,000 individually or $500,000 in the aggregate to its assets related to the Product Lines, whether or not covered by insurance;

(b) subjected any portion of its properties or assets related to the Product Lines to any Lien (other than Permitted Liens), including, without limitation, in connection with the incurrence of any Indebtedness;

(c) sold, leased, assigned or transferred any of its tangible or intangible assets related to the Product Lines (except for sales of inventory or other assets in the ordinary course of business consistent with past practice to unaffiliated third Persons on an arm's length basis), or disclosed any confidential information related to the Product Lines (other than pursuant to agreements requiring the Person to whom the disclosure was made to maintain the confidentiality of and preserving all rights of the Company in such confidential information);

(d) waived, canceled, compromised or released any rights or claims of material value related to the Product Lines, whether or not in the ordinary course of business;

(e) terminated or amended in any adverse manner, any Material Contract or entered into any other material transaction or materially changed any business practice related to the Product Lines;

(f) with respect to the Transferred Employees, made, granted or promised any bonus or any wage, salary or compensation increase (except for increases in the ordinary course of business, or to the extent required by applicable Law) or made, granted or promised any material increase in the coverage or benefit under any employee benefit plan or arrangement, or amended or terminated any existing employee benefit plan or arrangement (other than an amendment required by Law), or adopted any new material

employee benefit plan or arrangement;

(g) made any other change (other than as permitted under subsection (f) above) in employment terms for any of the Transferred Employees other than normal salary increases in the ordinary course of business consistent with past practice or as required by applicable Law, or entered into any transaction with any Insider that was related to the Product Lines;

(h) made any material change in its accounting principles, policies and practices, except for any such change required by reason of a change in GAAP;

(i) made any capital expenditures for the Product Lines in excess of $200,000 individually or $500,000 in the aggregate;

(j) made any loans or advances to, or guarantees for the benefit of, any Persons that were related to the Product Lines (other than advances to employees for travel and business expenses incurred in the ordinary course of business consistent with past practice which do not exceed $2,000 individually or $25,000 in the aggregate);

(k) instituted or settled any claim or lawsuit related to the Product Lines for an amount involving in excess of $200,000 individually or $500,000 in the aggregate or involving equitable or injunctive relief;

(l) granted any performance guarantee or product warranty to customers of the Product Lines other than in the ordinary course of business and consistent with the policies and practices disclosed in Schedule 3.25;

(m) acquired any material assets (other than inventory) related to the Product Lines from a third party, whether by merger, consolidation or reorganization or by purchase of assets or stock; or

(n) committed or agreed to any of the foregoing.

3.10. Title to Properties.

(a) Schedule 3.10(a) sets forth a complete and accurate list of all real property owned by the Company and used or necessary for the operating of, the Product Lines and that constitute Purchased Assets (the "Owned Facilities"). Except as set forth on Schedule 3.10(a), the Company owns fee simple title to each of the Owned Facilities, free and clear of all Liens (other than Permitted Liens). There are no outstanding options, rights of first offer or refusal or other preemptive rights in favor of any Person to purchase the Owned Facilities or any portion thereof. The Company has delivered to Buyer as of the date of this Agreement the Title Commitment. The Company has not received written notice of any violation of any document, instrument, map or survey listed in the Title Commitment. Other than the Lease Agreement, the Company has not leased, subleased or otherwise granted to any Person the right to use or occupy the Owned Facilities or any portion thereof. There are no public improvements with respect to the Owned Facilities which have not been completed, assessed and paid for prior to the date of this Agreement. Except as set forth on Schedule 3.10(a), there are no Taxes, assessments for public improvements, fees, charges or similar costs and expenses with respect to the Owned Facilities which, individually or in the aggregate, are material in amount and which are due and remain unpaid, including those for construction of sewer, water, electric, gas or steam lines and mains, streets or curbing. There are no eminent domain proceedings of any kind

pending or, to the Knowledge of the Company, threatened against any Owned Facilities.

(b) Schedule 3.10(b) sets forth a complete and accurate list of all real property leased by the Company and used or necessary for the operation of, the Product Lines and that constitute Purchased Assets (the "Leased Facilities" and, together with the Owned Facilities, the "Facilities"). The Company has a valid leasehold interest in each of the Leased Facilities, free and clear of all Liens (other than Permitted Liens). The Company has delivered to Buyer complete and accurate copies of the leases and subleases (each as amended to date) of the Leased Facilities. With respect to each such lease and sublease:

(i) the lease or sublease is a legal, valid, binding, and enforceable obligation of the Company and, to the Knowledge of the Company, the other party thereto, subject, in each case to applicable bankruptcy, insolvency, reorganization, moratorium, receivership and similar Laws affecting the enforcement of creditors' rights generally and to general equitable principles;

(ii) neither the Company, nor to the Knowledge of the Company any other party, is in breach or violation of, or default under, any such lease or sublease, and, to the Knowledge of the Company, no event has occurred, is pending or is threatened, which, after the giving of notice or the lapse of time or both, would constitute a breach or default by the Company, or to the Knowledge of the Company, any other party under such lease or sublease; and

(iii) the Company has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the leasehold or subleasehold.

(c) Except as set forth on Schedule 3.10(c), all of the Purchased Assets are located at the Facilities.

(d) Except as set forth on Schedule 3.10(d), the Company owns good title to, or a valid leasehold interest in, free and clear of all Liens (other than Permitted Liens), all of the personal property and assets included in the Purchased Assets.

(e) Except as set forth on Schedule 3.10(e), the machinery, equipment, personal properties and other tangible assets of the Company currently used in the Product Lines included in the Purchased Assets are operated in conformity in all material respects with all applicable Law, are in good condition and repair, except for reasonable wear and tear not caused by neglect excepted, and are usable in the ordinary course of business of the Company.

3.11. Taxes.

(a) Except as set forth on Schedule 3.11, since August 1, 2009 (a) the Company has timely filed or shall timely file all material Tax Returns related solely to the Product Lines or solely to the Purchased Assets which are required to be filed on or before the Initial Closing Date and has paid or shall pay any Taxes showing to be due thereon; (b) there are no Liens for Taxes upon any of the Purchased Assets other than Permitted Liens; and (c) there is no action, suit, proceeding or audit or any notice of inquiry of any of the foregoing pending against or with respect to the Company regarding Taxes related solely to the Product Lines and, to the Knowledge of the Company, no such action, suit, proceeding or audit is threatened.

(b) None of the Purchased Assets sold by any member of the Company Group that is a foreign person within the meaning of Section 1445(f)(3) of the Code constitute "United States real property

interests" within the meaning of Section 897(c) of the Code.

(c) The Mexico Subsidiary has (i) timely filed all Tax Returns required to be filed by it, (ii) paid all Taxes it is required to pay, whether or not shown on such Tax Returns, and (iii) complied with all rules and regulations relating to the withholding of Taxes. The Mexico Subsidiary is not subject to taxation in any jurisdiction where it does not currently file Tax Returns, and no claim has ever been made by a taxing authority in a jurisdiction where the Mexico Subsidiary does not file Tax Returns that the Mexico Subsidiary is or may be subject to taxation by that jurisdiction. No examination or audit of any Tax Return of the Mexico Subsidiary is currently in progress, nor is any such audit or examination threatened or contemplated to the Knowledge of the Company.

3.12. Contracts and Commitments.

(a) Except for Material Contracts and except as set forth on Schedule 3.12(a) or Schedule 3.13(a) (which such Schedules include notations designating which of the Contracts listed thereon are Shared Contracts), the Company is not a party to or bound by, whether written or oral, any of the following related to the Product Lines:

(i) Contracts relating to secured Indebtedness or to mortgaging, pledging or otherwise placing a Lien on any of the Purchased Assets;

(ii) Contracts with respect to the lending or investing of funds;

(iii) Guaranties made by the Company Group of any payment obligations, other than endorsements made for collection;

(iv) Contracts or group of related Contracts with the same party which require the Company or any counterparty to expend more than $250,000 not terminable by the Company on sixty (60) days' or less notice without penalties;

(v) Contracts relating to the ownership of or investments in any business or enterprise (including, but not limited to, investments in joint ventures and minority equity investments);

(vi) Contracts limiting the freedom of the Company or that would limit the freedom of Buyer or any of its Affiliates after the Closing to freely engage in any line of business or with any Person anywhere in the world, other than Contracts that are not material; or

(vii) Contracts pursuant to which the Company agreed to provide "most favored nation" pricing, exclusivity or other similar terms and conditions to any Person with respect to the Company's sale, distribution, license or support of any products or services, other than Contracts that are not material.

(b) Except as disclosed in Schedule 3.12(b), (i) since August 1, 2011 no Product Line Contract with a value of more than $50,000 (measured in terms of product, materials or services either purchased or sold by the Company) has been canceled or, to the Knowledge of the Company, breached by the other party, and no event or condition has occurred or arisen which with the passage of time or the giving of notice or both would result in such a breach thereunder, (ii) since August 1, 2011, no customer, supplier,

manufacturer or distributor has indicated in writing to the Company that it shall stop or materially decrease the rate of business done with the Product Lines or that it desires to renegotiate any Product Line Contract with a value of more than $50,000 with the Company, (iii) the Company has performed all the obligations required to be performed by it in connection with the Product Line Contracts with a value of more than $50,000 in all material respects and is not in default under or in breach of any Product Line Contract with a value of more than $50,000, and to the Knowledge of the Company no event or condition has occurred or arisen which with the passage of time or the giving of notice or both would result in such a default or breach by the Company thereunder, (iv) each Product Line Contract with a value of more than $50,000 is a legal, valid, binding, enforceable obligation of the Company, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium, receivership and similar Laws affecting the enforcement of creditors' rights generally and to general equitable principles and each such Product Line Contract is in full force and effect and will continue as such following the consummation of the transactions contemplated hereby and (v) no current unfilled customer order or commitment obligating the Company to perform services or deliver product with respect to the Product Lines shall result in a Loss to the Company upon completion of performance of $50,000 or more.

(c) Since August 1, 2011, the Company has not used any name or names under which it has invoiced account debtors, maintained records regarding the Purchased Assets or otherwise conducted the Product Lines other than the exact names set forth on Schedule 3.12(c).

3.13. Intellectual Property.

(a) Schedule 3.13(a) contains a complete and accurate list (including, with respect to Registered Intellectual Property Assets, the dates of expiration, the dates of payment of required maintenance fees and the dates of payment of required taxes, falling due after the date hereof in 2012) of all (i) patents and patent applications owned by the Company which are used in the Product Lines ("Company Patents"), (ii) except for the Pall Marks, registered trademarks and service marks, applications for same, material unregistered trademarks and service marks, and Internet domain names owned by the Company which are used in the Product Lines ("Company Marks"), (iii) copyright registrations, applications for same and material unregistered copyrights owned by the Company which are used in the Product Lines ("Company Copyrights"), (iv) licenses, sublicenses or other agreements under which the Company is granted rights by others in Company Intellectual Property Assets which are used in the Product Lines ("Licenses In") (other than commercially available off the shelf software), and (v) licenses, sublicenses or other agreements under which the Company has granted rights to others in Company Intellectual Property Assets which are used in the Product Lines ("Licenses Out").

(b) Except as set forth on Schedule 3.13(b):

(i) the Company is the sole owner of Owned Intellectual Property Assets (as hereinafter defined), including the Company Patents, Company Marks and Company Copyrights, free of any payment to a third party and free and clear of all Liens except for Permitted Liens. To the Knowledge of the Company, the Company possesses adequate and enforceable rights to the Owned Intellectual Property Assets as necessary for the operation of the Product Lines. With respect to Company Intellectual Property Assets licensed to the Company by a third party (other than commercially available off the shelf software), to the Knowledge of the Company the Company possesses, adequate rights to such Company Intellectual Property Assets as necessary for the operation of the Product Lines;

(ii) all Company Marks that have been issued by and registered with, as applicable, the U.S. Patent and Trademark Office or any similar office or agency anywhere in the world and all Company Patents (collectively, "Registered Intellectual Property Assets") are currently in compliance with formal legal requirements (including the payment of maintenance fees) and are not expired, cancelled or abandoned, and, to the Knowledge of the Company, all Registered Intellectual Property Assets are valid and enforceable;

(iii) no Company Patent is now involved in any interference, reissue, re-examination or opposition proceeding and the Company has not received any written notice of any such proceeding being threatened;

(iv) there are no pending or, to the Knowledge of the Company, threatened claims against the Company alleging that any of the operation of the Product Lines or any activity by the Company which is conducted as part of the Product Lines, or manufacture, sale, offer for sale, importation, and/or use of any Product infringes or violates the rights of others in or to any Intellectual Property Assets ("Third Party IP Assets") or constitutes a misappropriation of the subject matter of any Third Party IP Assets;

(v) to the Knowledge of the Company, neither the operation of the Product Lines, nor any activity by the Company related to the Product Lines, nor manufacture, use, importation, offer for sale and/or sale of any Product infringes or violates) any Third Party IP Asset or constitutes a misappropriation of any subject matter of any Third Party IP Asset;

(vi) except for Licenses In, to the Knowledge of the Company, the Company does not have any obligation to compensate any Person for the use of any Intellectual Property Assets used in the Product Lines except for Licenses Out; the Company has not entered into any agreement to indemnify any other Person against any claim of infringement or misappropriation of any Intellectual Property Assets related to the Product Lines other than in customer or distributor agreements in the ordinary course of business; there are no written settlement agreements, judgments or orders that: (A) restrict the Company's rights to use any Company Intellectual Property Asset(s), or (B) permit third parties to use any Owned Intellectual Property Assets;

(vii) to the Knowledge of the Company, where the Company has acquired any Owned Intellectual Property Assets from any former and current employees, consultants and contractors, the Company has obtained written instruments from such person that assigns to the Company their rights, title and interests in and to such Owned Intellectual Property Assets;

(viii) in each case where a Company Patent is owned by the Company by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office and all similar offices and agencies anywhere in the world in which foreign counterparts are registered or issued;

(ix) to the Knowledge of the Company, (A) there is no infringement or violation by any person or entity of any of the Owned Intellectual Property Assets and (B) there is no misappropriation by any person or entity of any of the Owned Intellectual Property Assets;

(x) the Company has taken reasonable security measures to protect the secrecy, confidentiality and value of all Know-How and Trade Secrets owned by the Company which is used in the Product Lines (the "Company Trade Secrets"), including, without limitation, requiring each

Company employee and consultant and any other person with access to Company Trade Secrets to execute a binding confidentiality agreement, copies or forms of which have been provided to Buyer and, to the Knowledge of the Company, there has not been any breach by any party of such confidentiality agreements;

(xi) except as required by Law, (A) the Company has not granted, directly or indirectly, any current or contingent rights, licenses or interests in or to any source code of any of the Products to any Person (other than consultants providing services to the Company), and (B) the Company has not provided or disclosed any source code of any Product to any Person (other than consultants providing services to the Company);

(xii) the Company has taken commercially reasonable steps to protect any software residing on its computer networks against viruses and other disruptive technological means; and

(xiii) None of the Products (excluding for purposes of this representation that product identified in Schedule 3.13(b)(xiii) and the software incorporated in to the oxygen senor unit component provided by Danesensor) contain, incorporate, link or call to Free or Open Source Software. Free or Open Source Software means any software that is subject to any of the following licenses or agreements (or licenses or agreements similar thereto): the GNU General Public License (GPL), GNU Lesser General Public License, BSD License, Apache Software License or any other license or agreement identified as an open source license by the Open Source Initiative on www.opensource.org.

(c) For purposes of this Agreement:

(i) "Company Intellectual Property Assets" means all Intellectual Property Assets used by the Company in the Product Lines. Company Intellectual Property Assets includes, without limitation, Company Patents, Company Marks and Company Copyrights. For the avoidance of doubt, the Company Intellectual Property Assets also include any Intellectual Property Assets used in the Product Lines that are the subject matter of the License Agreement except for the Licensed Connector Patents and the Component Storage Systems Patents as each of those terms are defined in the License Agreement. "Owned Intellectual Property Assets" means all Company Intellectual Property Assets that are owned by the Company.

(ii) "Intellectual Property Assets" means: (A) patents and patent applications of any kind (collectively, "Patents"); (B) trademarks, service marks, trade names, trade dress, logos, packaging design, slogans and Internet domain names, and registrations and applications for registration of any of the foregoing (collectively, "Marks"); (C) copyrights in both published and unpublished works, including, without limitation, in compilations, databases and computer programs, manuals and other documentation, copyright registrations and applications, and copyrights in all derivatives, translations, adaptations and combinations of the above (collectively, "Copyrights"); and (D) inventions, discoveries and invention disclosures (whether or not patented), rights in know-how, trade secrets, confidential or proprietary information, research in progress, algorithms, data, designs, processes, formulae, drawings, schematics, blueprints, flow charts, models, strategies, prototypes, techniques, Beta testing procedures and Beta testing results (collectively, "Know-How and Trade Secrets"), excluding Patents, Marks, Copyrights, Know-How and Trade Secrets relating exclusively to the design or manufacturing of media (other than Media).

3.14. Litigation; Proceedings. Except as set forth on Schedule 3.14: (a) there are no actions, suits, proceedings, orders, judgments, decrees or investigations pending or, to the Knowledge of the Company, threatened against or affecting the Company with respect to the Product Lines at law or in equity, or before or by any Governmental Entity, and to the Knowledge of the Company, there is no basis for any of the foregoing, (b) with respect to the Product Lines, the Company is not subject to any arbitration, proceedings under collective bargaining Contracts or otherwise or any governmental investigations or inquiries; and, to the Knowledge of the Company, there is no valid basis for any of the foregoing, and (c) with respect to the Product Lines, the Company is not subject to any outstanding order, judgment or decree issued by any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction or any arbitrator.

3.15. Brokerage. There is no investment banker, broker, finder or other intermediary whom has been retained by or is authorized to act on behalf of the Company or any of its Affiliates who might be entitled to any fee or commission from Buyer or any of its Affiliates in connection with the transactions contemplated by this Agreement.

3.16. Permits.

(a) Schedule 3.16(a) contains a complete listing of all permits, licenses, franchises, certificates, approvals, consents, certificates of authorization, registrations and other authorizations of Governmental Entities, or other similar rights, other than those that are not material (collectively, the "Permits"), used or held for use by the Company in the Product Lines, including without limitation all Environmental Permits (as defined below). Except as indicated on Schedule 3.16(a): (i) the Company owns or possesses all right, title and interest in and to all Permits and Environmental Permits, (ii) the Company is in compliance with all Permits and Environmental Permits in all material respects, (iii) no loss or expiration of any Permit or Environmental Permit is pending or, to the Knowledge of the Company, threatened (including, without limitation, as a result of the transactions contemplated hereby) other than expiration in accordance with the terms thereof, which terms do not expire as a result of the consummation of the transactions contemplated hereby, and to the Knowledge of the Company, there is no basis for any such loss of any Permit or Environmental Permit, and (iv) the Company has received no written notices alleging the failure to hold any Permit or Environmental Permit with respect to the Product Lines. Except as indicated on Schedule 3.16(a), all of the Permits and Environmental Permits are transferable to Buyer.

(b) As to each Product subject to the Food, Drug and Cosmetic Act of 1938, 21 U.S.C. § 301 *et seq*., as amended (the "FDCA"), or similar Law that is developed, manufactured, tested, distributed and/or marketed by the Company, such Product is being developed, manufactured, tested, distributed and/or marketed in compliance with all applicable requirements under the FDCA and similar Laws, including those relating to investigational use, premarket clearance or marketing approval to legally distribute or market a medical device, and to comply with all applicable regulations pertaining to quality systems requirements and good manufacturing practices, labeling, advertising, record keeping, filing of reports and security. The Company has received no notice or other communication from the FDA or any other Governmental Entity (A) contesting the premarket clearance or approval of, the uses of or the labeling and promotion of any Product or (B) otherwise alleging any violation applicable to any Product of any Law. As to each Product for which a premarket approval application, premarket notifications submission, investigational device exemption or similar state or foreign regulatory application has been approved or has received an order declaring any Product to be substantially equivalent to a legally marketed device, the Company is in compliance with 21 U.S.C. §§ 360 and 360e or 21 C.F.R. Parts 812 or 814, respectively, and all similar Laws and all terms and conditions of such Permits, licenses or applications. In addition, the Company is in compliance with all applicable registration and listing requirements set forth in 21 U.S.C. § 360 and 21 C.F.R.

Part 807 and all similar Laws.

(c) During the three (3) year period prior to the date of this Agreement, no Product has been, nor is currently, under consideration by management of the Company to be, recalled, withdrawn, suspended, seized or discontinued (other than for commercial or other business reasons) by the Company. No proceedings have been completed or are pending against the Company or any licensee of any Product which sought or are seeking, as applicable, the recall, withdrawal, suspension, seizure or discontinuance of any Product.

(d) Neither the Company nor, to the Knowledge of the Company, any officer, employee or agent of the Company has, with respect to the Product Lines, (i) made an untrue statement of a material fact or fraudulent statement to the FDA or any other Governmental Entity, (ii) failed to disclose a material fact required to be disclosed to the FDA or any other Governmental Entity, or (iii) committed an act, made a statement, or failed to make a statement that, at the time such disclosure was made, could reasonably be expected to provide a basis for the FDA or any other Governmental Entity to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Reg. 46191 (September 10, 1991) or any similar policy of any Governmental Entity. Neither the Company nor, to the Knowledge of the Company, any officer, employee or agent of the Company has, with respect to the Product Lines, been convicted of any crime or engaged in any conduct (x) for which debarment is mandated by 21 U.S.C. § 335a(a) or any similar Law or authorized by 21 U.S.C. § 335a (b) or any similar Law or (y) for which such person or entity could be excluded from participating in the U.S. health care programs under Section 1128 of the Social Security Act of 1935, as amended (the "Social Security Act"), or any similar Law.

