

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 30, 2013

Commission file number 001-14041

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of
incorporation or organization)

04-2882273

(I.R.S. Employer
Identification No.)

400 Wood Road,
Braintree, Massachusetts 02184-9114

(Address of principal executive offices)

(781) 848-7100

(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

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark 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

Non-accelerated filer

Smaller reporting company

(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 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 September 29, 2012, the last business day of the registrant's most recently completed second fiscal quarter was \$2,031,424,216 (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 \$0.01 par value common stock outstanding as of April 27, 2013 was 51,076,655.

Documents Incorporated By Reference

Portions of the definitive proxy statement for our Annual Meeting of Shareholders to be held on July 24, 2013 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. 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 many vital - and frequently life-saving - clinical applications. Plasma is used for patients with major blood loss and 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. Blood is essential to a modern healthcare system.

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 that collect and process blood into its components using both manual and automated methods. 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 sell information technology platforms to promote efficient and compliant operations for all of our customer groups. Finally, we provide consulting services to reduce costs and improve operating efficiencies in blood management. 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.

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.

On August 1, 2012 we completed the acquisition of the business assets of the blood collection, filtration and processing product lines of Pall Corporation. We paid \$535.2 million in cash consideration following resolution of post-closing adjustments for working capital and historical earnings levels. The acquisition was funded utilizing \$475.0 million of loans and the remainder from cash on hand. The blood processing systems and equipment acquired are for use in transfusion medicine and include manufacturing facilities in Covina, California; Tijuana, Mexico; Ascoli, Italy and a portion of Pall's assets in Fajardo, Puerto Rico. Approximately 1,300 employees transferred to Haemonetics. We anticipate paying an additional \$15.0 million upon the replication and delivery of certain manufacturing assets of Pall's filter media business to Haemonetics by 2016. Until that time, Pall will manufacture and sell filter media to Haemonetics under a supply agreement. We refer to this newly acquired business as the whole blood business. This acquisition provides access to the manual collection and whole blood markets and has provided scope for introduction of automated solutions into those markets.

On April 30, 2013 we completed the acquisition of certain assets of Hemerus LLC, a Minnesota based company that develops innovative technologies for the collection of whole blood and processing and storage of blood components. Hemerus has received FDA approval for SOLX® whole blood collection system for eight hour storage of whole blood. Hemerus previously received CE Marking (Conformité Européenne) in the European Union to market SOLX as the world's first 56-day red blood cell storage solution. We paid \$23.0 million cash in addition to the \$1.0 million paid early in fiscal 2013. We will pay an additional \$3.0 million contingent upon a further FDA approval of the SOLX solution for 24 hour storage of whole blood prior to processing, and will pay up to \$14.0 million based on future sales of SOLX-based products achieved within the next 10 years.

Markets and Products

We serve three markets: manufacturers of plasma derived pharmaceuticals, 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 markets.

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 Information*.

- **Plasma**

The Plasma Collection Market for Fractionation — Human plasma is collected and processed by bio-pharmaceutical companies into therapeutic and diagnostic products that aid in the treatment of immune diseases and coagulation disorders. While plasma is also used to aid patients with extreme blood loss, such as trauma victims, this portion of our business solely focuses on plasma's pharmaceutical uses. Automated plasma collection technology allows for the safe and efficient collection of plasma. We manufacture and market plasma collection devices and respective disposables, 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 — 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 plasma 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 plasma 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 30.1%, 35.5%, and 33.6% of our total revenue in fiscal 2013, 2012 and 2011, 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 often 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.

Demand for blood has declined modestly in mature markets due to the development of less invasive, lower blood loss medical procedures and blood management. Highly populated emerging market countries are increasing their demand

for blood as they are advancing their healthcare coverage, and as greater numbers of people gain access to more advanced medical treatment, demand for blood components, plasma-derived drugs, and surgical procedures increases directly.

Most donations worldwide are manual whole blood donations. In this process, whole blood is collected from the donor and then transported to a laboratory where it is separated into its components: red cells, platelets and/or plasma.

In addition to manual collections, there is a significant market for automated component blood collections. In this procedure, 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.