(e) To the Knowledge of the Company, there are no facts, circumstances or conditions that would reasonably be expected to form the basis for any investigation, suit, claim, action or proceeding against or affecting the Company or the Product Lines relating to or arising under (a) the FDCA or (b) the Social Security Act or regulations of the Office of the Inspector General of the Department of Health and Human Services.

3.17. Employees.

(a) On or prior to the date of this Agreement (or in the case of the Subsequent Closing Purchased Assets, at least thirty (30) days prior to the Subsequent Closing Date), the Company has (or shall have) delivered to Buyer a complete and accurate list of all of the employees of the Company (but not including any names) the employment of each of whom is at least 70% engaged in the Product Lines as of the date of this Agreement (the "Product Line Employees"), describing for each such Product Line Employee the position or title, whether classified as exempt or non-exempt for wage and hour purposes, annual base salary, whether paid on a salary, hourly or commission basis and the actual rates of compensation, bonus potential targets or minimums, as applicable, date of hire, business location, and status (*i.e.*, active or inactive and if inactive, the type of leave and estimated duration). Except as set forth on Schedule 3.17(a), (i) there are no Contracts between the Company and any of the Product Line Employees and (ii) to the Knowledge of the Company, no Designated Employee has provided notice in writing to the Company of such Designated Employee's plan to terminate his or her employment or service arrangement with the Company.

(b) Except as set forth on Schedule 3.17(b), with respect to the Product Lines, (i) the Company is in compliance with applicable Law respecting labor, employment, fair employment practices, workplace safety and health, terms and conditions of employment, wages and hours in all material respects; (ii) there are no formal grievances, complaints or charges with respect to employment or labor matters

(including, without limitation, allegations of employment discrimination, retaliation or unfair labor practices) pending or, to the Knowledge of the Company, threatened against the Company in any judicial, regulatory or administrative forum or under any private dispute resolution procedure (other than the Company's internal private dispute resolution procedures); (iii) none of the employment policies or practices of the Company is currently being audited or investigated or, to the Knowledge of the Company, subject to imminent audit or investigation by any Governmental Entity; and (iv) there are no pending claims against the Company under any workers compensation plan or policy or for long term disability. Except as set forth on Schedule 3.17(b), the Company is not a party to any collective bargaining agreement or Contract with any labor union.

(c) Except as agreed in writing with Buyer, no representative of the Company has made any promise or guarantee to any employee of the Company regarding (i) whether Buyer intends to retain or offer to retain such individual, or (ii) the terms and conditions on which Buyer may retain or offer to retain such individual.

3.18. Employee Benefit Plans.

(a) Schedule 3.18(a) sets forth a list of each Employee Program maintained by the Company, its Affiliates or an ERISA Affiliate in which the Product Line Employees participate or are eligible to participate (the "Subject Employee Programs").

(b) Each Subject Employee Program which is intended to qualify under Section 401(a) of the Code has applied for or received a favorable determination or approval letter from the Internal Revenue Service regarding its qualification under such Section.

(c) Each Subject Employee Program maintained by the Company or an ERISA Affiliate has been maintained and operated in all material respects in accordance with the Laws applicable with respect to such Subject Employee Program and all agreements related to such Employee Program.

(d) Except as set forth on Schedule 3.18(d), neither the Company nor any ERISA Affiliate (i) maintains or contributes to any Subject Employee Program which has been subject to title IV of ERISA or Code Section 412 or ERISA Section 302, including, but not limited to, any Multiemployer Plan or (ii) has any obligations for health care or any other non-pension benefits to any employees after their employment is terminated (other than as required by part 6 of subtitle B of title I of ERISA) or has promised to provide such post-termination benefits. All contributions and premiums required by applicable Law or by the terms of any Subject Employee Program or any agreement relating thereto have been timely made to any funds or trusts established thereunder or in connection therewith or have been reflected in the Financial Statements.

(e) Each Subject Employee Program subject to Laws outside of the United States has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations (including any special provisions relating to qualified plans where such Subject Employee Program was intended so to qualify) and has been maintained in good standing with applicable Governmental Entities.

(f) For purposes of this Section:

(i) "Employee Program" means (A) all employee benefit plans within the meaning of ERISA Section 3(3), including, but not limited to, multiple employer welfare arrangements (within the meaning of ERISA Section 3(40)), and plans to which more than one unaffiliated employer

contributes and employee benefit plans (such as foreign or excess benefit plans) which are not subject to ERISA; and (B) all stock option plans, stock purchase plans, bonus or incentive award plans, severance pay policies or agreements, deferred compensation agreements, supplemental income arrangements, vacation plans, and all other employee benefit plans, agreements, and arrangements (including any informal arrangements) not described in (A) above, including, without limitation, any arrangement intended to comply with Code Section 120, 125, 127, 129 or 137, maintained, contributed to or required to be maintained or contributed to by the Company or any ERISA Affiliate for the benefit of any current or former employee (or their dependents or beneficiaries) of the Company, other than any plan, program, policy or contract mandated by and maintained solely pursuant to applicable Law. In the case of an Employee Program funded through a trust described in Code Section 401(a) or an organization described in Code Section 501(c)(9), or any other funding vehicle, each reference to such Employee Program shall include a reference to such trust, organization or other vehicle.

(ii) An entity "maintains" an Employee Program if such entity sponsors, contributes to, or provides benefits under or through such Employee Program, or has any obligation (by agreement or under applicable Law) to contribute to or provide benefits under or through such Employee Program, or if such Employee Program provides benefits to or otherwise covers employees of such entity (or their spouses, dependents or beneficiaries).

(iii) An entity is an "ERISA Affiliate" of the Company if it would be considered a single employer with the Company under ERISA Section 4001(b) or part of the same "controlled group" as the Company for purposes of ERISA Section 302(d)(8)(C).

(iv) "Multiemployer Plan" means an employee pension or welfare benefit plan to which more than one unaffiliated employer contributes and which is maintained pursuant to one or more collective bargaining agreements.

3.19. Insurance. Schedule 3.19 lists each insurance policy maintained by or on behalf of the Company with respect to the Product Lines, together with a claims history for the past three years. All of such insurance policies are in full force and effect, and, since August 1, 2011, the Company has not been (i) in default with respect to its Liabilities under any such insurance policies or (ii) denied insurance coverage. The Product Lines have been covered by insurance in scope and amount customary and reasonable for a business of this type and scope.

3.20. Customers and Suppliers.

(a) Schedule 3.20(a) lists each customer of the Product Lines (including, without limitation, any distributor) who purchased greater than (i) $250,000 of Products in fiscal year 2011 or (ii) $125,000 of Products in the six-month period ended January 31, 2012 (and the revenues generated from such customer). Except as set forth on Schedule 3.20(a), since August 1, 2011, the Company has not received any express written statement from any such Person to the effect such customer will stop, materially decrease the rate of, or materially change the terms (whether related to payment, price or otherwise) with respect to, purchasing goods or services from the Company (whether as a result of the consummation of the transactions contemplated by this Agreement or the other Transaction Documents or otherwise).

(b) Schedule 3.20(b) lists each vendor, supplier, service provider and other similar business relation of the Product Lines from whom the Company purchased greater than (i) $250,000 in goods

and/or services over the course of fiscal year 2011 or (ii) $125,000 of Products in the six-month period ended January 31, 2012 (and the amounts paid or payable to such Person). Except as set forth on Schedule 3.20(b), since August 1, 2011, the Company has not received any express written statement from any such Person to the effect that such supplier will stop, materially decrease the rate of, or materially change the terms (whether related to payment, price or otherwise) with respect to, supplying materials, products or services to the Product Lines (whether as a result of the consummation of the transactions contemplated by this Agreement or the other Transaction Documents or otherwise).

3.21. Affiliate Transactions. Except as disclosed on Schedule 3.21, no officer, director, employee, five percent (5%) stockholder, or other Affiliate of the Company (other than any direct or indirect wholly-owned Subsidiary) or, to the Knowledge of the Company, any individual related by blood, marriage or adoption to any such Person or any entity in which any such Person owns any beneficial interest (collectively, the "Insiders"), is a party to any Contract or transaction with the Company which pertains to the Product Lines, or has any interest in any property, real or personal or mixed, tangible or intangible, used or held for use in, or pertaining to, the Product Lines.

3.22. Compliance with Law. Except as set forth on Schedule 3.22, since August 1, 2009, the Company and each of its Affiliates has complied in all material respects with and is currently in compliance in all material respects with all Laws that are applicable to the Product Lines, the Purchased Assets, the Company's business practices related to the Product Lines (including, but not limited to, the Company's design, production, marketing, sales and distribution of the Products) or the Facilities, and no claims have been filed against the Company or any of its Affiliates alleging a violation of any such Law and the Company has not received written notice of any such violation.

3.23. Environmental Matters. Except as set forth on Schedule 3.23:

(a) The Company and each of its Affiliates has, for the last three (3) years, complied, and is currently in compliance, in all material respects, with all applicable Environmental Requirements and has no Liabilities for corrective action, investigation, abatement, remediation or other response actions under Environmental Requirements relating to the Purchased Assets or the conduct of the Product Lines (the "Applicable Environmental Requirements").

(b) Neither the Company nor any of its Affiliates has received any written notice, order, claim, report or demand indicating or alleging that the Company, its Affiliates or any of their respective properties or facilities is or, within the last three (3) years, was in violation of, or has any Liability or responsibility under, Applicable Environmental Requirements. Without limiting the generality of the foregoing, the Company has obtained and is in compliance with, in all material respects, with all Permits that are required pursuant to any Applicable Environmental Requirements for the occupancy of the Facilities or the operation of the Product Lines ("Environmental Permits").

(c) To the Knowledge of the Company, neither the Company nor any of its Affiliates has Released any Hazardous Substance on, in, from, under or at any Facility and in a manner likely to give rise to material Liabilities for corrective action, investigation, abatement, remediation or other response actions under Applicable Environmental Requirements, except as authorized by, and in compliance with, validly issued Environmental Permits.

(d) Neither this Agreement, the Transfer Documents nor the other Transaction Documents shall impose any Liabilities on the Company or its Affiliates or Buyer or its Affiliates for site investigation

or cleanup, or notification to or consent of any Governmental Entities or third parties under any so called "responsible property transfer" Laws and regulations.

3.24. Powers of Attorney. Except as set forth on Schedule 3.24, there are no outstanding powers of attorney executed on behalf of the Company which pertain to the Product Lines.

3.25. Product Warranties. The Products perform in accordance with their documented specifications and as the Company has warranted to its customers, in all material respects. Except as disclosed on Schedule 3.25, to the Knowledge of the Company, there are no existing or threatened product or service Liability, warranty or other similar claims against the Company for Products which are defective or fail to meet any product or service warranties. Except as set forth on Schedule 3.25, the Products are not subject to any written recall notice or adverse directive of any Governmental Entity. Except as set forth on Schedule 3.25, the Company has made no warranties to customers of the Product Lines.

3.26. Import/Export Compliance. Except as set forth on Schedule 3.26, since August 1, 2009, the Company has paid all duties, tariffs, customs, penalties, merchandise processing fees or other payments required to be paid with respect to the importation or exportation of any products or merchandise of the Product Lines, and the Company has complied and is in compliance with (i) United States and foreign Laws governing the importation or exportation of products or merchandise, and (ii) the Foreign Corrupt Practices Act of 1977, as amended, and any other Laws regarding the use of funds for political activity or commercial bribery. Since August 1, 2009, the Company has not been nor is it currently the subject of any civil or criminal litigation, audit, penalty proceeding or assessment, liquidated damages proceeding or claim, forfeiture or forfeiture action, claim for additional customs duties or fees, denial orders, export penalty or penalty proceeding, suspension of export privileges, governmental sanctions, or any other action, proceeding, claim or investigation by any Governmental Entity involving or otherwise relating to any alleged or actual violation of any statutes, executive orders, proclamations, regulations, rules, directives, decrees, ordinances or similar provisions having the force or effect of Law concerning the importation of merchandise, the export or re-export of products, services and technology, the terms and conduct of international transactions, or making or receiving international payments, or relating to any alleged or actual underpayment of customs duties, fees, Taxes or other amounts owed with respect thereto. Neither the Company nor, to the Knowledge of the Company, any director, officer or employee of the Company has, at any time, made any type of payment, gift or contribution to any of the customers and/or suppliers of the Product Lines other than payments required under written Contracts between the Company and its customers and/or suppliers.

3.27. DISCLAIMER OF WARRANTIES. THE COMPANY MAKES NO REPRESENTATION OR WARRANTY TO BUYER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCT LINES, THE PURCHASED ASSETS OR THE ASSUMED LIABILITIES, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, FUTURE RESULTS OR OTHERWISE, OTHER THAN AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE TRANSACTION DOCUMENTS, INCLUDING ANY CERTIFICATES DELIVERED IN CONNECTION HEREWITH OR THEREWITH. WITHOUT LIMITING THE FOREGOING, THE COMPANY IS SELLING THE PURCHASED ASSETS TO BUYER "AS IS" AND "WHERE IS" AND WITH ALL FAULTS, AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY TO BUYER, EXPRESS OR IMPLIED, WITH RESPECT TO (A) ANY PROJECTIONS, ESTIMATES OR BUDGETS DELIVERED TO OR MADE AVAILABLE TO BUYER OF FUTURE REVENUES, FUTURE RESULTS OF OPERATIONS (OR ANY COMPONENTS THEREOF), FUTURE CASH FLOWS OR FUTURE FINANCIAL CONDITION (OR

ANY COMPONENT THEREOF) OF THE PRODUCT LINES OR THE FUTURE BUSINESS AND OPERATIONS OF THE PRODUCT LINES, (B) ANY MANAGEMENT PRESENTATIONS, FUNCTIONAL "BREAK-OUT" DISCUSSIONS, RESPONSES TO QUESTIONS SUBMITTED ON BEHALF OF BUYER OR ANY INFORMATION MADE AVAILABLE IN ANY DATA ROOM, (C) ANY FINANCIAL PROJECTION OR FORECAST RELATING TO THE PRODUCT LINES OR (D) ANY OTHER INFORMATION OR DOCUMENTS, WHETHER WRITTEN OR ORAL, IN EACH CASE MADE AVAILABLE TO BUYER OR ITS COUNSEL, ACCOUNTANTS OR ADVISORS, OR THE FINANCING SOURCES, WITH RESPECT TO THE PRODUCT LINES, IN EACH CASE EXCEPT AS SET FORTH IN THIS AGREEMENT AND THE TRANSACTION DOCUMENTS, INCLUDING ANY CERTIFICATES DELIVERED IN CONNECTION HEREWITH OR THEREWITH.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

As a material inducement to the Company to enter into this Agreement, Buyer hereby represents and warrants to the Company that:

4.1. Organization. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the Commonwealth of Massachusetts. Each member of the Buyer Group that will take title to any Purchased Assets at the Initial Closing or any Subsequent Closing Purchased Assets at the Subsequent Closing has or will have at the applicable Closing all corporate power and authority to own and operate its properties and to carry on its business as currently conducted and proposed to be conducted.

4.2. Authorization of Transaction. Buyer (and each of its Affiliates party thereto) has full corporate power and authority to execute and deliver this Agreement, the Transfer Documents and each of the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby and to perform each of its obligations hereunder and thereunder. The board of directors of Buyer has duly approved this Agreement, the Transfer Documents and all other Transaction Documents to which it is a party and has duly authorized the execution and delivery of this Agreement, the Transfer Documents and all other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby. No other corporate proceedings on the part of Buyer, its Affiliates or its stockholders are necessary to approve and authorize the execution and delivery of this Agreement, the Transfer Documents or the other Transaction Documents to which Buyer or any of its Affiliates is (or may become) a party and the consummation of the transactions contemplated hereby and thereby, other than corporate proceedings of certain Affiliates of Buyer required in connection with the approval of the Local Transfer Documents. This Agreement, the Transfer Documents and all other Transaction Documents to which Buyer (and its Affiliates that are party thereto) is a party have been, or as of each Closing, will be duly executed and delivered by Buyer (and its Affiliates that are party thereto) and constitute the valid and binding agreements of Buyer (and its Affiliates that are party thereto), enforceable against Buyer (and its Affiliates that are party thereto) in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

4.3. Absence of Conflicts. Except (x) for compliance with the HSR Act, the rules promulgated

under the HSR Act and any other Antitrust Law, and (y) for filings that may be required under the Exchange Act, the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby by Buyer (including by Affiliates of the Buyer which are parties to such Transaction Documents) do not and shall not constitute a default under, result in a violation of, or require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any Governmental Entity, under (i) the provisions of the articles of incorporation, bylaws or similar governing documents of Buyer, (ii) any Law to which Buyer is subject or (iii) any judgment, order or decree to which Buyer is subject.

4.4. Financing. Buyer has delivered to the Company a true and complete copy, as of the date of this Agreement, of an executed commitment letter from the Financing Sources identified therein (the "Commitment Letter") to provide, subject to the terms and conditions therein and in any related fee letter, financing in the amounts set forth therein (the "Financing") and will provide the Company with a true, complete, correct and fully executed copy of each commitment letter entered into in connection with any Alternate Financing. As of the date of this Agreement, the Commitment Letter is in full force and effect and is the legal, valid, binding and enforceable obligation of Buyer, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity. As of the date of this Agreement Buyer has no reason to believe that the full amount of the Financing will not be available to be drawn down at the Initial Closing or that Buyer will not have sufficient funds to pay the Initial Closing Purchase Price at the Initial Closing. Any commitment letter in respect of any Alternate Financing arranged pursuant to Section 5.7(f) and put in place after the date hereof (i) will be in full force and effect on the date such commitment letter has been executed and (ii) will be a legal, valid, binding and enforceable obligation of Buyer, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity. Assuming the Financing (and any Alternate Financing) is funded in accordance with the terms of the Commitment Letter (and any commitment letter in respect of any Alternate Financing), the net proceeds contemplated by the Commitment Letter (and any commitment letter in respect of any Alternate Financing) will, together with cash that will be available to Buyer on the Initial Closing Date, in the aggregate be sufficient for Buyer to pay the Initial Closing Purchase Price and to pay all fees and expenses related thereto. As of the date of this Agreement, (i) the Commitment Letter has not been amended or modified, and to the Knowledge of Buyer no such amendment or modification is contemplated (other than amendments or modifications that are permitted by Section 5.7 or for which the Company has provided its express prior written consent), and the respective obligations and commitments of the Financing Sources contained in the Commitment Letter have not been withdrawn, terminated or rescinded in any respect, (ii) there are no conditions precedent or other contingencies related to the funding of the full amount of the Financing, other than as expressly set forth in the Commitment Letter and in any related fee letter and (iii) there are no other agreements, arrangements or understandings (written or oral) relating to the Financing (other than the Commitment Letter and any related fee letter) that will impair or delay the Initial Closing or the availability of the Financing on the Initial Closing Date. Buyer has fully paid any and all commitment fees and other fees in connection with the Commitment Letter and any related fee letter that were due and payable on or prior to the date of this Agreement.

4.5. Litigation. There are no actions, suits, proceedings or orders pending or, to the Knowledge of Buyer, threatened against or affecting Buyer at law or in equity, or before or by any Governmental Entity, which would adversely affect in any material respect the performance of Buyer under this Agreement and the other Transaction Documents to which Buyer is a party or the consummation of the transactions contemplated hereby or thereby.

4.6. Financial Capability. Buyer has and will have sufficient funds available to it to consummate

the Subsequent Closing.

4.7. Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyer.

4.8. DISCLAIMER OF WARRANTIES. BUYER MAKES NO REPRESENTATION OR WARRANTY TO THE COMPANY, EXPRESS OR IMPLIED, OTHER THAN AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE TRANSACTION DOCUMENTS, INCLUDING ANY CERTIFICATES DELIVERED IN CONNECTION HEREWITH OR THEREWITH.

ARTICLE V

COVENANTS PRIOR TO CLOSING

5.1. Conduct of Business.

(a) Conduct of Business Prior to Initial Closing. Except with respect to the HDC Line or the Subsequent Closing Purchased Assets, to which Section 5.1(b) applies, as provided in Schedule 5.1(a), as required by applicable Law, as expressly contemplated by this Agreement or any other Transaction Document, or as otherwise consented to by Buyer (which consent will not be unreasonably withheld, conditioned or delayed), from the date of this Agreement through the Initial Closing, the Company shall, and shall cause the applicable members of the Company Group to, (i) conduct the Product Lines only in the ordinary course of business consistent with past practices, including, without limitation, with respect to its inventory policies and practices, accounting practices, and the maintenance of its relationships with employees, sales representatives, customers, distributors, suppliers and manufacturers, and (ii) use its commercially reasonable efforts to preserve the Product Lines, including, without limitation, by servicing all customer needs, maintaining the goodwill of customers, distributors, suppliers and employees, and performing all maintenance and repairs on its assets that are required or are customary for the continued operation of the Product Lines. Without limiting the generality of the foregoing, from the date of this Agreement through the Initial Closing, except as required by applicable Law or expressly contemplated by this Agreement or any other Transaction Document, or as otherwise consented to by Buyer (which consent will not be unreasonably withheld, conditioned or delayed), the Company shall not, and shall cause the other members of the Company Group not to:

(i) make any purchase, sale, license or disposition of any Purchased Asset other than purchases and sales in the ordinary course of business consistent with past practice (it being understood that Schedule 5.1(a) lists the purchases of capital assets in excess of $50,000, the delivery of which will occur after the Initial Closing);

(ii) incur any Indebtedness that constitutes an Assumed Liability or otherwise encumber any of the Purchased Assets, other than with Permitted Liens;

(iii) incur any contingent Liability as guarantor or otherwise with respect to the obligations of others, or incur any other contingent or fixed obligations or Liabilities that could impact

the Product Lines except in the ordinary course of business;

(iv) change any of the accounting principles or practices used by it (except, with notice to Buyer, for any such change required by reason of a change in GAAP);

(v) (A) transfer or otherwise cause any employee, agent or independent contractor of the Product Lines to cease employment or service with the Product Lines or (B) hire or otherwise employ or engage, or terminate, any employee, agent or independent contractor in or otherwise related to the Product Lines, other than in the ordinary course of business consistent with past practice;

(vi) make any change in the remuneration (including any fringe benefits) payable or to become payable to, or terms of employment of, any Transferred Employees or agents or independent contractors of the Product Lines, other than (A) salary increases in the ordinary course of business consistent with past practice, (B) pursuant to an Employee Program, to the extent that such change applies to all employees in a particular national jurisdiction, or (C) as otherwise required by applicable Law;

(vii) (A) terminate, modify or amend any Material Contract, (B) waive, release, or assign any rights or claims under any Material Contract, or (C) enter into any agreement or other arrangement that is material to the Product Lines;

(viii) cause, permit or suffer to exist any material change in the level of inventory related to the Product Lines;

(ix) terminate, modify, amend or otherwise lose the benefit of any Permit (including, without limitation, any Environmental Permit) related to the Product Lines;

(x) settle or compromise any litigation or other disputes related to the Product Lines, other than in the ordinary course of business consistent with past practice;

(xi) adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or reorganization that would impact the Product Lines;

(xii) with respect to the Mexico Subsidiary, make or change any Tax election, file any amended Tax Return, fail to timely file any Tax Return, enter into any closing agreement, settle or compromise any Liability with respect to Taxes, agree to any adjustment of any Tax attribute, or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment;

(xiii) fail to maintain any of the Company Intellectual Property Assets;

(xiv) fail to maintain insurance coverage with respect to the Purchased Assets in amounts and scope consistent with past practice;

(xv) take any action that would reasonably be expected to: (A) prevent, impair or delay the ability of the Company to consummate the transactions contemplated hereby or by the Transaction Documents or (B) cause any of the conditions to the consummation of such transactions not to be satisfied; or

(xvi) enter into an agreement or resolve to take any of the foregoing actions.

(b) Conduct of Business Prior to Subsequent Closing. Except as provided in Schedule 5.1(b), as required by applicable Law, as expressly contemplated by this Agreement or any other Transaction Document, or as otherwise consented to by Buyer (which consent will not be unreasonably withheld, conditioned or delayed), from the date of this Agreement through the Subsequent Closing, the Company shall, and shall cause the applicable members of the Company Group to, (i) conduct the HDC Line only in the ordinary course of business consistent with past practices and (ii) use its commercially reasonable efforts to preserve the HDC Line, including, without limitation, by maintaining the goodwill of suppliers and employees and performing all maintenance and repairs on its assets that are required or are customary to fulfill its obligations under Section 5.15 hereof.

5.2. Access to Information and Facilities. The Company shall permit Buyer and its authorized Representatives to have access, upon reasonable advance notice and during normal business hours, to the assets, properties, books, accounting, financial and statistical records (including auditor work papers), corporate records (including, as permitted by applicable Law employee records and historical environmental and health and safety data relating to the Facilities), contracts, employees, independent contractors, customers, vendors, distributors and manufacturers in each case related to the Product Lines as provided in Section 5.9 and Schedule 5.9 thereunder in order to complete the Confirmatory Due Diligence contemplated by Section 5.9; provided that such access shall be provided in a manner that will not unduly disrupt the Company's business. The Parties shall mutually agree as to a plan and schedule for transition and integration meetings and planning to take place between the date hereof and Initial Closing. Buyer's access hereunder, the Buyer's Confirmatory Due Diligence pursuant to Section 5.9 and Schedule 5.9 and transition and integration planning by Buyer shall not affect the representations, warranties, covenants or agreements of the Company (or Buyer's remedies with respect thereto) or the conditions to the obligations of Buyer under this Agreement. The Company shall furnish such financial, operating and other data and information related to (a) the Product Lines as Buyer may reasonably request through the Initial Closing and (b) the HDC Line (including the HDC Project) as Buyer may reasonably request through the Subsequent Closing. The foregoing covenant will not require the Company to provide Buyer or its Representatives with access to any document or other communication that the Company believes in good faith may be subject to any contractual confidentiality obligation or that may be covered by any attorney-client, work product or similar legal privilege. Further, Buyer shall not have access to personnel records of the Company relating to individual performance or evaluation records, medical histories or other personnel information to the extent the Company may not legally disclose such information under applicable Law.

5.3. Advice of Changes; Supplements to Disclosure Schedules.

(a) From the date of this Agreement through each of the Closings, the Company and Buyer shall promptly advise the other Party in writing of: (a) any written notice from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement or any Transaction Document; (b) written notice from any Governmental Entity in connection with the transactions contemplated by this Agreement, or regarding any violation or alleged violation of Law; (c) the occurrence or non-occurrence of any fact or event which would be reasonably likely to (i) cause any representation or warranty made by it contained in this Agreement to become untrue or inaccurate, or (ii) cause any covenant, condition or agreement hereunder not to be complied with or satisfied; (d) the failure of it to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; or (e) any change, event, condition or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; provided, however, that in

no event shall any such notification affect the representations, warranties, covenants or agreements of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement, except as otherwise explicitly provided herein. To the extent any event occurs or situation arises which results or is reasonably likely to result in a breach of a representation, warranty or covenant by any Party under this Agreement, such Party shall use its reasonable efforts to cure such breach prior to the relevant Closing.

(b) Notwithstanding the foregoing, either Party (as applicable, an "Updating Party") shall, as promptly as reasonably practicable from the date of this Agreement through each of the Closings, by written notice to the other Party (as applicable, the "Notified Party"), supplement such Updating Party's Schedule or add a Schedule to such Updating Party's Schedule (such added Schedule to be deemed a supplement hereunder) in order to disclose any matter that, if occurring prior to the date of this Agreement, would have been required to be set forth or described in such Updating Party's Schedule delivered on the date hereof or to correct any inaccuracy or breach in the representations and warranties made by such Updating Party in this Agreement (a "Schedule Update"). Upon receipt of a Schedule Update, the Notified Party shall promptly, and in any event not later than ten (10) days following receipt thereof (the "Notice Period"), review such Schedule Update. If, during such Notice Period, as a result of one or more Schedule Updates, the Notified Party becomes aware of one or more facts, conditions or occurrences that, without giving effect to any such Schedule Update, constitute, or would reasonably be expected to constitute, (i) if the Updating Party is the Company, a Material Adverse Effect, or (ii) if the Updating Party is Buyer, a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby or to perform its obligations under any of the Transaction Documents, in each case either as of the date of the Schedule Update or as of the relevant Closing (a "Schedule Update Termination Event"), the Notified Party shall have the right, but not the obligation, to terminate this Agreement in accordance with Section 7.1(d) during the Notice Period. If the Notified Party elects not to terminate this Agreement in accordance with Section 7.1(d), the Notified Party and its Affiliates shall retain the right to assert, after the relevant Closing, any claim pursuant to Article VIII hereof or otherwise, including, without limitation, to the extent that such claim relates to matters set out in a Schedule Update prepared in accordance with this Section 5.3(b), in which case such Schedule Update shall be disregarded and not be deemed to constitute a part of the Company Schedule or Buyer Schedule, as the case may be.

5.4. Consummation of Agreements; Consents. Subject to the provisions of Section 5.5 and Section 5.7, each of the Company and Buyer shall use its commercially reasonable efforts to perform and fulfill all conditions and obligations to be performed and fulfilled under this Agreement by it, to the end that the transactions contemplated by this Agreement shall be fully carried out. In this regard, the Company will use its commercially reasonable efforts, including making reasonable payments as necessary, to obtain, prior to each of the Closings, all approvals and other authorizations, waivers and consents, if any, necessary to permit the consummation of the transactions contemplated by this Agreement, including, without limitation, the consent of each other party to any Purchased Contract and any Shared Contract, to the extent a consent is required by the terms thereof. Notwithstanding anything express or implied in this Agreement to the contrary, in no event shall Buyer be required to make any payment to any third party in order to obtain any consent, approval or waiver under any Contract.

5.5. Regulatory Filings; Exchange of Information.

(a) As promptly as practicable and advisable, each Party hereto undertakes and agrees to file or cause to be filed any necessary filings and apply for such approvals and consents as are required under any applicable Antitrust Laws with respect to the transactions contemplated hereby, in each case to the extent

such filings and applications have not been satisfied prior to the date of this Agreement. The filing fees to be paid with respect to any notifications or filings under the HSR Act and other applicable Antitrust Laws shall be paid one-half by each of Buyer and the Company.

(b) Subject to applicable Law and except as prohibited by any Antitrust Authority, each of Buyer and the Company, acting through outside counsel, agree to coordinate and cooperate fully and promptly with each other in exchanging information and providing assistance as the other Party may reasonably request in connection with any filing, submission, investigation or other inquiry related to the transactions contemplated herein, including any proceeding initiated by a private party. Each of Buyer and the Company shall (i) use its commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from, and requests for additional information and documentary material by, any Antitrust Authority, (ii) promptly notify the other Party of any written or oral communication to that Party from any Antitrust Authority, and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, (iii) provide to the other Party, and permit the other party to review and comment in advance of submission, all proposed correspondence, filings, and written communications with any Antitrust Authority with respect to this Agreement and the transactions contemplated hereby, (iv) not participate in any substantive meeting or discussion with any Antitrust Authority in respect of any filings, investigation or inquiry concerning this Agreement and the transactions contemplated hereby unless it consults with the other Party in advance and, except as prohibited by applicable Law or the Antitrust Authority, gives the other Party the opportunity to attend and participate thereat, and (v) in the event one Party is prohibited by applicable Law or the Antitrust Authority from participating in or attending any meetings or conferences, keep the other promptly and reasonably apprised with respect thereto.

(c) Notwithstanding anything express or implied in this Agreement to the contrary, nothing in this Agreement shall be deemed to require Buyer to propose, negotiate, offer to commit and effect (and if such offer is accepted, commit to and effect), by consent decree, hold separate order, or otherwise, the sale, divestiture or disposition of any assets of the Product Lines or of Buyer and its Affiliates, or otherwise offer to take or offer to commit to take any action (including, without limitation, any action that limits its freedom of action, ownership or control with respect to, or its ability to retain or hold, any of the businesses, assets, product lines, properties or services of the Product Lines, Buyer or any of its Affiliates) which it is lawfully capable of taking and if the offer is accepted, take or commit to take such action, in each case as may be required in order to avoid the commencement of any action or proceeding to prohibit any transaction contemplated by this Agreement, or if already commenced, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any action or proceeding. The Company shall not, without the prior written consent of Buyer, publicly or before any Antitrust Authority or other third party, offer, suggest, propose or negotiate, and shall not commit to or effect, by consent decree, hold separate order or otherwise, any sale, divestiture, disposition, prohibition or limitation or other action of a type described in this subparagraph.

(d) Notwithstanding Section 5.5(c) and except for (i) the transaction Buyer was evaluating on the date of the Letter of Intent and (ii) transactions solely between Buyer and its Affiliates, from the date hereof through the earlier of the Initial Closing or the termination of the Agreement pursuant to Article VII, Buyer shall not, and shall not permit any of its Affiliates to, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any Person or portion thereof, or otherwise acquire or agree to acquire any assets, if the entering into of a definitive agreement relating to or the consummation of such acquisition, merger or consolidation could reasonably be expected to (i) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Entity

necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period; (ii) materially increase the risk of any Governmental Entity entering an order prohibiting the consummation of the transactions contemplated by this Agreement; or (iii) materially delay the consummation of the transactions contemplated by this Agreement.

5.6. No Solicitation of Other Offers.

(a) From the date hereof through the earlier of the Initial Closing (with respect to the Product Lines), the Subsequent Closing (solely with respect to the HDC Line) or the termination of this Agreement pursuant to Article VII, the Company will not, and will cause its Affiliates and its and their respective Representatives not to, directly or indirectly, solicit or knowingly encourage any proposal, initiate or hold discussions, respond to expressions of interest or offers, provide any confidential information to, or enter into any agreement with, a third party, or otherwise cooperate with a third party in connection with (i) any sale or other disposition of the Product Lines or the HDC Line, as applicable, in whole or in part through merger, consolidation, business combination, spin-off, sale of equity interests or similar transaction or (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of the assets of the Product Lines or the HDC Line, as applicable, in whole or in part (other than sales of the Products in the ordinary course of business) (each transaction described in clause (i) or (ii), a "Competing Transaction"). The Company agrees to promptly (and in any event within 24 hours) communicate to Buyer the terms of any proposal or offer or request for information (including the identity of the Person making such proposal, offer or request) which it may receive in respect of, or which would reasonably be expected to lead to, a Competing Transaction and shall furnish Buyer with a copy of any writing related thereto. The Company shall be responsible for any breach of this Section 5.6(a) by its Affiliates and its and their respective Representatives.

(b) From the date hereof through the earlier of the Initial Closing or the termination of this Agreement pursuant to Article VII, Buyer shall not, and shall not permit any of its Affiliates to, directly or indirectly, initiate or hold discussions, respond to expressions of interest or offers, or enter into any agreement with, any third party, or otherwise cooperate with any third party in connection with any proposed acquisition of any material assets, entities, businesses or product lines that compete with the Product Lines, except for the transaction Buyer was evaluating on the date of the Letter of Intent. Buyer shall be responsible for any breach of this Section 5.6(b) by its Affiliates and its and their respective Representatives.

5.7. Financing.

(a) Subject to the terms and conditions of this Agreement and the Company's compliance with its obligations contained in this Agreement, Buyer will use its commercially reasonable efforts to: (i) negotiate and enter into definitive agreements (the "Definitive Agreements") with respect to the Financing (and any Alternate Financing) on the terms and subject only to the conditions contained in the Commitment Letter (and any commitment letter in respect of any Alternate Financing), or, to the extent the Financing (or any Alternate Financing) contemplated by the Commitment Letter (or any commitment letter in respect of any Alternate Financing) is not available to Buyer, on other terms and conditions not materially less favorable, in the aggregate, to Buyer; (ii) satisfy on a timely basis (or obtain a waiver of) all conditions to obtaining the Financing (or any Alternate Financing) set forth in the Commitment Letter (or any commitment letter in respect of any Alternate Financing) applicable to Buyer or any of its Affiliates that are within the control of Buyer or any such Affiliate; (iii) comply with its obligations under the Commitment Letter (or any commitment letter in respect of any Alternate Financing) or obtain a waiver of compliance with such obligations; and (iv) subject to Section 5.7(d), enforce its rights under the Commitment Letter (or any commitment letter in respect of any Alternate Financing).

(b) Prior to the Initial Closing, the Company shall (and the Company shall cause each of its Subsidiaries to) provide, and shall use its commercially reasonable efforts to cause its Representatives (and its Subsidiaries' Representatives), including legal and accounting Representatives, to provide, in each case, at Buyer's expense (it being understood and agreed, however, that the Company (and not Buyer) shall be responsible for (1) de minimis expenses, (2) fees payable to existing legal, financial or other advisors of the Company with respect to services provided prior to the Initial Closing Date, (3) any ordinary course amounts payable to existing employees of or consultants to the Company or any of its Subsidiaries with respect to services provided prior to the Initial Closing Date and (4) any amounts that would have been incurred in connection with the transactions contemplated hereby regardless of the Available Financing (as defined below) (collectively, the "Company Expenses")), all cooperation reasonably requested by Buyer and that is necessary in connection with arranging and obtaining the Financing, any Alternate Financing or any permitted amended or modified Financing or Alternate Financing (collectively, the "Available Financing"), including without limitation (i) assisting Buyer with the preparation of information memoranda and packages, lender presentations, lender syndication materials and similar documents and materials, in connection with the Available Financing, including any syndication thereof, (ii) participating in a reasonable number of meetings, presentations and due diligence sessions (including bring down diligence sessions) in connection with the Available Financing, including direct contact between senior management and Representatives of the Company Group, Buyer and the Financing Sources in the Available Financing, (iii) (x) delivering to Buyer (A) the Required Closing Financial Statements, and (B) such other financial statements reasonably required by the Financing Sources in accordance with the Commitment Letter (collectively, the financial statements referred to in clause (A) and (B) above, the "Required Financial Information"), and (y) using commercially reasonable efforts to cause the Company's independent auditors to provide consent to the use of the Required Financial Information in the offering documents to the extent required, (iv) assisting in the preparation of, and executing and delivering, definitive financing documents, including any applicable collateral documents, hedging agreements or other certificates or documents as may be requested by Buyer, (v) facilitating the pledging of any collateral for the Available Financing, (vi) using commercially reasonable efforts to obtain such consents, waivers, estoppels, approvals, authorizations and instruments which may be reasonably requested by Buyer in connection with the Available Financing and collateral arrangements, including customary payoff letters, lien releases, instruments of termination or discharge, legal opinions, appraisals, engineering reports, surveys, title insurance, landlord consents, waivers and access agreements and (vii) facilitating the consummation of the Available Financing, including cooperating with Buyer to satisfy the conditions precedent to the Available Financing to the extent within the reasonable control of the Company Group, and taking all corporate actions, subject to the occurrence of the Initial Closing, reasonably requested by Buyer to permit the consummation of the Available Financing and to permit the proceeds thereof to be made available to the Company immediately upon the Initial Closing Date; provided, however, that neither the Company nor any of its Subsidiaries shall be required to pay any commitment fee or other fee or payment to obtain consent or to incur any Liability with respect to the Available Financing. Notwithstanding anything to the contrary in this Agreement, the Required Financial Information required to be delivered pursuant to this Section 5.7(b) shall be prepared in accordance with GAAP consistently applied and, if appropriate, the Agreed EBITDA Principles and the SEC Letters. The Company further agrees to supplement the Required Financial Information on a reasonably current basis as reasonably requested by Buyer and the Financing Sources. It is understood and agreed that any and all information and documentation provided by the Company or any of its Affiliates pursuant to this Section 5.7(b) that are delivered to the Financing Sources or their Representatives in accordance with the Commitment Letter shall be subject to customary arrangements for confidentiality.

(c) Buyer shall give the Company prompt notice upon becoming aware of any material breach of any Commitment Letter, any commitment letter in respect of any Alternate Financing or Definitive Agreement (if a Definitive Agreement is executed prior to the Initial Closing) by a party to such Commitment

Letter, any commitment letter in respect of Alternate Financing or Definitive Agreement or any termination of any Commitment Letter, commitment letter in respect of any Alternate Financing or Definitive Agreement (if a Definitive Agreement is executed prior to the Initial Closing). Buyer shall keep the Company informed on a timely basis and in reasonable detail of the status of its efforts to arrange the Financing and any material developments relating to the Financing and shall promptly provide to the Company copies of the executed Definitive Agreements and any other executed agreements in respect of the Financing. Further, Buyer shall not permit any amendment or modification to be made to, or any waiver of any material provisions under, the Commitment Letter (or any commitment letter in respect of any Alternate Financing) or any related fee letter or any Definitive Agreement without the Company's prior written consent, if such amendment, modification or waiver (A) reduces the aggregate amount of the Financing (or any Alternate Financing) to below the amount set forth in the Commitment Letter (or any commitment letter in respect of any Alternate Financing) unless there is a corresponding increase in the amount of cash expected to be available to Buyer on the Initial Closing Date, (B) imposes additional conditions precedent or contingencies to the initial availability of the Financing (or any Alternate Financing) or amends or modifies any of the existing conditions or contingencies to the provision of the Financing (or any Alternate Financing) in a manner that would reasonably be expected to delay, prevent or render less likely to occur the Financing (or any Alternate Financing), or any portion thereof, at the Initial Closing, or (C) adversely impacts the ability of Buyer to enforce its rights against other parties to the Commitment Letter (or any commitment letter in respect of any Alternate Financing) or the definitive agreements with respect thereto. Buyer shall refrain, and shall cause its Affiliates to refrain, from taking, directly or indirectly, any action that is reasonably likely to result in the failure of any of the conditions contained in any Commitment Letter, any commitment letter in respect of any Alternate Financing or any Definitive Agreement.

(d) Notwithstanding anything to the contrary contained in this Agreement, nothing contained in this Section 5.7 shall require, and in no event shall the efforts of Buyer be deemed or construed to require, Buyer to (i) bring any enforcement action against any source of the Financing (or any Alternate Financing) to enforce its rights under the Commitment Letter (or any commitment letter in respect of any Alternate Financing) or any related fee letter or (ii) pay any fees in excess of those contemplated by the Commitment Letter (or any commitment letter in respect of any Alternate Financing) or in any related fee letter (whether to secure waiver of any conditions contained therein or otherwise).