Haemonetics' Blood Center Products — Today, Haemonetics offers automated blood component and manual whole blood collection systems to blood collection centers to collect blood products efficiently and cost effectively.

We market the MCS[®] (Multicomponent Collection System) brand apheresis equipment which is designed to collect specific blood components integrated from the donor. Utilizing the MCS[®] automated platelet collection protocols, blood centers collect 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 helping to mitigate 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. The MCS[®] plasma protocol providing the possibility to collect 600-800ml of plasma for transfusion to patients or for pharmaceutical industry use completes the comprehensive portfolio of different blood component collection options on this device.

With the whole blood acquisition, Haemonetics now also offers a portfolio of products for manual whole blood collection and processing. The assets acquired from Pall Corporation provide us with filter technology and manufacturing capability as well as a broad portfolio of manual collection, filtration and processing products. Haemonetics' portfolio of disposable whole blood collection and component storage sets offer flexibility in collecting a unit of whole blood and the subsequent production and storage of the red blood cell, platelet, and/or plasma products, including options for in-line or dockable filters for leukoreduction of any blood component. In addition, our innovative AcrodoseSM product line provides a closed system for the pooling, storage, and bacteria testing of leukoreduced whole blood derived platelet concentrates, an AcrodoseSM Platelet, that is “transfusion ready” for the hospital. Use of Acrodose platelets lowers hospital handling costs by eliminating the need for pooling and bacteria testing at the hospital.

With the ACP[®] (Automated Cell Processor) brand, Haemonetics offers a small bench-top solution to automate the washing and freezing of red cell components in the lab. The automated red cell washing procedure removes plasma proteins within the red cell units to provide a safer product for transfusion to frequently transfused patients, neonates, or patients with a history of transfusion reactions. The automated glycerolization and deglycerolization steps are required to prepare red cells for frozen storage. Freezing the red cell units can expand the shelf life of these products up to 10 years. Customers utilize this technology to implement strategic red cell inventories for catastrophe cases, storage of rare blood types, or enhanced inventory management.

With the whole blood acquisition, Haemonetics now offers filtration products for the hospital. These filters are used during the blood transfusion process for reduction of particulate debris, fat globules and leukocytes in the blood components.

Our blood center disposables product line represented 40.1%, 29.7%, and 30.0% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

- **Hospital**

The Transfusion Market for Hospitals — Loss of blood is common in many surgical procedures, including 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 cell 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 freshest and safest blood possible — his or her own. Surgical cell salvage involves the collection of a patient's own blood during and after surgery, for reinfusion of red cells to that patient. Blood is suctioned from the surgical site or collected from a wound or chest drain, 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 surgical 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[®] Thrombelastograph 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 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 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. 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. 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 feature permits customers to utilize the blood processing set selectively, depending on the patient's need.

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. Business consulting solutions are offered 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 14.7%, 16.6%, and 18.0% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

- **Software Solutions**

Haemonetics' Software Products and Services — We have a suite of integrated software solutions for improving efficiencies and helping ensure donor and patient safety. This includes solutions for blood drive planning, donor recruitment and retention, blood collection, component manufacturing and distribution, transfusion management, and remote blood allocation. For our plasma customers, we also provide information technology platforms for managing donors and information associated with the collection of plasma products within fractionation facilities. While each Haemonetics information technology platform can be used independently, our mission to provide "Arm to Arm[®]" blood management solutions means they can also work together through integration to further improve process workflows. Also, the ability to evaluate information based on the integration of these systems allows customers to continually improve their business processes. Leveraging information to make more informed decisions is a significant component of Haemonetics' overall commitment to improving blood management systems globally.

Integrated Blood Management Solutions —Combining software solutions with devices, we meet our goal of offering 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, hospitals 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 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.

We believe a key example of our blood management solutions is the potential to balance blood demand with supply and mitigate shortages of blood components and 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 software solutions product line represented 7.8%, 9.7%, and 9.9% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

Marketing/Sales/Distribution

We market and sell our products to commercial plasma collectors, blood collection groups 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 2013, 2012 and 2011 approximately 51.0%, 48.4%, and 46.9%, 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 2013, 2012 and 2011 approximately 49.0%, 51.6%, and 53.1%, respectively, of consolidated net revenues were generated through sales to non-U.S. customers. Outside the United States, we use a combination of direct sales force and distributors.