(e) Buyer shall indemnify and hold harmless the Company Group and their respective directors, officers, employees and Representatives from and against Losses incurred by it (or them) in connection with their cooperation contemplated by this Section 5.7 (other than Losses arising from misrepresentations by the Company), other than with respect to the Company Expenses and the delivery of the Required Financial Information.

(f) Notwithstanding anything herein to the contrary, in the event that the Commitment Letter is terminated (or is reasonably likely to be terminated after the passage of time) Buyer shall seek replacement commitments from alternate Financing Sources (such portion from alternate Financing Sources, the "Alternate Financing") on terms and conditions that will enable Buyer to consummate the transactions contemplated hereby, including payment of the Initial Closing Purchase Price in cash; provided that such Alternate Financing shall not be subject to any conditions precedent or other contingencies to the funding of such Alternate Financing that were not conditions precedent or contingencies to the funding of the Financing under the Commitment Letter and would reasonably be expected to delay, prevent or render the Alternate Financing (or any portion thereof) materially less likely to occur at the Initial Closing than the Financing under the Commitment Letter.

5.8. Financial Statements. The Company shall, as promptly as reasonably practicable but in any event no fewer than ten (10) Business Days prior to the Initial Closing, deliver to Buyer: (i) (A) the Company's audited statements of revenues and direct expenses for the Product Lines as of July 31, 2011, 2010 and 2009 and (B) the Company's audited statements of assets acquired and Liabilities assumed for the Product Lines as of July 31, 2011 and 2010, in each case accompanied by the audit report of KPMG LLP and prepared pursuant to GAAP consistently applied and the SEC Letters (collectively, the "Audited Financial Statements"), and (ii) (A) the Company's unaudited statements of revenues and direct expenses for the Product Lines for the nine-month period ended April 30, 2012 and 2011 and (B) the Company's unaudited statements of assets acquired and liabilities assumed for the Product Lines for the nine-month period ended April 30, 2012 and 2011, in each case prepared pursuant to GAAP consistently applied and the SEC Letters (collectively, the "Nine-Month Financial Statements").

5.9. Confirmatory Due Diligence Review. The Company shall, as promptly as reasonably practicable following the date of this Agreement, and in any event on or before June 1, 2012, provide Buyer access to all of the confirmatory due diligence matters set forth on Schedule 5.9 in sufficient detail and scope as is satisfactory to Buyer (each, a "Confirmatory Due Diligence Category"). Upon making available each specific due diligence item relating to a Confirmatory Due Diligence Category (each, a "Disclosure Item"), the Company shall so notify Buyer by email to Tony Pare at pare@haemonetics.com. Buyer shall promptly, and in any event within ten (10) days following receipt of the notice from the Company referred to in the immediately preceding sentence, review each Disclosure Item made available and provide the Company with any questions or supplemental requests relating to such Disclosure Item or the Confirmatory Due Diligence Category to which such Disclosure Item relates. Within seven (7) days following the date on which Buyer receives access to all matters relating to each Confirmatory Due Diligence Category, and in any event on or before June 15, 2012, Buyer shall deliver to the Company a notice (a "Supplemental Notice") summarizing any matters relating to the Confirmatory Due Diligence Categories that have not been provided to the satisfaction of Buyer. The Parties agree to use commercially reasonable efforts to resolve the matters raised in the Supplemental Notice. If, following the date of this Agreement and prior to the date that is seven (7) days following the Company's receipt of the Supplemental Notice (the "Confirmatory Due Diligence Review Period"), Buyer discovers or is made aware of one or more facts, occurrences or circumstances relating to any of the Disclosed Due Diligence Categories that, individually or in the aggregate, would (a) require cash outlays in an amount equal to or greater than $3,000,000 or (b) reduce the operating income of the Product Lines in an amount equal to or greater than $1,500,000 (each of Section 5.9(a) and (b), a "Confirmatory Due Diligence Termination Event"), Buyer shall have the right to terminate this Agreement pursuant to Section 7.1(h). If the Buyer has not terminated this Agreement pursuant to Section 7.1(h) prior to the end of the relevant Confirmatory Due Diligence Review Period, Buyer shall be deemed to have been provided satisfactory access to each Confirmatory Due Diligence Category and Buyer shall not be entitled to terminate this Agreement pursuant to Section 7.1(h) on account of any Confirmatory Due Diligence Category. No Disclosure Item disclosed to Buyer pursuant to this Section 5.9 shall be deemed to qualify or limit any of the representations, warranties, covenants or agreements of the Company (or Buyer's remedies with respect thereto) contained in this Agreement or any Transaction Document.

5.10. Delivery of Product Line Contracts. At or prior to the Initial Closing, the Company shall deliver to Buyer true and correct copies of each Product Line Contract (other than those relating to the HDC Line), together with all amendments, waivers and other changes thereto which are not, as of the Initial Closing Date, present at the Ascoli, Covina, Puerto Rico or Tijuana facilities purchased or leased by Buyer, except for Product Line Contracts that the Company has executed or otherwise become a party to within thirty (30) days prior to the Initial Closing (the "Delayed Delivery Contracts"). The Company shall deliver true and correct copies of each Delayed Delivery Contract, together with all amendments, waivers and other

changes thereto, within thirty (30) days following the Initial Closing (the "Delayed Delivery Period"). At the Subsequent Closing, the Company shall deliver to Buyer true and correct copies of each Product Line Contract not otherwise delivered at the Initial Closing or by the Delayed Delivery Date, including without limitation all Contracts related to the HDC Line.

5.11. Claims. With respect to the matters referenced in Schedule 3.14 relating to claims by temporary workers, the Company shall diligently pursue all claims and defenses thereof and, if the ultimate decision, after appeal, requires reinstatement of any of such temporary workers, Buyer will cooperate with the Company in implementing such remedy.

5.12. Equity Assignment. The Company shall take all necessary and required actions promptly after the Initial Closing to reflect Buyer's acquisition of 100% of the quotas of the Mexico Subsidiary and to permit Buyer to replace the Mexico Subsidiary's board of managers.

5.13. Mexico Lease. The Company shall cause the Mexico Subsidiary to submit a notice to timely renew the lease dated December 3, 2007 with Blanca Estela Colunga Sanselices Lot 7 at Calle Colinas 11731, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana.

5.14. Puerto Rico Sublease. If, following the date of this Agreement, Buyer determines that the warehouse located in Fajardo, Puerto Rico is necessary or desirable for the operation of the Product Lines, the Parties shall in good faith negotiate a sublease agreement pursuant to which the Company Group will sublease a portion of such warehouse to the Buyer Group.

5.15. HDC Line.

(a) General. The Parties acknowledge that the machinery and equipment of the HDC Line are presently located at the Pensacola Facility. Subject to the timing requirements set forth in this Section 5.15, the Company shall, or shall cause approved Persons to, design, fabricate, manufacture, procure, assemble and install in a portion of building 2 of the Puerto Rico Facility that the Company reasonably designates, occupies and controls (commencing with the installation of the HDC Project at such facility) after the Initial Closing equipment and machinery and related assets, including spare parts (the "New HDC Line"), with such design and performance capability as is equivalent to the assets of the HDC Line located at the Pensacola Facility as of the date hereof. The equipment and machinery of the New HDC Line (i) shall be fabricated, manufactured, assembled and installed in a good and workmanlike manner in accordance with all applicable Laws and Permits, (ii) shall satisfy and conform to the current performance standards and specifications of the HDC Line as set forth on Schedule 5.15(a)(i) (collectively, the "Performance Standards") and (iii) shall produce Media that satisfies the standards and specifications set forth on Schedule 5.15(a)(ii) (the "Media Acceptance Criteria" and, together with the Performance Standards, the "Replication Standards"). The Company's obligation to install the New HDC Line at the Puerto Rico Facility in accordance with the provisions of this Section 5.15 is referred to herein as the "HDC Project." The Company shall complete the HDC Project at the Company's sole cost and expense, up to a maximum expenditure by the Company in respect of the design, fabrication, manufacture, procurement, delivery, installation, assembly and performance testing of the New HDC Line equal to $15,000,000 (the "HDC Expense Cap"). Any costs or expenses that exceed the HDC Expense Cap for the design, fabrication, manufacture, procurement, delivery, installation, assembly and performance testing of the New HDC Line shall be for the sole account and expense of Buyer; provided, however, that the Company shall not, without Buyer's prior written approval (not to be unreasonably withheld), enter into any Contract or other arrangement, or terminate, modify or amend any Contract related to the HDC Project including change orders, that individually or in the aggregate would

cause the Company to incur costs or expenses, or commit to incur costs or expenses with respect to the HDC Project, in excess of the estimate of the total cost of the HDC Project, in the form attached hereto as Schedule 5.15(a)(iii) (the "Estimate"). The Company shall commence the HDC Project promptly following the Initial Closing Date and continuously and diligently carry out the work thereafter. The Company represents that the Performance Standards and the Media Acceptance Standards reflect the current performance of the HDC Line as of the date hereof. Company will hold Buyer harmless from all Liabilities with respect to the HDC Project solely arising from the acts of the Company, its contractors, agents and employees.

(b) Design of New HDC Line.

(i) Subject to Section 5.15(b)(ii), the Company shall be responsible for the design of the New HDC Line and for ensuring that the New HDC Line is capable of satisfying the Replication Standards. The Company shall select all product designers, product engineering firms, manufacturers and other service or product providers (all of which shall have the necessary technical capacity and technical qualifications to perform their respective obligations necessary in order to develop, design, manufacture, assemble, deliver and install the New HDC Line, all such providers shall be subject to Buyer's reasonable approval).

(ii) The Company shall provide Buyer with the proposed written design specifications for the New HDC Line (the "Design Specifications") prior to executing the Contract(s) for the manufacture and assembly of the New HDC Line.

(A) Buyer shall have twenty (20) Business Days following receipt of the Design Specifications to review and consider the Design Specifications and, if Buyer does not object to the Design Specifications in writing by the end of such twenty (20) Business Day period, the Design Specifications shall be deemed final and not subject to further change by the Company or Buyer except as may be required by Law, site conditions or as mutually agreed by the Parties. The Company shall cause Buyer to be provided with prompt access to relevant personnel and records (subject to the terms of the Company's standard non-disclosure agreement) to assist its evaluation.

(B) If Buyer objects in writing to the Design Specifications within twenty (20) Business Days following receipt of the Design Specifications (the "Design Objection Notice"), the Company and Buyer shall meet to discuss Buyer's objections and to agree to specifications that are mutually agreeable to the Parties (such period during which the Parties discuss Buyer's objections to the Design Specification, the "Design Consulting Period"). If the Parties cannot mutually agree to revised written Design Specifications for the New HDC Line within thirty (30) Business Days following the receipt of Design Objection Notice, the matter shall be resolved in accordance with Section 10.14 hereof. The Company's obligations under Section 5.15(g)(i)(A) shall be extended by the number of days of the Design Consulting Period.

(C) In no event shall the Company be obligated to accept any proposed change to the Design Specifications that would in the reasonable opinion of the Company (1) cause the New HDC Line not to be in compliance with applicable Law, (2) materially increase the size or capacity of the New HDC Line

when compared to the HDC Line as of the date hereof or (3) materially increase the estimated time to complete the HDC Project, (4) materially increase the cost to complete the HDC Project (unless Buyer agrees to accept such increased costs for its own account) or (5) otherwise materially change the form, fit or function of the HDC Project, including without limitation, any changes that could be reasonably expected to adversely effect the ability of the HDC Project equipment from satisfying the Replication Standards. In no event shall Buyer be obligated to accept any Design Specifications that would in the reasonable opinion of Buyer (1) materially increase the cost of the HDC Project above that set forth in the Estimate, (2) materially increase the estimated time to complete the HDC Project or (3) otherwise materially change the form, fit or function of the HDC Project, including without limitation, any changes that could be reasonably expected to adversely effect the ability of the HDC Project equipment from satisfying the Replication Standards.

(iii) Within thirty (30) days following the end of each fiscal quarter following the Initial Closing, the Company shall provide to Buyer a written summary setting forth in reasonable detail the status of the HDC Project. The Company shall provide Buyer with an opportunity to submit questions and provide reasonable input with respect to the progress of the HDC Project.

(iv) In addition to the periodic consultation provided for in Section 5.15(b)(iii), Buyer (or a designated project manager on behalf of Buyer, whose compensation and expenses are solely for the account of Buyer) shall, upon reasonable prior written notice to the Company, be allowed access (at reasonable times and at reasonable frequency) to the Company's and each contractor's records, and to the contractor's facilities, the portions of the Pensacola Facility generally accessible to Media customers and the portions of the Puerto Rico Facility where the HDC Project is being carried out to observe progress of the HDC Project, subject to such confidentiality provisions to which the Company is then bound in respect of records or materials provided or prepared by third parties, subject, in all cases, to any confidentiality related restrictions that may be imposed by third party contractors, as well as the Company's standard non-disclosure agreement. The Company shall provide Buyer with reasonable advance written notice of any testing of any material portion of the New HDC Line and the opportunity to attend and observe any such testing.

(c) Delivery and Installation of New HDC Line. The Company shall be responsible for the delivery and physical installation of the New HDC Line, including without limitation obtaining and maintaining at its own expense all applicable Permits, Taxes and insurance required in order to deliver, physically install, own and operate the New HDC Line, subject to the HDC Expense Cap; provided, however, that Buyer shall: (i) provide reasonable access to Buyer's portion of the Puerto Rico Facility to those agents, consultants and/or employees of the Company who will be delivering and installing the New HDC Line and (ii) cooperate with reasonable requests from the Company and its agents, consultants and/or employees in connecting the New HDC Line to any necessary existing systems of Buyer at the Puerto Rico Facility, including without limitation, any electrical sources, master HVAC systems, pollution control systems and/or waste recovery systems. The Company shall be responsible for assuring the existing systems in the Puerto Rico Facility are capable of sustaining the operation of the New HDC Line, it being understood that the Company shall have no responsibility for any change made in the Puerto Rico Facility by Buyer to the extent such change adversely impacts the ability of such system to sustain the operation of the New HDC Line.

(d) Acceptance.

(i) After the Company advises Buyer that the installation of the New HDC Line has been completed, Buyer shall conduct appropriate testing of the New HDC Line (the "Acceptance Test"). The Acceptance Test shall be performed in accordance with customary testing protocols and procedures as reasonably determined by Buyer with reasonable input from the Company. The Parties acknowledge and agree that the Acceptance Test will be designed and conducted for the purpose of confirming that (A) the New HDC Line complies with all applicable Law and Permits, (B) the New HDC Line conforms to the Design Specification and satisfies the Replication Standards, (C) the New HDC Line is capable of full scale and continuous operations at the same level of full scale and continuous operations existing for the HDC Process Media production at the Pensacola Facility as of the date of this Agreement, and (D) the installed workforce are qualified and capable of successfully operating the New HDC Line.

(ii) Operating personnel necessary for operation of the New HDC Line shall be provided by the Company during the conduct of the Acceptance Test; provided, however, that Buyer, at Buyer's sole option, may supply operating personnel for the conduct of the Acceptance Test, subject to the execution by such personnel of nondisclosure agreements satisfactory to the Company and the participation and observation of such testing by the Company. The Company shall use commercially reasonable efforts to promptly address all deficiencies in the New HDC Line identified by Buyer during or following the Acceptance Test. Except for personnel supplied by Buyer, the Acceptance Test shall be conducted at the Company's expense.

(iii) In the event that, upon the completion of the Acceptance Test, the Acceptance Test has not been successfully completed, the Acceptance Test shall be repeated (each, an "Additional Acceptance Test") at the Company's expense and the Company shall have the opportunity (with no charge to Buyer) to modify the New HDC Line in order to successfully complete the Acceptance Test or any Additional Acceptance Test.

(iv) Upon completion of the Acceptance Test or any Additional Acceptance Test, as applicable, Buyer shall promptly, and in any event not later than ten (10) Business Days following the completion of such Acceptance Test or Additional Acceptance Test, as applicable, provide the Company with a written notice setting forth in reasonable detail Buyer's determination as to whether such Acceptance Test or Additional Acceptance Test has been successfully completed and, if such Acceptance Test or Additional Acceptance Test has not been successfully completed, the basis therefore. The Acceptance Test or any Additional Acceptance Test, as applicable, shall be deemed successfully completed at Buyer's reasonable determination (the "HDC Line Delivery"). Upon the HDC Delivery, the Company shall provide Buyer with such a number of trained and qualified employees sufficient to operate the New HDC Line in accordance with the Replication Standards, which such employees shall be deemed to be Transferred Employees subject, to the extent applicable, Section 9.7 hereof.

(e) Confirmatory Acceptance Test. As promptly as reasonably practicable following the HDC Line Delivery, but in any event prior to the first anniversary of the HDC Line Delivery, Buyer and the Company shall use commercially reasonable efforts to conduct an *in vitro* paired-t test to ensure that the Media produced by the New HDC Line is equivalent or superior to the Media Acceptance Criteria (the "Confirmatory Acceptance Test"). Upon completion of the Confirmatory Acceptance Test, Buyer shall promptly, and in any event not later than ten (10) Business Days following the completion of such Confirmatory Acceptance Test, provide the Company with a written notice setting forth in reasonable detail Buyer's determination as to whether such Confirmatory Acceptance Test has been successfully completed

and, if such Confirmatory Acceptance Test has not been successfully completed, the basis therefore. The Confirmatory Acceptance Test shall be deemed successfully completed at Buyer's reasonable determination. Upon such successful completion of the Confirmatory Acceptance Test, Buyer shall release to the Company the Holdback Amount by wire transfer of immediately available funds to an account designated by a duly authorized officer of the Company at least five (5) Business Days prior to the release of such Holdback Amount.

(f) Timing for Delivery of HDC Line.

(i) Subject to Section 5.15(f)(ii), the Company agrees that:

(A) that the New HDC Line shall be delivered and installed in the Puerto Rico Facility and ready for the Acceptance Test no later than April 30, 2016;

(B) that the Acceptance Test or any Additional Acceptance Test, as applicable, shall be successfully completed by August 1, 2016; and

(C) subject to the Buyer's commercially reasonable efforts, the Media validation shall be successfully completed by August 1, 2017.

(ii) All time periods in Section 5.15(f)(i) shall be tolled during the existence of a Force Majeure Event and shall be tolled for any period during which the Company is unable to perform any of the steps required for the HDC Project as a result of Buyer's failure to perform its obligations hereunder. In addition to the foregoing, all time periods in Section 5.15(f)(i) shall be extended on a day-for-day basis for all changes to the Design Specifications requested by Buyer, change orders agreed to by the Parties, and the Design Consulting Period.

(g) Dispute Resolution. Any dispute arising under Sections 5.15(a) through (f) inclusive shall be resolved in accordance with the procedures set forth in Section 10.14.

5.16. Covenant with Respect to Employment. The Company and Buyer shall comply with the obligations with respect to employment set forth on Schedule 5.16.

5.17. Post-Initial Closing Permitting Actions. Each of the Company and Buyer and their respective applicable Subsidiaries shall take the actions necessary to transfer any Permits which require individual or joint actions.

5.18. Training Program. The Company agrees that if, during the term of the Media Supply Agreement or the Services Agreement, Buyer acquires all the equipment and machinery and access to a radiation source necessary to conduct wet grafting operations similar to the Company's operations conducted at the Company's facility in Hauppauge, NY, the Company will cooperate with Buyer to develop a mutually agreed, one-time training program to be conducted by appropriate technical and scientific personnel from the Company relating to the use and practice of any Company Intellectual Property licensed under the License Agreement necessary to conduct such wet grafting.

ARTICLE VI

CONDITIONS TO CLOSING

6.1. Conditions to Buyer's Obligation at the Initial Closing. The obligation of Buyer to consummate the transactions contemplated by this Agreement at the Initial Closing is subject to the fulfillment of the following conditions as of the Initial Closing (any of which may be waived by Buyer, but only in a writing signed by Buyer):

(a) Representations and Warranties. The Company Initial Closing Representations and Warranties and the Company Signing Representations and Warranties shall have been true and correct on and as of the date of this Agreement, and except for the Company Initial Closing Representations and Warranties made as of a particular date (which representations and warranties shall be true and correct in all respects as of such particular date), the Company Initial Closing Representations and Warranties which are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects and the Company Initial Closing Representations and Warranties which are qualified by materiality or Material Adverse Effect shall be true and correct in all respects, in each case on and as of the Initial Closing as though then made and as though the Initial Closing Date were substituted for the date of this Agreement throughout such Company Initial Closing Representations and Warranties.

(b) Covenants. The Company shall have performed and complied in all material respects with all of the covenants and agreements required to be performed by it under this Agreement on or prior to the Initial Closing.

(c) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any events, occurrences, changes, effects or conditions of any character which, individually or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect.

(d) Officer's Certificate. The Company shall have delivered to Buyer a certificate of the Company's Chief Executive Officer, dated as of the Initial Closing Date, certifying to Buyer that the statements set forth in Section 6.1(a), Section 6.1(b) and Section 6.1(c) are true and correct as of the Initial Closing Date.