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 Canada and 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.

Research and development expense was \$44.4 million in fiscal 2013, \$36.8 million in fiscal 2012 and \$32.7 million in fiscal 2011, representing approximately 5.0% of our net sales each year.

In fiscal 2013, R&D resources were allocated to supporting a next generation orthopedic perioperative autotransfusion device, a series of elements comprising an automated whole blood collection system, and several other projects to enhance our current product portfolio.

Manufacturing

Our principal manufacturing operations are located in the United States, Mexico, Scotland, Switzerland and Italy.

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. 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.

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.

Contractors manufacture some component-sets 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 sole source vendors. We believe that if necessary, alternative sources of supply are available in most cases, 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.

Each blood processing machine is designed in-house and assembled from components that are either manufactured by us or 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.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities and Exchange Commission has issued final rules regarding the disclosure of use of certain minerals, known as conflict minerals, which are mined from the Democratic Republic of the Congo and adjoining countries. These rules could have an adverse effect on the sourcing, supply and pricing of materials used in our products.

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 may also license patent rights from third parties that cover technologies that we 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 determined invalid.

Competition

We have established a record of innovation and leadership in each of the areas in which we compete. To remain competitive, we must continue to develop and acquire new cost-effective 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. Terumo BCT, Sorin Biomedica and Fresenius SE & Co. KGaA ("Fresenius") are large global competitors with product offerings similar to ours.

Plasma

In the automated plasma collection market, we principally compete with Fresenius, who acquired Fenwal, Inc. in November 2012, 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.

Blood Center

We have several competitors in the Blood Center product lines, some of whom compete across all blood components and other are more specialized.

Terumo BCT, a combination of Caridian BCT and Terumo Medical Corporation is one of our major competitors in automated platelet collection. Fresenius is another major competitor in this area after their November 2012 acquisition of 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, as a result of the Pall Corporation acquired business product lines, we now also compete in the pooled random donor platelet segment from whole blood collections from which pooled platelets are derived with the Acrodose product or buffy coat pooling sets.

Terumo BCT and Fresenius (following its acquisition of Fenwal in 2012) are also competitors in the automated red cell collection market. However, it is important to note that most double red cell collection is done in the US and less than 10% of the 14 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 entered the whole blood collections market during fiscal 2013 through the acquisition of the whole blood business from Pall. We compete on the basis of total cost, type-specific collection, process control, product quality, and inventory management.

Our whole blood business faces competition on the basis of quality and price. In North America, Europe and Asia-Pacific our main competitors are Fresenius, MacoPharma and Terumo BCT. Haemonetics and Fresenius are market co-leaders in the leukoreduced whole blood disposables segment in North America and Asia Pacific, whereas in Europe, Fresenius is the market leader. In Japan, Kawasumi is also a strong local competitor. We have a significant competitive cost advantage in the supply of filtration needed in whole blood collection because we are vertically integrated in the production of our own filters. This is unique among our major competitors.

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. With the ACP® (automated cell processor) brand, Haemonetics offers a closed system cell processor which gives blood processed through it, a 14-day shelf life. We compete with Terumo BCT's open systems in this market.

Hospital

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 analyzer 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.

In the "perioperative" surgical blood salvage market, our OrthoPAT and cardioPAT systems compete primarily against (i) non-automated processing systems whose end product is an unwashed red blood cell unit for transfusion to the patient and (ii) transfusions of donated blood.

In the software market, we compete with MAK Systems, Mediware, Sunquest Information Systems and applications developed internally by our customers. These companies provide software to blood and plasma collectors and to hospitals for managing donors, collections, and blood units. None of these companies compete with Haemonetics' non-software products.

Our technical staff is highly skilled, but certain competitors have substantially greater financial resources and larger technical staffing 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 10.1% and 13.7% of our net revenues in fiscal 2013 and 2012, respectively. Additionally, Grifols S.A., a global healthcare customer, represented approximately 11.0% of our net revenues in fiscal 2012. Revenue from Grifols S.A. was less than 10% of net revenues in fiscal 2013 due to increases in net revenues associated with the August 1, 2012 acquisition of the whole blood transfusion medicine business.

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 premarket 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 manual collection and automated systems requires us to obtain an approved New Drug Application ("NDA") or Abbreviated New Drug Application ("ANDA") from CBER. 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 on 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.

Employees

As of March 30, 2013, we employed the full-time equivalent of 3,563 persons assigned to the following functional areas: manufacturing, 2,043; sales and marketing, 432; general and administrative, 418; research and development, 318; and quality control and field service, 352. 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 website the public can also access, free of charge, our annual, quarterly and current reports and other documents filed with 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.

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 the effects of disruption from the acquisition of the Pall whole blood business making it more difficult to maintain relationships with employees, customers, vendors and other business partners, unexpected expenses incurred to integrate the Pall whole blood business, our ability to successfully execute on the transformation of our manufacturing network and our other value capture and creation activities, technological advances in the medical field and standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, demand for blood components, product quality, market acceptance, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, blood product reimbursement policies and practices, foreign currency exchange rates, changes in customers' ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate 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 the investment of 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 management's 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.

Quality problems with our processes, goods, and services could harm our reputation for producing high-quality products and erode our competitive advantage, sales, and market share.

Quality is extremely important to us and our customers due to the serious and costly consequences of product failure. Our quality certifications are critical to the marketing success of our products and services. If we fail to meet these standards or fail to adapt to evolving standards, our reputation could be damaged, we could lose customers, and our revenue and results of operations could decline.

As approximately half 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.

Our international operations are governed by the U.S. Foreign Corrupt Practices Act (FCPA) and other similar anti-corruption laws in other countries. Generally, these laws which prohibit companies and their business partners or other intermediaries from making improper payments to foreign governments and government officials in order to obtain or retain business. Global enforcement of such anti-corruption laws has increased in recent years, including aggressive investigations and enforcement proceedings. While we have an active compliance program and various other safeguards to discourage impermissible practices, our global operations carry some risk of unauthorized impermissible activity on the part of one of our distributors, employees, agents or consultants. Any alleged or actual violation could subject us to government scrutiny, severe criminal or civil fines, or sanctions on our ability to export product outside the U.S., which could adversely affect our reputation and financial condition.

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.

Finally, any other significant changes in the competitive, legal, regulatory, reimbursement or economic environments of the jurisdictions in which we conduct our international business could have a material impact on our business.

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. In addition to a medical device tax, effective as of January 2013, the effects of which are considered in our financial disclosures, certain other provisions of the Act will not be effective until 2014 and 2015, and there are many programs and requirements for which the details have not yet been fully established or consequences not fully understood. We are unable to predict what healthcare programs and regulations will be ultimately implemented at either the federal or state level, but any changes that may decrease reimbursement for our products, reduce medical procedure volumes or increase cost containment measures could adversely impact our business.

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.

If we are unable to meet our debt obligations or experience a disruption in our cash flows, it could have an adverse effect on our financial condition, results of operations or cost of borrowing.

We incurred \$475.0 million in debt to acquire the whole blood business. The obligations to pay interest and repay the borrowed amounts may restrict our ability to adjust to adverse economic conditions, our ability to fund working capital, capital expenditures, acquisition or other general corporate requirements. The interest rate on the loan is variable and subject to change based on market forces. Fluctuations in interest rates could adversely affect our profitability and cash flows.

In addition, as a global corporation we have significant cash reserves held in foreign countries. These balances may not be immediately available to repay our debt or may only be available after paying significant taxes.

Our credit facilities contain financial covenants that require us to maintain specified financial ratios and make interest and principal payments. If we are unable to satisfy these covenants, we may be required to obtain waivers from our lenders and no assurance can be made that our lenders would grant such waivers on favorable terms, or at all, and we could be required to repay any borrowed amounts on short notice.

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.

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

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.

In fiscal 2013, our ten largest customers accounted for approximately 44% of our revenue. If any of our largest customers materially reduce their purchases from us or terminate their relationship with us for any reason, we could experience an adverse effect on our results of operations or financial condition.

Our largest customer, the Japanese Red Cross Society (JRC), represented 10.1% of our revenues in fiscal 2013. Because of the size of this relationship we could experience a significant reduction in revenue if the JRC 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.