(e) Secretary's Certificate. The Company shall have delivered to Buyer a certificate of the Secretary of the Company, dated as of the Initial Closing Date, certifying as to, (i) the incumbency of officers of the Company executing documents executed and delivered in connection herewith, (ii) the copies of the articles of incorporation of the Company and bylaws of the Company, each as in effect from the date of this Agreement until the Initial Closing Date and (iii) a copy of the resolutions of the board of directors of the Company authorizing and approving the applicable matters contemplated hereby.

(f) Governmental Authorizations. All governmental and regulatory filings, authorizations and approvals that are required for the transfer of the Initial Closing Purchased Assets to Buyer and the consummation of the transactions contemplated hereby shall have been duly made and obtained and shall be in full force and effect, and all waiting periods (and any extensions thereof) applicable to the transfer of the Initial Closing Purchased Assets shall have expired or been terminated.

(g) No Injunctions or Litigation. No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, provincial, local or foreign

jurisdiction or before any arbitrator wherein an unfavorable judgment, decree, injunction, order or ruling would prevent the performance of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement, or cause such transactions to be rescinded and no judgment, decree, injunction, order or ruling shall have been entered which has any of the foregoing effects.

(h) Effective Transfer of Material Contracts. The Company Group shall have Effectively Transferred the Material Contracts (other than Material Contracts exclusively related to the HDC Line); provided, however, that in the case of Material Contracts with customers of the Product Lines, the Company Group shall have Effectively Transferred (i) the Material Contracts listed on Schedule 6.1(h) (the "Required Material Contracts") and (ii) the Material Contracts (other than the Required Material Contracts) that, together with the Required Material Contracts, represent 90% of the aggregate revenues generated by all Material Contracts with customers during the Company's fiscal year ended July 31, 2011.

(i) Opinion of Company Mexico Counsel. Buyer shall have received an opinion of TP Legal, S.C., Tenorio, Torres, Pedrin & Tortolero, local counsel to the Company in Mexico, in form and substance reasonably satisfactory to Buyer.

(j) Transfer of Purchased Assets. Except as provided in Section 2.10 and Section 2.11, except as to the Material Contracts (separately addressed in Section 6.1(h)) the Company Group shall have delivered good and sufficient instruments of transfer transferring to Buyer all of its right, title and interest in and to the Initial Closing Purchased Assets, including, without limitation, the applicable Transfer Documents, each of which shall have been executed and delivered by the Company (or its applicable Subsidiary).

(k) Intellectual Property Assignments. The Company Group shall have executed and delivered a Trademark Assignment conveying any Company Marks included in the Purchased Assets, in the form attached hereto as Exhibit D-1; and a Patent Assignment conveying any Company Patents included in the Purchased Assets, in the form attached hereto as Exhibit D-2.

(l) License Agreement. The Company shall have executed and delivered to Buyer a License Agreement in the form attached hereto as Exhibit E (the "License Agreement").

(m) Supply Agreement. The Company shall have executed and delivered to Buyer a Supply Agreement in the form attached hereto as Exhibit F (the "Supply Agreement").

(n) Contract Manufacturing Agreement. The Company shall have executed and delivered to Buyer a Contract Manufacturing Agreement in the form attached hereto as Exhibit G (the "Contract Manufacturing Agreement").

(o) Transition Services Agreements. The Company shall have executed and delivered to Buyer both of the Transition Services Agreements in the form attached hereto as Exhibit H-1 and Exhibit H-2 (the "Transition Services Agreements").

(p) Distribution Agreements. The Company shall have executed and delivered to Buyer Distribution Agreements in the form attached hereto as Exhibit I (the "Distribution Agreements").

(q) Financing. Buyer shall have received the proceeds of the Financing.

(r) Lease Agreement. The Company shall have executed and delivered to Buyer a lease agreement in the form attached hereto as Exhibit J relating to the Puerto Rico Facility (the "Lease Agreement").

(s) Adjusted EBITDA. The Adjusted EBITDA shall be an amount equal to at least $62,941,300.

(t) Required Closing Financial Statements. The Company shall have delivered to Buyer the Required Closing Financial Statements not less than ten (10) Business Days prior to the Initial Closing Date.

(u) Payoff Letters. The Company Group shall have delivered to Buyer payoff letters with respect to all Indebtedness outstanding as of the Initial Closing with respect to the Purchased Assets and releases of any and all Liens on the Purchased Assets held by third parties (other than Permitted Liens) shall have been obtained.

(v) Resignation of Mexico Subsidiary Managers. The Company shall have delivered to Buyer written resignations of the managers of the Mexico Subsidiary and revocations of all powers of attorney.

(w) Information Technology Conversion. The Company shall have (i) demonstrated in a manner reasonably satisfactory to Buyer that the Company's information technology systems relating to the Product Lines (the "System"), which include the Company's suite of enterprise solution systems specifically identified on Schedule 6.1(w)(i)) will, as of the Closing Date: (x) have the ability to connect to Buyer's corresponding information technology platform (provided that Buyer has established that portion of the connectivity link between the System and Buyer's corresponding system that is within its control), (y) provide functionality of performance at the level of functionality that the System provides to the Company immediately prior to Closing and (z) have the ability to achieve data validation as demonstrated by customary testing protocols to be agreed in advance by the Company and Buyer and (ii) trained the employees and related personnel of Buyer that are required to operate the Buyer's corresponding information technology system for the Product Lines in accordance with the training criteria set out in Schedule 6.1(w)(ii).

(x) FIRPTA Certificates. Each member of the Company Group which is selling Purchased Assets in the United States hereunder and which is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code shall have delivered to Buyer a certificate of non-foreign status, in form and substance reasonably satisfactory to Buyer, that complies with Section 1445 of the Code and the Treasury regulations thereunder.

(y) Title Insurance. Commonwealth Land Title Insurance Company shall have issued to Buyer (or an Affiliate thereof) a current ALTA owner's form title insurance policy dated as of the Initial Closing Date insuring fee simple title to the Covina Facility substantially in the form of the Title Pro Forma. Such policy shall provide for a coverage amount equal to the value assigned to the Covina Facility pursuant to Section 2.4. Buyer and the Company (or their Affiliates) shall have signed customary closing affidavits and certificates and taken other steps which are usual and customary in connection with such policy.

6.2. Conditions to the Company's Obligations at the Initial Closing. The obligation of the Company to consummate the transactions contemplated by this Agreement at the Initial Closing is subject to the fulfillment of the following conditions as of the Initial Closing (any of which may be waived by the Company, but only in a writing signed by the Company):

(a) Representations and Warranties. The representations and warranties of Buyer set forth in Article IV (the "Buyer Initial Closing Representations and Warranties") shall have been true and correct on and as of the date of this Agreement, and except for Buyer Initial Closing Representations and Warranties made as of a particular date (which representations and warranties shall be true and correct in all respects as of such particular date), the Buyer Initial Closing Representations and Warranties which are not qualified by materiality or material adverse effect shall be true and correct in all material respects and the Buyer Initial Closing Representations and Warranties which are qualified by materiality or material adverse effect shall be true and correct in all respects, in each case on and as of the Initial Closing Date as though then made and as though the Initial Closing Date were substituted for the date of this Agreement throughout such Buyer Initial Closing Representations and Warranties.

(b) Covenants. Buyer shall have performed and complied in all material respects with all of the covenants and agreements required to be performed by it under this Agreement on or prior to the Initial Closing.

(c) Officer's Certificate. Buyer shall have delivered to the Company a certificate of the Chief Financial Officer of Buyer, dated as of the Initial Closing Date, certifying to the Company that the statements set forth in Section 6.2(a) and Section 6.2(b) are true and correct as of the Initial Closing Date.

(d) Secretary's Certificate. Buyer shall have delivered to the Company a certificate of the Secretary of Buyer, dated as of the Initial Closing Date, certifying as to, (i) the incumbency of officers of Buyer executing documents executed and delivered in connection herewith, (ii) the copies of the articles of organization and bylaws of Buyer, each as in effect from the date of this Agreement until the Initial Closing Date and (iii) a copy of the resolutions of the board of directors of Buyer authorizing and approving the applicable matters contemplated hereby.

(e) Governmental Authorizations. All governmental and regulatory filings, authorizations and approvals that are required for the transfer of the Initial Closing Purchased Assets to Buyer and the consummation of the transactions contemplated hereby shall have been duly made and obtained and shall be in full force and effect, and all waiting periods (and any extensions thereof) applicable to the transfer of the Initial Closing Purchased Assets shall have expired or been terminated.

(f) No Injunctions or Litigation. No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, provincial, local or foreign jurisdiction or before any arbitrator wherein an unfavorable judgment, decree, injunction, order or ruling would prevent the performance of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement, or cause such transactions to be rescinded, and no judgment, decree, injunction, order or ruling shall have been entered which has any of the foregoing effects.

(g) Transfer Documents. Buyer or its applicable Subsidiary shall have executed and delivered to the Company each of the Transfer Documents.

(h) License Agreement. Buyer shall have executed and delivered to the Company the License Agreement.

(i) Supply Agreement. Buyer shall have executed and delivered to the Company the Supply Agreement.

(j) Contract Manufacturing Agreement. Buyer shall have executed and delivered to the Company the Contract Manufacturing Agreement.

(k) Transition Services Agreements. Buyer and its Subsidiaries listed therein shall have executed and delivered to the Company each of the Transition Services Agreements.

(l) Distribution Agreements. Buyer shall have executed and delivered to the Company the Distribution Agreements.

(m) Lease Agreement. Buyer or its applicable Subsidiary shall have executed and delivered to the Company the Lease Agreement.

(n) Guaranty. Buyer shall have executed and delivered to the Company the guaranty in the form attached hereto as Exhibit K.

(o) Adjusted EBITDA. The Adjusted EBITDA shall be an amount equal to at least $61,284,950.

6.3. Conditions to Buyer's Obligation at the Subsequent Closing. The obligation of Buyer to consummate the transactions contemplated by this Agreement at the Subsequent Closing is subject to the fulfillment of the following conditions as of the Subsequent Closing (any of which may be waived by Buyer, but only in a writing signed by Buyer):

(a) Representations and Warranties. The Company Signing Representations and Warranties shall have been true and correct on and as of the date of this Agreement, and except for the Company Subsequent Closing Representations and Warranties and the Company Signing Representations and Warranties made as of a particular date (which representations and warranties shall be true and correct in all respects as of such particular date), the Company Subsequent Closing Representations and Warranties and the Company Signing Representations and Warranties which are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects and the Company Subsequent Closing Representations and Warranties and the Company Signing Representations and Warranties which are qualified by materiality or Material Adverse Effect shall be true and correct in all respects, in each case on and as of the Subsequent Closing as though then made and as though the Subsequent Closing Date were substituted for the date of this Agreement throughout such Company Subsequent Closing Representations and Warranties and the Company Signing Representations and Warranties.

(b) Covenants. The Company shall have performed and complied in all material respects with all of the covenants and agreements required to be performed by it under this Agreement on or prior to the Subsequent Closing.

(c) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any events, occurrences, changes, effects or conditions of any character which, individually or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect solely with respect to the HDC Line.

(d) Officer's Certificate. The Company shall have delivered to Buyer a certificate of the Company's Chief Executive Officer, dated as of the Subsequent Closing Date, certifying to Buyer that the statements set forth in Section 6.3(a), Section 6.3(b) and Section 6.3(c) are true and correct as of the Subsequent

Closing Date.

(e) Governmental Authorizations. All governmental and regulatory filings, authorizations and approvals that are required for the transfer of the Subsequent Closing Purchased Assets to Buyer and the consummation of the transactions contemplated hereby shall have been duly made and obtained and shall be in full force and effect, and all waiting periods (and any extensions thereof) applicable to the transfer of the Subsequent Closing Purchased Assets shall have expired or been terminated.

(f) No Injunctions or Litigation. No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, provincial, local or foreign jurisdiction or before any arbitrator wherein an unfavorable judgment, decree, injunction, order or ruling would prevent the performance of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement, or cause such transactions to be rescinded and no judgment, decree, injunction, order or ruling shall have been entered which has any of the foregoing effects.

(g) Effective Transfer of Purchased Contracts. The Company Group shall have Effectively Transferred the Purchased Contracts related to the HDC Line.

(h) HDC Line Delivery. The HDC Line Delivery shall have occurred.

(i) Transfer of Subsequent Closing Purchased Assets. The Company Group shall have delivered good and sufficient instruments of transfer transferring to Buyer all of its right, title and interest in and to the Subsequent Closing Purchased Assets, including, without limitation, any applicable Transfer Documents, each of which shall have been executed and delivered by the Company (or its applicable Subsidiary).

(j) Amendment to Lease Agreement. The Company or its applicable Subsidiary shall have executed and delivered to Buyer an amendment to the Lease Agreement increasing the Floor Space (as defined in the Lease Agreement) with respect to the area of the Puerto Rico Facility occupied by the HDC Line with a corresponding increase to the proportionate share of expenses to be paid by Buyer (the "Amendment to Lease Agreement").

(k) Services Agreement. The Company or its applicable Subsidiary shall have executed and delivered to Buyer a services agreement with respect to the treatment of Media at the Company's Hauppauge, New York facility in substantially similar form to the Supply Agreement, where applicable, which shall provide for such treatment of Media at a price per linear foot specified in Schedule 6.3(k), escalated annually starting August 1, 2011 in accordance with the adjustment formula utilizing the changes in the Product Price Index as set forth in Section 4.1 of the Supply Agreement (the "Services Agreement").

6.4. Conditions to the Company's Obligations at the Subsequent Closing. The obligation of the Company to consummate the transactions contemplated by this Agreement at the Subsequent Closing is subject to the fulfillment of the following conditions as of the Subsequent Closing (any of which may be waived by the Company, but only in a writing signed by the Company):

(a) Representations and Warranties. The representations and warranties of Buyer set forth in Section 4.1, Section 4.2, Section 4.3, Section 4.5, Section 4.6, Section 4.7 and Section 4.8 (the "Buyer Subsequent Closing Representations and Warranties") shall have been true and correct on and as of the date

of this Agreement, and except for the Buyer Subsequent Closing Representations and Warranties made as of a particular date (which representations and warranties shall be true and correct in all respects as of such particular date), the Buyer Subsequent Closing Representations and Warranties which are not qualified by materiality or material adverse effect shall be true and correct in all material respects and the Buyer Subsequent Closing Representations and Warranties which are qualified by materiality or material adverse effect shall be true and correct in all respects, in each case on and as of the Subsequent Closing as though then made and as though the Subsequent Closing Date were substituted for the date of this Agreement throughout such Buyer Subsequent Closing Representations and Warranties.

(b) Covenants. Buyer shall have performed and complied in all material respects with all of the covenants and agreements required to be performed by it under this Agreement on or prior to the Subsequent Closing.

(c) Officer's Certificate. Buyer shall have delivered to the Company a certificate of the Chief Financial Officer of Buyer, dated as of the Subsequent Closing Date, certifying to the Company that the statements set forth in Section 6.4(a) and Section 6.4(b) are true and correct as of the Subsequent Closing Date.

(d) Governmental Authorizations. All governmental and regulatory filings, authorizations and approvals that are required for the transfer of the Subsequent Closing Purchased Assets to Buyer and the consummation of the transactions contemplated hereby shall have been duly made and obtained and shall be in full force and effect, and all waiting periods (and any extensions thereof) applicable to the transfer of the Subsequent Closing Purchased Assets shall have expired or been terminated.

(e) No Injunctions or Litigation. No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, provincial, local or foreign jurisdiction or before any arbitrator wherein an unfavorable judgment, decree, injunction, order or ruling would prevent the performance of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement, or cause such transactions to be rescinded, and no judgment, decree, injunction, order or ruling shall have been entered which has any of the foregoing effects.

(f) Amendment to Lease Agreement. Buyer or its applicable Subsidiary shall have executed and delivered to the Company the Amendment to Lease Agreement.

(g) Services Agreement. Buyer or its applicable Subsidiary shall have executed and delivered to the Company the Services Agreement.

ARTICLE VII

TERMINATION

7.1. Termination. This Agreement may be terminated at any time prior to the Initial Closing:

(a) by mutual written consent of the Company and Buyer;

(b) by written notice to the other Party, by the Company, on the one hand, or Buyer, on the other hand, if the Initial Closing has not occurred on or prior to August 1, 2012; provided, however, that neither Buyer nor the Company, as the case may be, shall be entitled to terminate this Agreement pursuant to this Section 7.1(b) if such Party's or Parties' failure to perform any of its obligations hereunder or under any other Transaction Document has prevented the consummation of the transactions contemplated hereby at or prior to such time;

(c) by written notice to the other Party, by the Company, on the one hand, or Buyer, on the other hand, if any Governmental Entity of competent jurisdiction has issued a final and non-appealable order, decree, judgment, injunction or ruling or taken any other action enjoining, restraining or otherwise prohibiting the consummation of the transactions contemplated hereby; provided that the Party seeking to terminate this Agreement shall have used its commercially reasonable efforts to have such order, decree, judgment, injunction or ruling lifted if and to the extent required under Section 5.5;

(d) by written notice to the Updating Party, by the Notified Party during a Notice Period upon a Schedule Update Termination Event;

(e) by the Company, upon written notice to Buyer, if the Company is not then in breach of any provision of this Agreement, upon a breach of any representation, warranty or covenant of Buyer contained in this Agreement that would result in the failure of a condition set forth in Section 6.2(a) or Section 6.2(b); provided that such breach is not capable of being cured or has not been cured within thirty (30) days after the giving of written notice thereof by the Company to Buyer;

(f) by Buyer, upon written notice to the Company, if Buyer is not then in breach of any provision of this Agreement, upon a breach of any representation, warranty or covenant of the Company contained in this Agreement that would result in the failure of a condition set forth in Section 6.1(a) or Section 6.1(b); provided that such breach is not capable of being cured or has not been cured within thirty (30) days after the giving of written notice thereof by Buyer to the Company;

(g) by Buyer, upon written notice to the Company, if the Financing shall not have occurred, or it becomes apparent that such Financing will not occur by August 1, 2012, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Initial Closing; or

(h) by Buyer, upon written notice to the Company during the Confirmatory Due Diligence Review Period upon a Confirmatory Due Diligence Termination Event.

This Agreement may be terminated after the Initial Closing but prior to the Subsequent Closing by written notice to the other Party, by the Company, on the one hand, or Buyer, on the other hand, if the Subsequent Closing has not occurred on or prior to July 31, 2017; provided, however, that neither Buyer nor the Company, as the case may be, shall be entitled to terminate this Agreement pursuant hereto if such Party's or Parties' failure to perform any of its obligations hereunder or under any other Transaction Document has prevented the consummation of the transactions contemplated hereby at or prior to such time.

7.2. Effect of Termination. In the event of termination of this Agreement in accordance with Section 7.1, this Agreement shall forthwith become void and there shall be no Liability on the part of any Party to any other Party or its stockholders, Affiliates, directors or officers under this Agreement, except for the provisions of Section 7.2, Section 7.3, Section 9.3, Section 9.4(b)(i), Section 9.4(c) and Section 9.4

(d) and Article X shall continue in full force and effect and except that nothing herein shall relieve any Party from Liability for any breach of this Agreement prior to such termination.

7.3. Break Fee. Notwithstanding any provision to the contrary contained in this Agreement, if either Party refuses to consummate the transactions contemplated hereby despite the satisfaction of each of the conditions set forth herein for the Initial Closing applicable to such Party, and so long as the other Party is not in breach of any of its representations, warranties, covenants or agreements set forth herein to an extent that would permit the refusing Party not to consummate the Initial Closing pursuant to this Agreement, then the non-breaching Party shall have the right to demand from the refusing Party, and within two (2) Business Days of receipt of such demand, the refusing Party shall pay the non-breaching Party, an amount in immediately available funds equal to $17,000,000 (the "Break Fee"). The provision for payment of liquidated damages in this Section 7.3 has been included because the actual damages to be incurred by the non-breaching Party under the circumstances described in this Section 7.3 are reasonably expected to approximate the amount of liquidated damages set forth in this Section 7.3 and because the actual amount of such damages would be difficult if not impossible to measure precisely. The non-breaching Party acknowledges and agrees that the payment of the Break Fee shall be its sole and exclusive remedy, at law and in equity, under the circumstances described in this Section 7.3, and the non-breaching Party will not seek to take any action (including, without limitation, any injunctive or similar action or seeking specific performance of this Agreement) which is inconsistent with such exclusive remedy.

ARTICLE VIII

INDEMNIFICATION AND RELATED MATTERS

8.1. Survival; Risk Allocation.

(a) Survival of Representations, Warranties, Covenants and Agreements. All representations, warranties, covenants and agreements set forth in this Agreement, the other Transaction Documents or in any certificate delivered in connection with this Agreement or the transactions contemplated by this Agreement shall survive each of the Closings. Notwithstanding the foregoing, no Party shall be entitled to recover for any Loss pursuant to Section 8.2(a)(i) or 8.2(b)(i) unless written notice of a claim thereof is delivered to the other Party no later than thirty (30) days following the Applicable Limitation Date. For purposes of this Agreement, the term "Applicable Limitation Date" shall mean (i) with respect to the Company Initial Closing Representations and Warranties, the Company Signing Representations and Warranties and the Buyer Initial Closing Representations and Warranties, the second anniversary of the Initial Closing Date and (ii) with respect to the Company Subsequent Closing Representations and Warranties and the Buyer Subsequent Closing Representations and Warranties, the second anniversary of the Subsequent Closing Date; provided that the Applicable Limitation Date shall be the 60th day after expiration of the applicable statute of limitations (including any extensions thereto to the extent that such statute of limitations may be tolled) with respect to the following Losses: with respect to any Loss arising from or related to a breach of any of the Fundamental Representations and Warranties and the representations and warranties of Buyer set forth in Section 4.1 (Organization; Corporate Power) and Section 4.2 (Authorization of Transactions).