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 \$23.4 million as of March 30, 2013, may increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

We may not realize the expected benefits from our Manufacturing Network Optimization Program; our long-term plans will result in higher short-term expenses and require more cash expenditures.

In May 2013, we announced a multi-year Manufacturing Network Optimization Program which is intended to reduce our manufacturing costs by changing our current manufacturing footprint and supply chain strategy. We expect the program will reduce manufacturing costs and improve supply chain efficiency when complete. However, there are no assurances these cost savings or supply chain efficiencies will be achieved, and implementation of the program could introduce risks such as management distraction, business disruption, and attrition beyond our planned reduction in workforce and reduced employee productivity which may reduce our revenue or increase our costs. Additionally, implementing the program will result in charges and expenses that impact our operating results and increase our level of capital expenditures.

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 2013, our international revenues accounted for 49.0% 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, fluctuate due to exchange rate movement when translated into U.S. dollars for financial reporting purposes. 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 2013 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.

There are risks with doing business in emerging economies, such as Brazil, Russia, India and China. These economies tend to have less mature product regulatory systems, and more volatile financial markets. In addition, the government controlled health care system's ability to invest in our products and systems may abruptly shift 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 and maintain 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 support 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 in 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, we inform affected individuals. If our systems are 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 and obtain professional or product liability insurance. This causes the premiums for such insurances to increase. As such, we carry product liability coverage. While we believe that current coverage is sufficient, there is no assurance that such coverage will be adequate to cover incurred liabilities. Moreover, we may be unable to obtain acceptable product and professional liability coverage.

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

The costs of healthcare have risen significantly over the past decade. Numerous initiatives and reform by legislators, regulators and third-party payors to curb these costs have resulted in a consolidation trend in the healthcare industry. This consolidation has resulted in greater pricing pressure, decreased average selling prices and the exclusion of certain suppliers from important market segments. For example, group purchasing organizations, integrated delivery networks and large single accounts continue to consolidate purchasing decisions for some of our hospital customers. We expect 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. This 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 headquarters 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.

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 \$383,970 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 \$495,498.

The Company owns a facility in Union, South Carolina. This facility is used to manufacture sterile solutions that 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 \$153,523.

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, as well as supply chain and procurement management activities related to our manufacturing operations. Annual lease expense for this space is \$900,000.

The Company leases a facility in Fajardo, Puerto Rico that is approximately 114,860 square feet under an agreement with Pall Corporation executed in connection with the Company's acquisition of Pall's transfusion medicine business on August 1, 2012. This facility is used for production of blood filters. We recorded a \$2.1 million capital lease under purchase accounting for this property for which we are recording approximately \$0.2 million of depreciation expense annually.

The Company owns a facility in Ascoli, Italy, used for the production of whole blood collection kits. This facility is 87,188 square feet.

The Company leases 126,569 square feet of space in Tijuana, Mexico used for the production of blood collection sets used for collection, handling and storage of whole blood. Annual lease expense is approximately \$327,360.

The Company owns two facilities in Covina, California that occupy 70,781 square feet, dedicated to manufacturing, R&D and engineering functions. The facilities also include general administration space. The Company also leases 40,400 square feet of space for warehousing and logistic operations. Annual lease expense is approximately \$264,450. These facilities are used for the production of whole blood collection kits.

The Company also leases administration, 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 (Fresenius) Patent Infringement

For the past six 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.

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 4A. EXECUTIVE OFFICERS

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 54), President, Global Plasma joined Haemonetics in 2003 as President of the Donor Division. In March 2008, Mr. Allen was appointed Chief Marketing Officer. In October 2011, he was promoted to President of 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, Mr. Allen 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 55), President and Chief Executive Officer joined Haemonetics in 2003 as President of the Patient Division. He was promoted to President of Global Markets in 2006 and then to Chief Operating Officer in 2007. In April 2009, he was promoted to President and Chief Executive Officer, and elected to the Haemonetics Board of Directors. Immediately prior to joining Haemonetics, Mr. Concannon was President of the Northeast Region at 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 Corporation, and Allegiance Healthcare in a series of sales and operations management positions of increasing responsibility.