(b) Special Rule for Fraud. Notwithstanding anything in this Article VIII to the contrary, in the event any Party to this Agreement perpetrates a fraud on another Party hereto any Party that suffers

any Loss by reason thereof shall be entitled to seek recovery therefor without regard to any limitation set forth in this Agreement (whether a temporal limitation, a dollar limitation or otherwise), provided that in no event shall a Party's Liability to another Party with respect to this Agreement, the Transaction Documents or any matter related to either shall ever exceed the Total Purchase Price.

(c) Risk Allocation. The representations, warranties, covenants and agreements made herein, as modified by the Schedules attached hereto, together with the indemnification provisions herein, are intended among other things to allocate the economic cost and the risks inherent in the transactions contemplated hereby between the Parties and, accordingly, a Party shall be entitled to the indemnification or other remedies provided in this Agreement by reason of any breach of any such representation, warranty, covenant or agreement, as modified by the Schedules attached hereto, by another Party notwithstanding whether such Party or any employee, representative or agent of the Party seeking to enforce a remedy knew or had reason to know of such breach and regardless of any investigation by such Party.

8.2. Indemnification.

(a) Company's Indemnification. From and after each of the relevant Closings, and subject to each of the limitations set forth in this Article VIII, the Company shall indemnify Buyer and its officers, directors, employees, agents, representatives, Affiliates, successors and permitted assigns (collectively, the "Buyer Parties") and hold each of them harmless from and against and pay on behalf of or reimburse such Buyer Parties in respect of any loss, Liability, demand, claim, action, cause of action, cost, damage, deficiency, Tax, penalty, fine or expense, whether or not arising out of third party claims (including, without limitation, interest, penalties, reasonable attorneys', accountants' and other professionals' fees and expenses, court costs and all amounts paid in investigation, defense or settlement of any of the foregoing) (collectively, "Losses" and individually, a "Loss") which any such Buyer Party may suffer, sustain or become subject to, as a result of, in connection with, relating or incidental to or by virtue of:

(i) the breach of any of the (A) Company Initial Closing Representations and Warranties made by the Company contained in this Agreement as of the date hereof or as of the Initial Closing Date or in any certificate delivered in connection herewith or therewith, (B) Company Signing Closing Representations and Warranties as of the date hereof or any Closing Date or in any certificate delivered in connection herewith or therewith or (C) Company Subsequent Closing Representations and Warranties as of the Subsequent Closing Date or in any certificate delivered in connection therewith;

(ii) the breach of any covenant or agreement by the Company contained in this Agreement or any certificate delivered in connection herewith;

(iii) any assertion that the operation of the Product Lines, or any activity by the Company related to the Product Lines, or the manufacture, use, importation, offer for sale and/or sale of any Product, infringes or violates any Third Party IP Asset or constitutes a misappropriation of any subject matter of any Third Party IP Asset;

(iv) the assertion against any Buyer Party of any Excluded Liability;

(v) the breach of any Delayed Delivery Contract during the Delayed Delivery Period; or

(vi) any Taxes (i) of the Mexico Subsidiary for any Pre-Closing Tax Period; and (ii) imposed on the Mexico Subsidiary as a transferee or successor, by contract or otherwise.

For purposes of this Section 8.2(a), any qualifications as to (a) materiality, using the term "material" (or any variation thereof) or "Material Adverse Effect", or (b) knowledge, using the "Knowledge of the Company", in any representation or warranty shall be disregarded for purposes of determining whether a breach of a representation or warranty (or failure of any representation or warranty to be true and correct) exists and shall not be taken into account in determining the amount of any Loss with respect to any breach or failure of such representation or warranty to be true and correct in any respect.

(b) Buyer Indemnification. From and after each of the relevant Closings, and subject to each of the limitations set forth in this Article VIII, Buyer shall indemnify the Company and its officers, directors, employees, agents, representatives, Affiliates, successors and permitted assigns (collectively, the "Company Parties") and hold each of them harmless from and against and pay on behalf of or reimburse the Company Parties in respect of any Loss which any such Company Party may suffer, sustain or become subject to, as the result of, in connection with, relating to or incidental to or by virtue of:

(i) the breach by Buyer of any of the (A) Buyer Initial Closing Representations and Warranties made by Buyer contained in this Agreement as of the date hereof or as of the Initial Closing Date or in any certificate delivered in connection herewith or therewith or (B) Buyer Subsequent Closing Representations and Warranties as of the Subsequent Closing Date or in any certificate delivered in connection therewith;

(ii) the breach of any covenant or agreement made by Buyer contained in this Agreement or any certificate delivered in connection herewith; or

(iii) the assertion against any Company Party of any Assumed Liability.

For purposes of this Section 8.2(b), any qualifications as to (a) materiality, using the term "material" (or any variation thereof) or (b) knowledge, using the "Knowledge of Buyer", in any representation or warranty shall be disregarded for purposes of determining whether a breach of a representation or warranty (or failure of any representation or warranty to be true and correct) exists and shall not be taken into account in determining the amount of any Loss with respect to any breach or failure of such representation or warranty to be true and correct in any respect.

(c) Limitations on Indemnity. Subject to Section 8.1(a), the indemnification provided for in Section 8.2(a)(i) and Section 8.2(b)(i) above is subject to the following limitations:

(i) No Party shall be liable hereunder with respect to claims referred to in Section 8.2(a)(i) or Section 8.2(b)(i) above unless the other Party gives written notice thereof within thirty (30) days following the Applicable Limitation Date. Notwithstanding any implication to the contrary contained in this Agreement, so long as a Party delivers written notice of a claim no later than thirty (30) days following the Applicable Limitation Date, the other Party shall be required to indemnify hereunder for all Losses that such Parties may incur (subject to clause (c)(ii) below, to the extent applicable) in respect of the matters that are the subject of such claim, regardless of when incurred.

(ii) Notwithstanding anything contained in this Agreement to the contrary (but subject to the remainder of this Section 8.2(c)(ii)), no Indemnifying Party shall be liable to the Buyer

Parties or the Company Parties, as the case may be, (A) for any Loss arising under Section 8.2(a)(i) or Section 8.2(b)(i) above unless the aggregate amount of all Losses incurred by the Buyer Parties or the Company Parties, as applicable, exceeds $3,700,000 (the "Basket"), in which case such Indemnifying Party shall be liable for the extent of such excess over the Basket, and (B) for any Loss arising under Section 8.2(a)(i) or Section 8.2(b)(i) to the extent that the aggregate amount of all such Losses exceeds $80,000,000 (the "Cap"). Notwithstanding anything contained in this Agreement to the contrary, the Basket and the Cap shall not apply with respect to any Loss arising from or related to a breach of the Fundamental Representations and Warranties and the representations and warranties of Buyer set forth in Section 4.1(Organization; Corporate Power) and Section 4.2 (Authorization of Transactions).

(d) Procedure. If a Party seeks indemnification under this Article VIII, such Party (the "Indemnified Party") shall give written notice to the other Party (the "Indemnifying Party") promptly after receiving written notice of any action, lawsuit, proceeding, investigation or other claim against it (if by a third party) or discovering the Liability, obligation or facts giving rise to such claim for indemnification, describing the claim, the amount thereof (if known and quantifiable), and the basis thereof; provided that the failure to so notify the Indemnifying Party promptly shall not relieve the Indemnifying Party of its Liabilities hereunder except to the extent such failure shall have materially prejudiced the Indemnifying Party. In that regard, if any action, lawsuit, proceeding, investigation or other claim shall be brought or asserted by any third party that, if adversely determined, would entitle the Indemnified Party to indemnity pursuant to Article VIII, the Indemnified Party shall notify promptly the Indemnifying Party of the same in writing, specifying in reasonable detail the basis of such claim, and the Indemnifying Party shall be entitled to control the defense of such action, lawsuit, proceeding, investigation or other claim giving rise to the Indemnified Party's claim for indemnification at the Indemnifying Party's expense, and at the Indemnifying Party's option (subject to the limitations set forth below) shall be entitled to appoint lead counsel of such defense with a reputable counsel reasonably acceptable to the Indemnified Party; provided that, in the event that the Indemnifying Party elects to control such defense, such Indemnifying Party shall be deemed to have agreed to be fully responsible (with no reservation of rights) for all Losses relating to such claim, subject to the limitations set forth in Section 8.2(c)(ii).

Within fifteen (15) days after receiving written notice of an indemnification claim, the Indemnifying Party shall give written notice to the Indemnified Party stating whether it disputes all or any portion of the claim. If the Indemnifying Party fails to give written notice to the Indemnified Party that it disputes an indemnification claim within fifteen (15) days after receipt of notice thereof, the Indemnifying Party shall be deemed to have accepted and agreed to the claim, which shall become immediately due and payable subject to the limitations set forth in Section 8.2(c)(ii).

Notwithstanding any provision contained herein to the contrary, the Indemnifying Party shall not have the right to assume control of the defense of an indemnification claim hereunder and shall pay the reasonable fees and expenses of counsel retained by the Indemnified Party, if the claim over which the Indemnifying Party seeks to assume control (i) seeks non-monetary relief, (ii) involves criminal or quasi-criminal allegations or (iii) involves a claim that the Indemnifying Party failed or is failing to vigorously prosecute or defend.

The foregoing paragraph shall not apply to any third-party claim that relates solely to (i) any Excluded Liabilities or Excluded Assets, over which the Company shall have exclusive control, or (ii) any Assumed Liabilities, over which Buyer shall have exclusive control, including, without limitation, the right to control the defense or settlement of any such claim; provided that the Indemnified Party shall be entitled to participate

in the defense of any such third-party claim to the extent reasonably required to protect such Indemnified Party's interests.

If the Indemnifying Party exercises the right to control the defense of any third-party claim as provided above, then the Indemnified Party shall have the right to employ its own counsel in any such action and to participate in the defense thereof at its own expense, unless the Indemnifying Party has specifically authorized the employment of such counsel in writing, in which case the fees and expenses of such counsel shall be borne by the Indemnifying Party. Similarly, if the Indemnified Party controls the defense of any such claim, then the Indemnifying Party shall have the right to employ its own counsel in any such action and to participate in the defense thereof at its own expense. If, on the basis of a written opinion of outside counsel to be provided to the Indemnifying Party, the Indemnified Party reasonably determines that there exists a conflict of interest that would make it inappropriate for the same counsel to represent both the Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain its own counsel in each jurisdiction for which the Indemnified Party reasonably determines counsel is required, at the expense of the Indemnifying Party.

In the event that the Indemnifying Party exercises the right to control the defense of any third-party claim as provided above, then the Indemnified Party shall cooperate with the Indemnifying Party in such defense. Similarly, in the event that the Indemnified Party is, directly or indirectly, controlling the defense of any such claim, then the Indemnifying Party shall cooperate with the Indemnified Party in such defense. The Indemnifying Party shall obtain the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld, delayed or conditioned) before entering into any settlement of a claim or ceasing to defend such claim.

(e) Payments. Upon the earlier to occur of (i) the agreement of the Indemnifying Party to pay the amount claimed by an Indemnified Party in a claim notice, or (ii) a final determination that any amount is payable by an Indemnifying Party hereunder, such Indemnifying Party shall pay the Indemnified Party as soon as commercially practicable but in no event more than three (3) Business Days thereafter.

(f) Tax Treatment of Indemnity Payments. The Parties agree to treat all payments made pursuant to this Article VIII as adjustments to the Total Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof, except to the extent that the Laws of a particular jurisdiction provide otherwise.

(g) Mitigation. The Indemnified Party will use its commercially reasonable efforts to mitigate any Loss with respect to which it may be entitled to seek indemnification pursuant to this Agreement; provided, however, that, for the purpose of mitigating any such Loss, no Indemnified Party shall be required to (i) incur any material out-of-pocket costs or expenses or pay any other material amounts to third parties, except to the extent that the Indemnifying Party has acknowledged in writing that such costs, expenses or other amounts constitute indemnifiable Losses hereunder, (ii) make any claims (other than claims under existing insurance policies) or initiate any legal proceedings against third parties, or (iii) take any other action to the extent such action would adversely affect such Party in any material respect.

(h) Exclusive Remedy. Subject to Section 7.3, Section 8.1(a) and Section 10.10, from and after each of the relevant Closings, the indemnification provided pursuant to this Article VIII shall be the sole and exclusive remedy hereto for any Loss resulting from, with respect to or arising out of any breach or claim in connection with this Agreement and the Transfer Documents, any Schedule hereto or thereto and any certificate delivered in connection herewith or therewith, regardless of the cause of action. Except as

otherwise provided in Section 7.3 and Section 10.10, nothing contained in this Agreement shall limit a Party's right to pursue (i) equitable remedies, including, without limitation, injunctive relief and specific performance, or (ii) any rights and remedies of such Party under the License Agreement, Contract Manufacturing Agreement, Supply Agreement, Services Agreement or Transition Services Agreements.

(i) Environmental Matters. Notwithstanding anything to the contrary set forth in this Agreement the obligation of the Company to indemnify the Buyer Parties under Section 8.2(a) is subject to the following limitations:

(i) With respect to any post-Closing remedial, response or other investigation or cleanup action constituting an Environmental Liability ("Remedial Action") that gives rise to an indemnification obligation of the Company under Section 8.2(a), the Parties shall consult and cooperate with each other in preparing all strategies and plans concerning the development and implementation of the Remedial Action in accordance with the terms of this Section 8.2(i). The Parties shall mutually conduct and control the Remedial Action in all respects, including drafting and filing any and all instruments, reports, documents, and other responses to any Governmental Entity, in connection with any Remedial Action. The Parties shall develop and implement any Remedial Action subject to this Section 8.2(i) utilizing the least stringent clean-up standards and the least costly remediation methods that are allowed under applicable Environmental Requirements, including risk based remedies, institutional and engineering controls, and deed restrictions provided such Remedial Action does not unreasonably interfere with the Buyer Parties' then current operation of the Product Lines (including consideration of costs incurred in the future). The Buyer Parties will provide the Company (or its representatives) with reasonable access to any real property involved in any Remedial Action for the sole purpose of undertaking, supervising or monitoring any Remedial Action undertaken under this Section 8.2(i) and shall cooperate with the Company to file any deed restrictions or other legal controls required to implement any Remedial Action conducted by the Parties.

(ii) The Company shall not have any Liability with respect to and to the extent any post-Closing Remedial Action undertaken by the Buyer Parties that is not legally required by applicable Environmental Requirements or by a Governmental Entity and does not otherwise conform to the requirements of clause (i) above. Further, the Company shall not be responsible for any Remedial Action to the extent it arises out of sampling and analysis of any environmental media conducted subsequent to any Closing by or on behalf of, or at the request or solicitation of, Buyers Parties unless such sampling and analysis is: (i) required by Environmental Requirements or ordered or required by a Governmental Entity; (ii) performed in connection with the construction, expansion, renovation, or repair of buildings and other structures (including underground piping and conveyances); or (iii) conducted in reasonable response to any spill or emergency situation occurring within a reasonable time following such spill or emergency situation; in each case, after providing the Company with a reasonable opportunity, where appropriate, to challenge any alleged legal requirement to take any enumerated actions.

(j) LIMITATION ON LIABILITY. EXCEPT FOR LIABILITY ARISING OUT OF THE COMPANY'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 8.2(a)(iii), NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY TRANSACTION DOCUMENT TO THE CONTRARY, IN NO EVENT WILL ANY PARTY OR ANY OF ITS AFFILIATES BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, LOSS OF GOODWILL OR LOST SALES) IN CONNECTION WITH LOSSES ARISING OUT OF THE CONDUCT OF SUCH PARTY

PURSUANT TO THIS AGREEMENT REGARDLESS OF WHETHER THE NONPERFORMING PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR NOT, PROVIDED, HOWEVER, THAT SPECIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, LOSS OF GOODWILL OR LOST SALES) OF THIRD PARTIES THAT ARE AN ELEMENT OF A THIRD PARTY CLAIM SUBJECT TO INDEMNIFICATION UNDER THIS AGREEMENT TO THE EXTENT DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE THE RESPONSIBILITY OF A PARTY AND ACTUALLY PAID BY SUCH PARTY WILL CONSTITUTE IDENTIFIABLE DAMAGES UNDER THIS AGREEMENT AND DIRECT DAMAGES BETWEEN THE PARTIES.

ARTICLE IX

ADDITIONAL AGREEMENTS

9.1. Tax Matters.

(a) Certain Taxes and Fees. Each of Buyer and the Company shall be responsible for, as and when due, one-half of all transfer, documentary, sales, use, stamp, registration, mortgage-cadastrial and other such Taxes and fees (including any penalties and interest thereon but not including any value added or similar tax) (collectively, "Transfer Taxes") incurred by reason of the transfer of the Purchased Assets and the Assumed Liabilities under this Agreement. Buyer shall file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and if required by applicable Law, any of the other Parties hereto will execute and join in the execution of any such filing.

(b) Value Added Taxes.

(i) Any value added tax, goods and services tax, similar indirect tax or any tax analogous (collectively, "VAT") shall be added to the amounts invoiced pursuant to this Agreement and any local asset transfer agreement as required by applicable Law. In the event of any amendment to VAT legislation or for any other reason the sums invoiced without VAT in accordance with this Agreement and any local asset transfer agreement become subject to VAT, then the applicable invoices shall be deemed to be exclusive of VAT (if any) and the party receiving such invoices shall, in addition to the sums payable, pay the invoicing party, on receipt of a valid VAT invoice, the full amount of VAT chargeable thereon.

(ii) Buyer and its Affiliates shall be responsible for all VAT imposed by applicable taxing authorities to any payment hereunder, whether or not such VAT is shown on any invoices. If the Company and its Affiliates is required to pay any part of such VAT, Buyer and its Affiliates shall reimburse the Company and its Affiliates for such VAT.

(c) Withholding Taxes. Buyer shall provide the Company not less than thirty (30) days written notice prior to the Initial Closing of withholding Tax obligations Buyer believes are reasonably likely to be imposed in connection with the Buyer Group's payment of the Initial Closing Purchase Price at the Initial Closing and, thereafter, the Parties shall use commercially reasonable efforts to develop a plan, to be mutually agreed between the Parties prior to the Initial Closing, relating to any potential withholding Tax obligation of Buyer Group in respect of the Initial Closing Purchase Price. Such plan shall result in no adverse financial impact, beyond de minimus amounts, on the Buyer Parties or delay the Initial Closing.

Based upon and in accordance with such agreed plan but in any event as required by Law, Buyer shall be entitled to deduct and withhold from any consideration deliverable pursuant to this Agreement such amounts as are required to be deducted or withheld from such consideration under the Code or any provision of state, local or non-U.S. Tax Law. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid.

(d) Cooperation on Tax Matters. The Parties shall cooperate fully, as and to the extent reasonably requested by any other Party, in connection with the filing of Tax Returns, and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Each Party shall provide to the others, within ten (10) Business Days of the receipt thereof, any Tax-related communications and notices it receives which may impact the other Party's Tax Liability or filing responsibilities.

9.2. Further Assurances. Without limiting the other provisions of this Agreement, upon the terms and subject to the conditions herein, prior to and following the each of the Closings, each Party agrees to use commercially reasonable efforts to cooperate fully with the other Party and to execute such further instruments, documents and agreements, and to give such further written assurances, as may be reasonably requested by any other party to evidence and reflect better the transactions contemplated by this Agreement and the Transaction Documents and to carry into effect the intents and purposes of this Agreement.

9.3. Expenses. Except as otherwise provided herein or in any of the Transaction Documents, each of the Parties shall pay all of its own fees, costs and expenses (including, without limitation, fees, costs and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees, costs and expenses) incurred in connection with the negotiation of the Letter of Intent, this Agreement, the other Transaction Documents, the performance of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby.

9.4. Non-Competition, Non-Solicitation and Confidentiality.

(a) Non-Competition. During the period beginning on the Initial Closing Date and ending on the fifth anniversary of the Initial Closing Date (provided that such period shall be extended by and for the duration of any period of time during which the Company Group is in violation of this Section 9.4(a)) (the "Non-Compete Period"), the Company Group shall not, and shall not authorize or permit any of their respective Affiliates to, directly or indirectly, engage in any business or activities which compete with the Product Lines (other than the production and sale of HDC Process Media until the Subsequent Closing or such later date as may be provided in the Supply Agreement) as conducted by the Company Group prior to the Initial Closing Date (collectively the "Restricted Business") in (i) any state in the United States and (ii) any country outside the United States in which the Company Group engages in any of the foregoing businesses with respect to the Product Lines as of the Initial Closing Date; provided that ownership of less than 1% of the outstanding stock of any publicly-traded corporation shall not be deemed to be engaging solely by reason thereof in any of such businesses.

(b) Non-Solicitation.