SUSAN HANLON (age 45), Vice President Finance and Chief Accounting Officer 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 Controllershship, Financial Planning, Tax, and Treasury. Prior to joining Haemonetics, Ms. Hanlon was a partner with Arthur Andersen LLP in Boston.

DAVID HELSEL (age 49) Executive Vice President, Global Manufacturing joined Haemonetics as Vice President of 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, his previous roles included Vice President of Operations for the Medical Supplies segment and Global Director of Operational Excellence – Manufacturing. Mr. Helsel holds a Bachelor of Science degree in Mechanical Engineering from LeTourneau University.

SANDRA JESSE (age 60) Chief Legal Officer joined Haemonetics as Vice President, Chief Legal Officer in September 2011, and is responsible for the company's world-wide Legal, Compliance and Corporate Audit and Controls 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 of Directors, including the New England Legal Foundation, Longy School of Music, Boston Harbor Island Alliance and the Landmark School. Ms. Jesse is a former President of the Boston Bar Foundation.

MICHAEL KELLY (age 49) President, Global Markets, joined Haemonetics in 2010 as President of North America and the Global Plasma business. In 2011, his responsibilities expanded to include the Software and Global Marketing functions and his title changed to President of North America. In June of 2012, Mr. Kelly was promoted to President of Global Markets in charge of overseeing all of the Sales and Marketing activities for our Donor, Patient, and Software products globally, as well as the Global Marketing function. Prior to joining Haemonetics, he was Senior Vice President and General Manager of Infection Prevention for CareFusion Corporation. Mr. Kelly spent several years with Cardinal Health in a variety of general management, marketing, business development, and sales positions. He began his career with Baxter Healthcare as a Sales Representative in 1991.

CHRISTOPHER LINDOP (age 55) Executive Vice President, Business Development and Chief Financial Officer joined Haemonetics in January of 2007 as Chief Financial Officer. In 2007, Mr. Lindop assumed responsibility for business development. Prior to joining Haemonetics, he was Chief Financial Officer at Inverness Medical Innovations, a rapidly growing global developer of advanced consumer and professional diagnostic products from 2003 to 2006. Prior to this, Mr. Lindop was a Partner in the Boston offices of Ernst & Young LLP and Arthur Andersen LLP.

KATHLEEN MCDANIEL (age 49) Executive Vice President, Global Human Resources joined Haemonetics in March 2013 as EVP, Global Human Resources. Ms. McDaniel most recently served as worldwide VP of Human Resources for DePuy Synthes, a Johnson & Johnson Company. Prior to Depuy, Ms. McDaniel was an Executive Vice President at Fleet Credit Card Services. She has over 25 years of broad global HR leadership experience having held executive, senior human resources generalist and compensation positions at leading computer and financial services companies.

WARREN NIGHAN (age 44) Executive Vice President, Quality Assurance and Regulatory Assurance joined Haemonetics in November of 2010 as Vice President of Worldwide Quality & Regulatory Affairs. Mr. Nighan previously served as Vice President of Quality & Regulatory for St. Jude Medical in Minneapolis, Minnesota. Prior to that, he held numerous roles of increasing responsibility in quality and regulatory affairs at Covidien, Tyco Healthcare, and Kendall Healthcare. Mr. Nighan holds a bachelor's degree in nursing from Northeastern University.

DR. JONATHAN WHITE (age 53) Chief Science and Technology Officer joined Haemonetics in 2008 as Vice President of Research and Development. Dr. White joined Haemonetics from Pfizer where he held a number of roles including Chief Information Officer. He previously worked at McKinsey and Company in New York. Dr. White is a Fellow of the Royal College of Surgery in England.

PART II**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

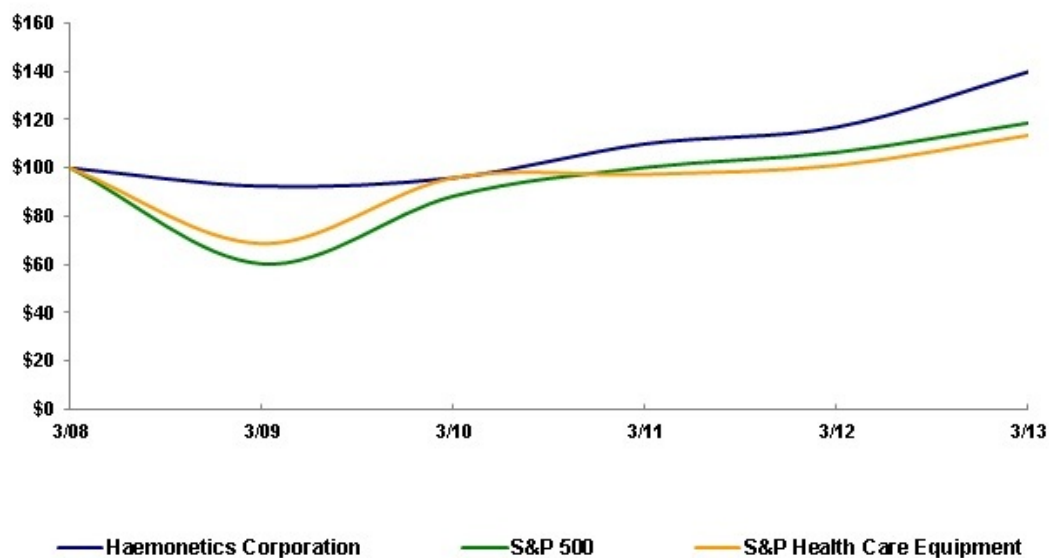
Our common stock is listed on the New York Stock Exchange under the symbol HAE. The following table sets forth for the periods indicated the high and low sales prices of such common stock, which represent actual transactions as reported by the New York Stock Exchange. On November 30, 2012 the Company completed a two-for-one split of its common stock in the form of a stock dividend. Unless otherwise indicated, all common stock shares and per share information referenced below have been retroactively adjusted to reflect the stock split. The exercise price of each outstanding option has also been proportionately and retroactively adjusted for all periods presented. Par value per share and authorized shares were however not affected by the stock split.

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|------------------|-------------------|------------------|-------------------|
| <i>Fiscal year ended March 30, 2013:</i> | | | | |
| Market price of Common Stock: | | | | |
| High | \$ 37.06 | \$ 40.70 | \$ 41.38 | \$ 44.44 |
| Low | \$ 33.44 | \$ 34.32 | \$ 38.92 | \$ 40.78 |
| <i>Fiscal year ended March 31, 2012:</i> | | | | |
| Market price of Common Stock: | | | | |
| High | \$ 35.10 | \$ 34.59 | \$ 32.29 | \$ 35.16 |
| Low | \$ 31.21 | \$ 28.02 | \$ 27.50 | \$ 30.92 |

There were approximately 272 holders of record of the Company's common stock as of March 30, 2013. 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 3/29/2008 and its relative performance is tracked through 3/30/2013.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Haemonetics Corporation, the S&P 500 Index, and the S&P Health Care Equipment Index



*\$100 invested on 3/29/08 in stock or index, including reinvestment of dividends.
Fiscal year ending March 30.

* \$100 invested on 3/29/08 in stock or index, including reinvestment of dividends.
Fiscal year ended March 30.

| | 3/08 | 3/09 | 3/10 | 3/11 | 3/12 | 3/13 |
|--------------------------------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Haemonetics Corporation | 100.00 | 92.45 | 95.94 | 110.00 | 116.95 | 139.85 |
| S&P 500 | 100.00 | 60.32 | 88.41 | 100.24 | 106.48 | 118.64 |
| S&P Health Care Equipment | 100.00 | 68.74 | 95.94 | 97.34 | 101.08 | 113.56 |

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

Unregistered Sales of Equity Securities and Use of Proceeds

In the August 1, 2012 press release, the Company announced that its Board of Directors approved the repurchase of up to \$50.0 million worth of Company shares during fiscal year 2013. During the three months ended March 30, 2013, the Company repurchased 694,644 shares of its common stock for an aggregate purchase price of \$28.8 million. We reflect stock repurchases

in our financial statements on a trade date basis and as Authorized Unissued. Haemonetics is a Massachusetts company and under Massachusetts law repurchased shares are treated as authorized but unissued, rather than treasury shares.