(i) During the period beginning on the date of this Agreement and ending on the first anniversary of the earlier of (A) the Initial Closing Date and (B) the termination of this Agreement

in accordance with the terms hereof, each Party (as applicable, the "Restricted Party") agrees that, without the prior written consent of the other Party (as applicable, the "Protected Party"), the Restricted Party and its Affiliates shall not, directly or indirectly: solicit any employee of the Protected Party; provided, however, that nothing in this Section 9.4(b)(i) shall prohibit the Restricted Party or any Affiliate from: (i) soliciting or hiring any non-salaried employees of the Protected Party, (ii) soliciting or hiring any salaried or management personnel of the Protected Party by obtaining the Protected Party's prior written consent, (iii) advertising employment opportunities in any national newspaper, trade journal or other publication in a major metropolitan area or any third-party Internet website posting, or negotiating with, offering employment to or employing any individual contacted through such medium, (iv) participating in any third-party hiring fair or similar event open to the public or negotiating with, offering employment to or employing any individual contacted through such medium or (v) soliciting, negotiating with, offering employment to or employing any individual at any time (A) after the termination by such individual of his or her employment with the Protected Party or any of its Affiliates or (B) after the termination by the Protected Party or any of its Affiliates of such individual's employment with the Protected Party or any of its Affiliates.

(ii) The Company agrees that, for a period of three (3) years from the Initial Closing Date, without the prior written consent of Buyer, the Company Group shall not, and shall not authorize or permit any of their respective Affiliates to, directly or indirectly contact, approach or solicit for the purpose of offering employment to or hiring (whether as an employee, consultant, agent, independent contractor or otherwise) any Transferred Employee or any other employee of the Product Lines after the Initial Closing; provided that nothing in this Section 9.4(b)(ii) shall prohibit the Company or any Affiliate from: (1) soliciting or hiring any non-salaried employees involved in the operation of the Product Lines, (2) soliciting or hiring any salaried or management personnel involved in the operation of the Product Lines after obtaining Buyer's prior written consent, (3) advertising employment opportunities in any national newspaper, trade journal or other publication in a major metropolitan area or any third-party Internet website posting, or negotiating with, offering employment to or employing any individual contacted through such medium, (4) participating in any third-party hiring fair or similar event open to the public or negotiating with, offering employment to or employing any individual contacted through such medium or (5) soliciting, negotiating with, offering employment to or employing any individual at any time (x) after the termination by such individual of his or her employment with Buyer or any of its Affiliates or (y) after the termination by Buyer or any of its Affiliates of such individual's employment with Buyer or any of its Affiliates (collectively, the "Non-Solicitation Exclusions").

(iii) The Company agrees that, for a period of three (3) years from the Subsequent Closing Date, without the prior written consent of Buyer, the Company Group shall not, and shall not authorize or permit any of their respective Affiliates to, directly or indirectly contact, approach or solicit for the purpose of offering employment to or hiring (whether as an employee, consultant, agent, independent contractor or otherwise) any employee of the HDC Line after the Subsequent Closing; provided that nothing in this Section 9.4(b)(iii) shall prohibit the Company or any Affiliate from engaging in any of the Non-Solicitation Exclusions.

(c) Confidentiality.

(i) For a period of five (5) years after the date of this Agreement (and for such longer period as set forth in Section 9.4(c)(ii) for Trade Secrets), each Party (as applicable, the "Receiving Party") shall, and shall cause each of its Subsidiaries and Affiliates to, treat and hold as

confidential any information concerning the business and affairs of the other Party (as applicable, the "Disclosing Party") that is transferred hereby that is not already generally available to the public, including any notes, analyses, compilations, studies, forecasts, interpretations or other documents that are derived from, contain, reflect or are based upon any such information (the "Confidential Information"), refrain from using any of the Confidential Information except in connection with this Agreement, and deliver promptly to the Disclosing Party, at the request and option of the Disclosing Party, all tangible embodiments (and all copies) of the Confidential Information which are in the Receiving Party's possession or under the Receiving Party's control; provided, however, that following any Closing, the Company shall deemed to be the "Receiving Party" and Buyer shall be deemed to be the "Disclosing Party" with respect to all information relating to the Product Lines. Notwithstanding the foregoing, Confidential Information shall not include information that is (i) generally available to the public other than as a result of a breach of this Section 9.4(c) or other act or omission of the Receiving Party or any of its Subsidiaries or Affiliates or any of their respective representatives or (ii) rightfully received after a Closing from a third party not under any obligation of confidentiality with respect to such information. In the event that the Receiving Party or any of its Subsidiaries or Affiliates is requested or required (by oral question or request for information or documents in any legal or regulatory proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, such Person shall notify the Disclosing Party promptly of the request or requirement so that the Disclosing Party may seek an appropriate protective order or waive compliance with the provisions of this Section 9.4(c). If, in the absence of a protective order or the receipt of a waiver hereunder, such Person is required to disclose any Confidential Information to any Governmental Entity, court or tribunal such Person may disclose such Confidential Information to the Governmental Entity, court or tribunal.

(ii) Notwithstanding the foregoing, any Confidential Information which is identified by the Disclosing Party as, known by the Receiving Party to be, or would reasonably be expected to constitute, Know–How and Trade Secrets shall be treated as Confidential Information for so long as such information constitutes Know-How and Trade Secrets.

(iii) The Receiving Party shall not, and shall cause each of its Subsidiaries not to, release any Person from or waive any provisions of any confidentiality, non-competition, assignment of inventions or similar agreement to which the Receiving Party or any such Subsidiary is a party related to any Confidential Information or otherwise to the Purchased Assets. In furtherance of the foregoing, upon the request of Buyer and at Buyer's expense, the Company hereby agrees to enforce for the benefit of Buyer any rights of the Company Group under, or obligations imposed on third parties by, such agreements to the extent related to any Confidential Information or otherwise to the Purchased Assets.

(d) Non-disclosure. (i) The Parties shall keep confidential the subject matter described herein and the fact that negotiations are taking place until the content and timing of a public announcement are mutually agreed upon by the Parties, and (ii) no press releases or public announcements related to this Agreement and the transactions contemplated hereby, or other announcements to the employees, customers, distributors or suppliers of the Product Lines, shall be issued without the other Party's prior written consent, which consent shall not be unreasonably withheld; provided, however, that a Party may, without the prior consent of the other Party (but after consultation with the other Party, to the extent practicable), issue such press release or public statements as may be required by applicable Law or the rules and regulations of any stock exchange.

(e) Remedy for Breach. Each Party acknowledges and agrees that in the event of a breach by it (or any of its Affiliates) of any of the provisions of this Section 9.4, monetary damages shall not constitute a sufficient remedy. Consequently, in the event of any such breach and notwithstanding anything to the contrary contained herein, the non-breaching Party and/or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof, in each case without the requirement of posting a bond or proving actual damages.

(f) Enforcement. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 9.4 is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

9.5. Mutual Benefit. The Parties agree for their mutual benefit that neither of them shall take any action which is designed, intended or would reasonably be anticipated to have the effect of discouraging customers, suppliers, vendors, manufacturers, service providers, employees, lessors, licensors and other business relations of the other Party; provided that nothing in this Section 9.5 is intended to prohibit or limit either party from making any statement or taking any action required by Law.

9.6. Financial Information. The Company shall furnish to Buyer any information or documents reasonably requested by Buyer, which is in the Company's possession or to which the Company has access, constituting or necessary for the completion or audit of, financial statements of the Company for periods prior to the Initial Closing Date and shall reasonably cooperate with Buyer in connection therewith. Without limiting the foregoing, the Company shall use its commercially reasonable efforts to complete the Required Closing Financial Statements, including obtaining the audit report of KPMG LLP thereon, as promptly as practicable following the date of this Agreement.

9.7. Employees and Related Matters.

(a) Transferred Employees.

(i) As of the Initial Closing, Buyer or one of its Affiliates (the "Employer") shall (A) continue the employment of each Product Line Employee employed by the Mexico Subsidiary and (B) make a Qualifying Employment Offer (as defined below) to (1) each of the Product Line Employees (other than (x) Product Line Employees that are employed at the Pensacola Facility and (y) up to two (2) Product Line Employees employed in the two jurisdictions indicated on Schedule 9.7(a)(i), each of whose employment contracts, if any, shall not be deemed to be Product Line Contracts for any purpose under this Agreement who shall remain, as at the Initial Closing Date, employees of the Company) and (2) such other employees of the Company Group who are mutually designated by Buyer and the Company to be transferred to Buyer in connection with the Initial Closing, in each case who are actively employed by the Company or one of its Subsidiaries as of the Initial Closing (each such individual, an "Eligible Employee"). For purposes of this Section 9.7(a), a "Qualifying Employment Offer" means an offer of employment with the Employer, based on an evaluation of an Eligible Employee to determine the grade, title and position of such Eligible Employee, with terms and conditions, in Buyer's reasonable judgment, that are consistent with the comparable employees

of the Employer in the aggregate in the country in which such Eligible Employee currently resides; provided, however, that for purposes of Eligible Employees currently residing in the jurisdiction indicated on Schedule 9.7(a)(i), such offer of employment shall be with terms and conditions, in Buyer's reasonable judgment, that are consistent with the comparable employees of the Employer in any other jurisdiction that the Employer currently employs employees. Notwithstanding the foregoing, where the employment of any Eligible Employee transfers automatically by operation of applicable Law or where an Eligible Employee is an employee of the Mexico Subsidiary, such Eligible Employee shall become or remain, as the case may be, employed by the Employer; provided, however, that such employee does not validly reject the automatic transfer in accordance with applicable Law; provided, further, that wherever the employment of any Eligible Employee transfers automatically to the Employer by operation of applicable Law, the Employer shall assume and honor all Terms and Conditions of Employment in respect of such Eligible Employees to the extent required by applicable Law or as a result of negotiations with applicable works councils and/or unions in order to accomplish such transfer or continuation of employment. For those Eligible Employees whose employment does not transfer automatically by operation of Law, the Employer shall make the Qualifying Employment Offers to such Eligible Employee at least twenty (20) days prior to the Initial Closing Date. Such Eligible Employees who accept employment with the Employer (whether as of the Initial Closing or, in the case of any Leave Employee, such individual's Leave Return Date (as those terms are defined below)) or whose employment transfers to Buyer by operation of applicable Law shall be referred to herein as "Transferred Employees." The Eligible Employees who do not accept employment with, or who validly reject the automatic transfer to, the Employer shall be referred to herein as "Non-Transferred Employees."

(ii) Notwithstanding Section 9.7(a)(i), any Qualifying Employment Offer to any Eligible Employee who, on the Initial Closing Date, is not actively at work due to short-term disability, a leave of absence covered by applicable Law or due to any other authorized leave of absence (each such Eligible Employee, a "Leave Employee") (A) shall be contingent on such Leave Employee returning to active full-time work on or prior to the later of (1) the twelve (12)-month anniversary of the Initial Closing Date and (2) the last day on which the Company or one of its Subsidiaries would have been required to re-employ such Leave Employee pursuant to any applicable Law if the Initial Closing had not occurred and (B) shall be effective as of the date that such Leave Employee returns to active full-time work (such date, with respect to any Leave Employee, such Leave Employee's "Leave Return Date").

(iii) With respect to any Eligible Employee located in a country other than the United States (including the Territory of Puerto Rico), Italy or Mexico, rather than making a Qualifying Employment Offer itself, Buyer may cause a third party to offer (whether or not an Affiliate of Buyer or any of its Subsidiaries), such Eligible Employee a Qualifying Employment Offer.

(iv) The Parties shall use commercially reasonably efforts to comply with the consultation procedures required by Article 47 of Italian Law 428/1990. Prior to the Initial Closing, the Parties agree that Buyer shall have the right to seek to negotiate a new Solidarity Agreement (contratto di solidarieta) with respect to the employees at the Ascoli Facility on substantially the same terms and conditions as are existing on the date of this Agreement and to be effective upon the termination of the Solidarity Agreement (contratto di solidarieta) currently in effect as of the date of this Agreement, and the Company shall cooperate with Buyer's reasonable requests in connection with such negotiations, including, if necessary, becoming a party to such agreement. In the event Company or its Subsidiary is a party to the new Solidarity Agreement, Buyer shall use commercially reasonable efforts following the Initial Closing to novate the agreement to remove Company or its

Subsidiary as a party.

(v) At or as promptly as reasonably practicable following the Initial Closing, Buyer shall:

(A) provide to each Designated Employee comparable benefits under the Haemonetics Corporation 2005 Long-Term Incentive Compensation Plan equal to the comparative value of the forfeited benefits, if any, of such Designated Employee under each of the Pall Corporation Management Stock Purchase Plan, Pall Corporation 2005 Stock Compensation Plan and Pall Corporation 2012 Stock Compensation Plan, which value shall be determined using a reasonable method agreed to by the Company and Buyer; and

(B) adopt one or more employee severance and retention bonus plans for the Designated Employees with the terms and conditions set forth on Schedule 9.7(a)(v)(B).

In connection with (i) the provision by Buyer of equity awards to Designated Employees pursuant to clause (A) of this Section 9.7(a)(v) and (ii) Buyer's adoption of severance plans and retention bonus plans for Designated Employees pursuant to clause (B) of this Section 9.7(a)(v), the Company shall pay to Buyer an amount equal to $1,800,000, which shall be paid and accounted for in the form of an adjustment to the Initial Closing Purchase Price.

(vi) At or as promptly as reasonably practicable following the Initial Closing, the Company shall fully vest each U.S. and Puerto Rico Transferred Employee in his or her benefits accrued through the Initial Closing under the Pall Corporation Cash Balance Pension Plan. The costs and expenses associated with the actions contemplated in this Section 9.7(a)(vi) shall be for the account of the Company.

(vii) The Company shall pay Buyer an amount equal to any portion of the Tratamento di Fine Rapporto ("TFR") in respect of Transferred Employees employed, as of the Initial Closing Date in Italy that is accrued but that has not previously been paid over to (x) the relevant Transferred Employee, (y) a Government Entity responsible for administering TFR funds or (z) to a third party custodian responsible for maintaining TFR funds for such Transferred Employee. Promptly, but in any event within sixty (60) days after the Initial Closing, the Company shall deliver to Buyer a written statement (the "TFR Liability Statement") setting forth the amount of such TFR Liability. Unless within the thirty (30) day period following Buyer's receipt of the TFR Liability Statement, Buyer delivers written notice to the Company (the "TFR Liability Dispute Notice") setting forth in reasonable detail any and all items of disagreement related to the TFR Liability Statement, including the basis therefor and the amount thereof, the TFR Liability Statement shall be conclusive and binding upon each of the Parties. If Buyer delivers the TFR Liability Dispute Notice to the Company within the required thirty (30) day period, Buyer and the Company shall use reasonable efforts to resolve their differences. If any TFR Liability remains unresolved for a period of thirty (30) days after the Company's receipt of the TFR Liability Dispute Notice, Buyer and the Company shall, within ten (10) days thereafter, submit the dispute to the Accounting Firm to be determined in accordance with Section 2.7. The TFR Liability shall be deemed final for the purposes of this Section 9.7(a)(vii) upon the earliest of (x) the failure of Buyer to provide the Company with a TFR Liability

Dispute Notice within thirty (30) days of the Company's delivery of the TFR Liability Statement, (y) the resolution of all items of dispute by the Company and Buyer and (z) the resolution of all items of dispute by the Accounting Firm. Upon the final determination of the TFR Liability, the Company shall pay such amount to Buyer with interest thereon from the Initial Closing Date to the date of actual payment at a rate equal to the prime rate as of the Initial Closing Date as stated in The Wall Street Journal plus one percent (1%) per annum.

(viii) Apart from the TFR, and subject to Section 9.7(a)(v) and the accuracy of the Company's representations and warranties under Article III, all other amounts that may become due or payable to a Transferred Employee resulting from the termination of the Transferred Employees by the Buyer Group following the Initial Closing shall be for the account of, and paid by Buyer, including without limitation any severance, termination or similar payment, whether required by statute, contract or otherwise.

(ix) Except as otherwise prohibited by applicable Law or any provision of this Agreement, on or after the Initial Closing the Employer may modify the salary, wage level or benefits or terminate the employment of any Transferred Employee at any time and for any reason, including without cause. Except as otherwise required by applicable Law, neither Buyer nor any of its Affiliates shall have any Liability with respect to any Non-Transferred Employee or former employee or retiree of the Company or any of its Subsidiaries (including any Person currently covered by any benefit plan of the Company or any of its Subsidiaries who is not a Transferred Employee), regardless of when such Liability arises or occurred (whether on, prior to or after the Initial Closing). Except as otherwise required by applicable Law or this Agreement, the Company Group shall be solely responsible for the payment of all employee benefits (including, without limitation, any severance pay, notice pay, insurance, supplemental pension, deferred compensation, "stay" or other similar incentive bonuses, change-in-control bonuses (or other bonuses or compensation related in any way to the execution, delivery or performance of this Agreement), retirement and any other benefits, premiums, claims and related costs) to any of the employees, former employees or retirees of the Company Group based on or arising under employment with the Company Group, including the payment to each Transferred Employee of (i) the pro rata portion of the target bonus for the Company's 2012 fiscal year under the Company's annual bonus plans to which such Transferred Employee would have otherwise been entitled had such Transferred Employee remained employed by the Company Group until the end of the Company's 2012 fiscal year, based on the Transferred Employee's period of service prior to the Initial Closing, and (ii) any bonus or unpaid sales incentive compensation earned by such Transferred Employee prior to the Initial Closing, based on pro rata quotas. If permitted by Law, the Company Group shall pay to the Buyer Group an amount equal to Transferred Employees' accrued but unused vacation time and other similar accrued but unused time as provided by applicable Law or, if no Law is applicable, pursuant to the Company's policies in respect of such payments. The Buyer Group shall in turn make such accrued vacation time and similar time available to such Transferred Employees to the same extent such accrued vacation time and similar time would have been made available to the Transferred Employees by the Company Group. With respect to any sales incentive payment due to any Transferred Employee in connection with the Company's 2012 fiscal year, the Company shall make such payment to such Transferred Employee at the time the Company generally pays employees pursuant to the terms of the Company's annual bonus plans and sales incentive arrangements; provided, however, that Buyer shall provide to the Company the data necessary to calculate such sales incentive payments due to any Transferred Employees for the period beginning immediately upon the Initial Closing and ending on July 31, 2012; provided, further, that Buyer shall reimburse the Company for the amount of such sales incentive payments paid by the Company to Transferred Employees for such period, if any, beginning immediately upon the Initial

Closing and ending on July 31, 2012. Except as otherwise required by applicable Law, the Employer shall be solely responsible for the payment of all wages, salaries and other compensation and employee benefits (including, without limitation, any severance pay, notice pay, insurance, supplemental pension, deferred compensation, bonuses, retirement and any other benefits, premiums, claims and related costs) to any of the Transferred Employees relating to or arising out of their employment with the Employer. Neither Buyer nor any of its Affiliates shall assume any Liability with respect to any Employee Program or other employee benefit plan of any kind or nature maintained by the Company or any of its Affiliates for any of its employees, former employees or retirees, except for (i) any Liability with respect to Transferred Employees under any Employee Program of the Mexico Subsidiary, (ii) any Liability that transfers by operation of Law and (iii) as otherwise provided in this Section 9.7.

(b) Service Credit. From and after the Initial Closing, Employer shall give each Transferred Employee full credit for purposes of eligibility to participate, level of benefits, and vesting and seniority under any collective bargaining agreement or national collective agreement, but not for purposes of benefit accrual unless required by applicable Law, under any employee benefit plans, arrangements, collective agreements and employment-related entitlements (including under any applicable pension, 401(k), savings, medical, dental, life insurance, vacation, long-service leave or other leave entitlements, termination indemnity, severance or separation pay plans) provided, sponsored, maintained or contributed to by Employer for such Transferred Employee's service with the Company or any ERISA Affiliate, and with any predecessor employer, to the same extent recognized by the Company or any ERISA Affiliate, except to the extent such credit would result in duplication of benefits for the same period of service.

(c) Pre-Existing Conditions. The Employer shall, with respect to Transferred Employees, (i) waive any limitations as to preexisting conditions, exclusions and waiting periods with respect to participation requirements under any welfare benefit plan in which such Transferred Employees may be eligible to participate after the Initial Closing; provided, however, that no such waiver shall apply to a preexisting condition of any Transferred Employee who was, prior to the Initial Closing, excluded from receipt of benefit in a welfare benefit plan maintained or contributed to for the benefit of such Transferred Employee by the nature of such preexisting condition; and (ii) cause to be credited any deductibles or out-of-pocket expenses incurred by Transferred Employees and their beneficiaries and dependents during the portion of the calendar year prior to their participation in the health plans of the Employer.

(d) 401(k) Plan. Immediately prior to the Initial Closing, those Transferred Employees who are principally employed in the United States ("U.S. Transferred Employees") and Puerto Rico (the "PR Transferred Employees") will cease to participate in the Pall Corporation 401(k) Plan (the "Pall US Plan") and the Pall Retirement Plan for Puerto Rico Employees (the "Pall PR Plan"), respectively, and all of the unvested amounts of such Transferred Employees in the Pall US Plan and the Pall PR Plan shall fully vest. The costs and expenses of such full vesting shall be for the account of the Company. As of the Initial Closing, the U.S. Transferred Employees will be eligible to commence participation in the qualified defined contribution plan currently sponsored or maintained by the Employer for the benefit of its employees in the United States (the "Employer US 401(k) Plan"). The Employer will cause the Employer US 401(k) Plan to accept a direct rollover of, or an eligible rollover of, all or a portion of the taxable portion of a distribution of a U.S. Transferred Employee's account balance from the Pall US Plan, including any promissory notes evidencing outstanding loan(s) (which will continue to be subject to the same repayment and other terms as when in the US Plan). In addition, Buyer and the Company shall cooperate with the Employer in effecting a trustee-to-trustee transfer of plan assets, including outstanding loans and promissory notes evidencing such loans, attributable to the PR Transferred Employees under the Pall PR Plan as of the Initial Closing to a Puerto Rico-qualified retirement plan established by the Employer (the "Employer PR Plan"). The Company

shall be responsible for the operation of the Pall U.S. Plan and the Pall PR Plan until such rollovers and trustee to trustee transfers occur and Buyer shall be responsible for the operation of the Employer U.S. 401(k) Plan and the Employer PR Plan following such rollovers and trustee to trustee transfer.

(e) Flexible Spending Accounts. Immediately prior to the Initial Closing, the U.S. Transferred Employees will cease to contribute to the Company's flexible spending account plan (the "Company FSA Plan"). U.S. Transferred Employees who elected to participate in the Company FSA Plan for the current plan year will become participants in any available Employer flexible spending account plan (the "Employer FSA Plan") as if their participation in the Employer FSA Plan had been continuous during the then current year and at the same level of coverage elected under the Company FSA Plan, subject to the limitations set forth herein. Each U.S. Transferred Employee will be reimbursed for medical and dependent care expenses incurred by such U.S. Transferred Employee at any time during the current year (including claims incurred before the Initial Closing Date), up to the amount of the elections made by each U.S. Transferred Employee under the Company FSA Plan in the current year, reduced by amounts previously reimbursed by the Company pursuant to the Company FSA Plan in the current year. To effectuate the foregoing, as soon as administratively practicable after the Initial Closing Date, the Company will notify the Employer whether the amounts of the account balances (if any) under the Company FSA Plan are positive or negative in the aggregate immediately prior to the Initial Closing Date, and the Company will pay the Employer such aggregate balance (if positive) or the Employer will pay the Company such aggregate balance (if negative), with respect to all U.S. Transferred Employees who become covered under the Employer FSA Plan for the current plan year.

(f) Update to Employee List. Prior to the Initial Closing and on a date to be agreed as between the Company and Buyer, the Company will provide to Buyer a revised list of Product Line Employees. Upon Buyer's approval of any Product Line Employees added to such list, which approval will not be unreasonably withheld or delayed, such list will be the definitive list of Product Line Employees for all purposes of this Agreement.

(g) Cooperation. Subject to, and to the extent permitted by, applicable Law (including any privacy Laws) and the Confidentiality Agreement, the Company shall provide promptly to the Employer, at the Employer's request, any information or copies of personnel records (including, without limitation, addresses, dates of birth, dates of hire and dependent information) relating to the Transferred Employees or relating to the service of the Transferred Employees with the Company Group (and predecessors of the Company Group) prior to the Initial Closing.

(h) Employee Communications. The Company shall consult with Buyer, and will consider in good faith Buyer's advice, prior to sending any notices or other communication materials to any employees of the Product Lines regarding this Agreement and the transactions contemplated hereby. Except with the prior written consent of Buyer, the Company shall not, and shall cause its Subsidiaries not to, discuss with any employees of the Product Lines or otherwise provide information to such employees regarding the terms of their potential employment with Buyer following the Initial Closing.

(i) Compliance with Local Law. Buyer and the Company agree to comply with all applicable Law, rules, individual agreements, collective bargaining agreements and national collective agreements pertaining to the subject matter of this Agreement, including the assumption by Buyer or any of its Affiliates of any employment or employee-benefits related obligations or Liabilities that Buyer or any of its Affiliates is required to assume pursuant to any such Law, rule, individual agreement, collective bargaining agreement or national collective agreement. Nothing in this Section 9.7(i) shall alter the allocation of Assumed

Liabilities and Excluded Liabilities as between Buyer and the Company.

(j) WARN Act. Buyer agrees to provide, or cause its Subsidiaries to provide, any required notice under the WARN Act and to otherwise comply with the WARN Act, with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Transferred Employees at the Covina Facility or the Puerto Rico Facility (including as a result of the consummation of the transactions contemplated by this Agreement) and occurring after the Initial Closing Date. In connection therewith, Buyer shall assume all Liabilities and obligations for the provision of notice or payment in lieu of notice or any applicable penalties under the WARN Act, and, subject to the compliance by the Company's of its obligations under Section 5.16. Buyer hereby indemnifies the Company and its Affiliates against and agrees to hold each of them harmless from any and all damages incurred or suffered by the Company or its Affiliates with respect to the WARN Act arising as a result of actions taken by Buyer after the Initial Closing Date with respect to such Transferred Employees.

9.8. Bulk Sales Laws. The Company shall take all actions necessary to satisfy the requirements of (or, if subject to waiver, the Parties each hereby waive compliance by the Company with) the "bulk sales," "bulk transfer" or similar Laws of any state or jurisdiction.

9.9. Payments.

(a) The Company shall promptly remit to Buyer all monies received by the Company or any of its Affiliates following the Initial Closing in payment for or arising from any Purchased Assets acquired by Buyer pursuant to this Agreement. Payments remitted to Buyer pursuant to this Section 9.9(a) shall be in the form received by the Company or any of its Affiliates.

(b) Buyer shall promptly remit to the Company all monies received by Buyer or any of its Affiliates following the Initial Closing in payment for or arising from any Excluded Assets. Payments remitted to the Company pursuant to this Section 9.9(b) shall be in the form received by the Buyer or any of its Affiliates.

9.10. Trademarks; Tradenames. Except as otherwise provided in the Transition Services Agreements, as soon as practicable after the Initial Closing, other than with respect to the HDC Line, the Company Group shall cease the use of all of the trademarks, tradenames, service marks and service names included in the Purchased Assets, in any of their forms or spellings, on all websites, advertising, stationery, business cards, checks, purchase orders and acknowledgments, customer agreements and other contracts and business documents; provided, however, that Buyer for a reasonable period of time may continue to use the name of the Company with respect to dies, molds, toolings, castings and the like.

9.11. Pro-Rated Payments. After each Closing, any expenses or other charges (whether prepaid or accrued) with respect to the Product Lines, the HDC Line, the Purchased Assets or the Assumed Liabilities including, without limitation, amounts paid or payable with respect to rental payments, leases, utilities, and all real property, personal property and similar Taxes, which either become due and payable on or after the relevant Closing Date and relate to periods beginning before and ending after such Closing Date or have been paid prior to such Closing Date and relate to periods beginning before and ending after such Closing Date, will be prorated and adjusted between the Company and Buyer as of such Closing Date on a per-diem basis. In connection therewith, Buyer will be responsible for, and will pay to the Company, the portion of such amounts allocable to the period ending after such Closing Date, only to the extent that the Company made such payment to a third Person, within sixty (60) days of

receipt of a detailed invoice from the Company. No later than five (5) days prior to such Closing, the Company will deliver to Buyer a statement of all such prepaid or accrued expenses as of such Closing Date.

ARTICLE X

MISCELLANEOUS

10.1. Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by or on behalf of Buyer and the Company or (b) by a waiver in accordance with Section 10.2.

10.2. Waiver. Any Party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of another Party, (b) waive any inaccuracy in the representations and warranties of another Party contained herein or in any document delivered by such Party pursuant hereto or (c) waive compliance with any agreement of another Party or condition to another Party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in a writing executed by the Party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or waiver of the same term or condition or as a waiver of any other term or condition of this Agreement. The failure of any Party to assert any of its rights under this Section 10.2 shall not constitute a waiver of any of such rights. No course of dealing between or among any persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

10.3. Notices. All notices, claims, demands and other communications given or delivered under this Agreement shall be in writing and shall be delivered by e-mail, by facsimile, by first class mail, return receipt requested, or by hand by express overnight courier service, and shall be deemed given when so delivered by hand, when transmission is confirmed by the transmitting equipment if delivered by email or facsimile, or if mailed, three (3) days after mailing, or one (1) Business Day in the case of overnight courier service, to the respective Parties at the following addresses (or such other address for a Party as shall be specified in a notice given in accordance with this Section 10.3):

If to the Company:

Pall Corporation
25 Harbor Park Drive,
Port Washington, NY 11050
Attention: Legal Department

Fax: (516) 801-9781

If to Buyer:

Haemonetics Corporation
400 Wood Road
Braintree, MA 02184
Attention: Chief Financial Officer
Chief Legal Officer

E-mail: clindop@haemonetics.com
sandra.jesse@haemonetics.com
Fax: (781) 356-9935

with a copy to:

Baker & McKenzie LLP
1114 Avenue of the Americas
New York, NY 10036
Attention: Thomas Rice, Esq.
Carol Stubblefield, Esq.

E-mail: Thomas.Rice@bakermckenzie.com
Carol.Stubblefield@bakermckenzie.com
Fax: (212) 310-1647
(212) 310-1653

with a copy to:

Goodwin Procter LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention: Paul R. Gauron, Esq.
Lisa R. Haddad, Esq.

E-mail: PGauron@goodwinprocter.com
LHaddad@goodwinprocter.com
Fax: (617) 523-1231

10.4. Binding Agreement; Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by operation of Law or otherwise without the prior written consent of the Company and Buyer. Notwithstanding anything to the contrary in this Section 10.4, without the consent of the Company, each of Buyer and its permitted assigns may at any time, in their sole discretion, assign, in whole or in part, (a) their right to purchase the Purchased Assets and assume the Assumed Liabilities to one or more of their Affiliates; (b) their rights under this Agreement and the other Transaction Documents, in whole or in part, to any subsequent purchaser, such permitted transferee or any of their divisions or any material portion of the Product Lines or the Purchased Assets (whether such sale is structured as a sale of stock, sale of assets, merger, recapitalization or otherwise); and (c) their rights (but not obligations) under this Agreement to any Financing Source; provided, that, in each case, no such assignment shall release Buyer from any of its obligations hereunder. Similarly, notwithstanding anything to the contrary set forth in this Section 10.4, without the consent of Buyer, each of the Company and its permitted assigns may at any time, in their sole discretion, assign, in whole or in part, (a) their obligation to sell the Purchased Assets to one or more of their Affiliates and (b) their rights under this Agreement and the other Transaction Documents to any subsequent purchaser, such permitted transferee or any of their divisions or any material portion of the Excluded Assets or the Excluded Liabilities (whether such sale is structured as a sale of stock, sale of assets, merger, recapitalization or otherwise); provided, that, in each case, no such assignment shall release the Company from any of its obligations hereunder.

10.5. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law or public policy, such provision shall be ineffective only to the extent of such prohibition or invalidity, and all other terms of this Agreement shall remain in full force and effect for so long as the economic or legal substance of the transactions contemplated hereby

is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is prohibited or invalid, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

10.6. Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Person. Nothing in the Schedules attached hereto shall be deemed adequate to disclose an exception to a representation or warranty made herein unless the Schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail. The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant. The word "including" shall mean including without limitation regardless of whether such words are included in some contexts but not others. Reference to any Law shall refer to any successor Law thereto. Any reference in this Agreement to an "Article," "Section," "Exhibit" or "Schedule" refers to the corresponding Article, Section, Exhibit or Schedule of or to this Agreement, unless the context indicates otherwise. All words used in this Agreement are to be construed to be of such gender or number as the circumstances require. Any reference to a Contract or other document as of a given date means the Contract or other document as amended, supplemented and modified from time to time through such date.

10.7. Captions. The table of contents and captions used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no table of contents or captions had been used in this Agreement.

10.8. Entire Agreement. The Confidentiality Agreement, this Agreement, including the Exhibits and Schedules hereto, and the documents referred to herein contain the entire agreement between the Parties and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, which may have related to the subject matter hereof in any way, including, without limitation, the Letter of Intent.

10.9. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

10.10. Specific Performance.

(a) The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. It is accordingly agreed that prior to the valid termination of this Agreement in accordance with Section 7.1, and subject to Section 10.10(b), (i) the Parties shall be entitled to seek (in a court of competent jurisdiction as set forth in Section 10.13) an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement (other than a Party's obligations to effect the Initial Closing), without bond or other security being required, and

(ii) the right of specific enforcement is an integral part of the transactions contemplated by this Agreement and without that right, neither the Company nor Buyer would have entered into this Agreement.

(b) It is explicitly agreed that neither Party shall be entitled to seek an injunction, specific performance or other equitable remedy to specifically enforce the other Party's obligations to effect the Initial Closing on the terms and conditions set forth herein. For the avoidance of doubt, notwithstanding the foregoing, either Party shall be entitled to seek an injunction, specific performance or other equitable remedy to specifically enforce the other Party's obligations to effect the Subsequent Closing on the terms and conditions set forth herein.

10.11. Governing Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the Laws of the Commonwealth of Massachusetts applicable to contracts executed in and to be performed in the Commonwealth of Massachusetts.

10.12. Parties in Interest. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Parties (and the Buyer Parties and Company Parties for purposes of Article VIII) and their respective successors and assigns any rights or remedies under or by virtue of this Agreement.

10.13. CONSENT TO JURISDICTION.

(a) SUBJECT TO SECTION 10.14, THE PARTIES AGREE THAT JURISDICTION AND VENUE IN ANY ACTION BROUGHT BY ANY PARTY PURSUANT TO THIS AGREEMENT SHALL PROPERLY AND EXCLUSIVELY LIE IN ANY FEDERAL OR STATE COURT LOCATED IN THE COMMONWEALTH OF MASSACHUSETTS AND, TO THE EXTENT AVAILABLE, THE BUSINESS LITIGATION SESSION OF THE SUPERIOR COURT OF THE COMMONWEALTH OF MASSACHUSETTS. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY WITH RESPECT TO SUCH ACTION. THE PARTIES IRREVOCABLY AGREE THAT VENUE WOULD BE PROPER IN SUCH COURT, AND HEREBY WAIVE ANY OBJECTION THAT SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF SUCH ACTION. THE PARTIES FURTHER AGREE THAT THE MAILING BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, OF ANY PROCESS REQUIRED BY ANY SUCH COURT TO THE ADDRESS SPECIFIED FOR SUCH PARTY PURSUANT TO SECTION 10.3 SHALL CONSTITUTE VALID AND LAWFUL SERVICE OF PROCESS AGAINST THEM, WITHOUT NECESSITY FOR SERVICE BY ANY OTHER MEANS PROVIDED BY STATUTE OR RULE OF COURT. NOTHING IN THIS SECTION 10.13 SHALL, HOWEVER, AFFECT THE RIGHT OF A PARTY TO SERVICE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(b) WAIVER OF JURY TRIAL. EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING UNDER OR RELATING TO THIS AGREEMENT.

10.14. Dispute Resolution. Except as otherwise expressly set forth herein, any dispute, controversy or claim arising under or relating to this Agreement or any breach or threatened breach hereof shall be promptly presented to the Chief Executive Officers of Buyer and the Company (or alternative officers designated by Buyer or the Company) for resolution and if such officers cannot resolve such disputes,

claims or controversies then such dispute, claim or controversy shall be finally resolved by arbitration initiated by either Party (each an "Arbitrable Dispute"). Any Arbitrable Dispute shall be resolved by final and binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, subject to the following:

(a) The demand for arbitration shall be in writing, shall be served on the other Party in the manner prescribed herein for the giving of notices, and shall set forth a short statement of the factual basis for the claim, specifying the matter or matters to be arbitrated.

(b) The arbitration shall be conducted by a panel of three (3) arbitrators, one (1) selected by Buyer, one (1) selected by the Company and one (1) to be selected jointly by the arbitrators selected by Buyer and the Company (collectively, the "Arbitrators") who shall conduct such evidentiary or other hearings as they deem necessary or appropriate and thereafter shall make their determination as soon as practicable. Any arbitration pursuant hereto shall be conducted by the Arbitrators under the guidance of the Federal Rules of Civil Procedure and the Federal Rules of Evidence, but the Arbitrators shall not be required to comply strictly with such Rules in conducting any such arbitration. All such arbitration proceedings shall take place in the Commonwealth of Massachusetts.

(c) Except as provided herein (including pursuant to Article VIII to the extent such items constitute Losses):

(i) each Party shall bear its own "Costs and Fees," which are defined as all reasonable pre-award expenses of the arbitration, including travel expenses, out-of-pocket expenses (including, but not limited to, copying and telephone) witness fees, and reasonable attorney's fees and expenses;

(ii) the fees and expenses of the Arbitrators and all other costs and expenses incurred in connection with the arbitration shall be borne equally by the Parties; and

(iii) notwithstanding the foregoing, the Arbitrators shall be empowered to require any one or more of the Parties to bear all or any portion of such Costs and Fees and/or the fees and expenses of the Arbitrators in the event that the Arbitrators determine such Party has acted unreasonably or in bad faith.

(d) The Arbitrators shall have the authority to award any remedy or relief that a court of the Commonwealth of Massachusetts could order or grant, including, without limitation, specific performance, the awarding of Losses, the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process. The Arbitrators shall render their decision and award upon the concurrence of at least two (2) of their number. Such decision and award shall be in writing and counterpart copies thereof shall be delivered to each Party. The decision and award of the Arbitrators shall be binding on all Parties. In rendering such decision and award, the Arbitrators shall not add to, subtract from or otherwise modify the provisions of this Agreement and shall make their determinations in accordance therewith. Any Party to the arbitration may seek to have judgment upon the award rendered by the Arbitrators entered in any court having jurisdiction thereof.

(e) Each Party agrees that it will not file any suit, motion, petition or otherwise commence any legal action or proceeding for any matter which is required to be submitted to arbitration as contemplated herein except in connection with the enforcement of an award rendered by the Arbitrators. Upon the entry

of an order dismissing or staying any action or proceeding filed contrary to the preceding sentence, the Party which filed such action or proceeding shall promptly pay to the other Party the reasonable attorney's fees, costs and expenses incurred by such other Party prior to the entry of such order.

(f) Notwithstanding the foregoing, any Party may apply to a court of law or equity for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof as set forth in Section 9.4(e) or Section 10.10.

10.15. Delivery by Facsimile. This Agreement and any Transaction Document, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or by pdf electronic mail, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party hereto or to any such contract, each other Party hereto or thereto shall re-execute original forms thereof and deliver them to all other Parties. No Party hereto or to any such contract shall raise the use of a facsimile machine or pdf electronic mail to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of facsimile machine or pdf electronic mail as a defense to the formation or enforceability of a contract and each such Party forever waives any such defense.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement, or has caused this Agreement to be executed by its respective officer thereunto duly authorized, all as of the day and year first above written.

HAEMONETICS CORPORATION

By: /s/ Christopher Lindop
Name: Christopher Lindop
Title: Vice President and Chief Financial Officer

PALL CORPORATION

By: /s/ Robert G. Kuhbach
Name: Robert G. Kuhbach
Title: SVP, General Counsel

EXHIBIT 21.1

SUBSIDIARIES OF HAEMONETICS CORPORATION

Name	Jurisdiction of Incorporation
Haemonetics S.A., with branches in Russia and Lebanon	Switzerland
Haemonetics IP HC Sarl	Switzerland
Haemonetics Scandinavia, AB	Sweden
Haemonetics GmbH	Germany
Haemonetics France S.a.r.l.	France
Haemonetics Limited	England
Haemonetics (U.K.) Limited	Scotland
Haemonetics Japan G.K.	Japan
Haemonetics Belgium N.V.	Belgium
Haemonetics B.V.	Netherlands
Haemonetics Italia S.r.l.	Italy
Haemonetics HmbH	Austria
Haemonetics Asia Inc., with branch in Taiwan	Delaware
Haemonetics Hong Kong Ltd., with branch in India	Hong Kong
Haemonetics CZ, s.p.o.l., s.r.o.	Czech Republic
Haemonetics Medical Devices (Shanghai) Trading Co. Ltd.	People's Republic of China
Transfusion Technologies Corporation	Delaware
5D Information Management, Inc.	Delaware
Haemonetics Canada, Ltd.	British Columbia, Canada
Haemonetics Massachusetts Security Corp.	Massachusetts
Haemonetics Korea, Inc.	Korea
Arryx, Inc.	Nevada
Haemoscope Corporation	Massachusetts
Haemonetics Hospitalar, LTDA	Brazil
Global Med Technologies, Inc	Colorado
Haemonetics International Holdings, Gmbh	Switzerland
Haemonetics International Finance S.a.r.l.	Luxembourg
Inlog Holdings France SAS	France
Inlog	France
Inlog Deutschland Gmbh	Germany

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-61453, 333-61455, 333-60020, 333-62598, 333-136839, 333-149205 and 333-159434) of our reports dated May 22, 2012, with respect to the consolidated financial statements and schedule of Haemonetics Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Haemonetics Corporation and subsidiaries, included in this Annual Report (Form 10-K) for the fiscal year ended March 31, 2012.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 22, 2012

EXHIBIT 31.1

CERTIFICATION

I, Brian Concannon, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 : May 22, 2012

/s/ Brian Concannon

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

EXHIBIT 31.2

CERTIFICATION

I, Christopher Lindop, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 : May 22, 2012

/s/ Christopher Lindop

Christopher Lindop, Chief Financial Officer and

Vice President Business Development
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Annual Report of Haemonetics Corporation (the "Company") on Form 10-K for the period ended March 31, 2012 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 : May 22, 2012

/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.

EXHIBIT 32.2

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

In connection with the Annual Report of Haemonetics Corporation (the "Company") on Form 10-K for the period ended March 31, 2012 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 : May 22, 2012

/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.