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

| Period | Total Number of Shares Repurchased | Average Price Paid per Share including Commissions | Total Dollar Value of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs |
|----------------------|------------------------------------|--|--|--|
| 12/30/2012-1/26/2013 | 160,365 | \$ 41.81 | \$ 6,704,229 | \$ 22,133,953 |
| 1/27/2013-2/23/2013 | 291,650 | \$ 41.54 | \$ 12,114,521 | \$ 10,019,432 |
| 2/24/2013-3/30/2013 | 242,629 | \$ 41.30 | \$ 10,019,432 | \$ — |
| Total | 694,644 | \$ 41.52 | \$ 28,838,182 | |

ITEM 6. SELECTED FINANCIAL DATA
Haemonetics Corporation and Subsidiaries Five-Year Review

| (In thousands, except per share and employee data) | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------------|------------|------------|------------|------------|
| Summary of Operations | | | | | |
| Net revenues | \$ 891,990 | \$ 727,844 | \$ 676,694 | \$ 645,430 | \$ 597,879 |
| Cost of goods sold | 463,859 | 358,604 | 321,485 | 307,949 | 289,709 |
| Gross profit | 428,131 | 369,240 | 355,209 | 337,481 | 308,170 |
| Operating expenses: | | | | | |
| Research and development | 44,394 | 36,801 | 32,656 | 26,376 | 23,859 |
| Selling, general and administrative | 323,053 | 245,261 | 213,899 | 214,483 | 198,744 |
| Contingent consideration income | — | (1,580) | (1,894) | (2,345) | — |
| Asset write-down | 4,247 | — | — | 15,686 | — |
| Total operating expenses | 371,694 | 280,482 | 244,661 | 254,200 | 222,603 |
| Operating income | 56,437 | 88,758 | 110,548 | 83,281 | 85,567 |
| Other income (expense), net | (6,540) | 740 | (467) | (2,010) | (565) |
| Income before provision for income taxes | 49,897 | 89,498 | 110,081 | 81,271 | 85,002 |
| Provision for income taxes | 11,097 | 22,612 | 30,101 | 22,901 | 25,698 |
| Net income | 38,800 | 66,886 | 79,980 | 58,370 | 59,304 |
| Income per share: | | | | | |
| Basic | \$ 0.76 | \$ 1.32 | \$ 1.59 | \$ 1.15 | \$ 1.17 |
| Diluted | \$ 0.74 | \$ 1.30 | \$ 1.56 | \$ 1.12 | \$ 1.13 |
| Weighted average number of shares | 51,349 | 50,727 | 50,154 | 50,902 | 50,778 |
| Common stock equivalents | 910 | 863 | 1,038 | 1,224 | 1,568 |
| Weighted average number of common and common equivalent shares | 52,259 | 51,590 | 51,192 | 52,126 | 52,346 |
| Financial and Statistical Data: | | | | | |
| Working capital | \$ 416,866 | \$ 396,385 | \$ 340,160 | \$ 250,888 | \$ 289,530 |
| Current ratio | 3.3 | 4.0 | 4.1 | 2.9 | 4.1 |
| Property, plant and equipment, net | \$ 256,953 | \$ 161,657 | \$ 155,528 | \$ 154,313 | \$ 137,807 |
| Capital expenditures | \$ 62,188 | \$ 53,198 | \$ 46,669 | \$ 56,304 | \$ 56,379 |
| Depreciation and amortization | \$ 65,481 | \$ 49,966 | \$ 48,145 | \$ 43,236 | \$ 36,462 |
| Total assets | \$ 1,461,917 | \$ 911,135 | \$ 833,264 | \$ 760,928 | \$ 649,693 |
| Total debt | \$ 480,094 | \$ 3,771 | \$ 4,879 | \$ 20,520 | \$ 6,038 |
| Stockholders' equity | \$ 769,182 | \$ 732,631 | \$ 686,136 | \$ 593,124 | \$ 539,884 |
| Debt as a % of stockholders' equity | 62.4% | 0.5% | 0.7% | 3.5% | 1.1% |
| Employees | 3,563 | 2,337 | 2,201 | 2,327 | 2,016 |

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 and related consumables, 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 provide both automated collection and processing of blood components, and manual collection and processing of donated blood, assess likelihood for blood loss, salvage and process blood from surgery patients, and dispense and track blood inventory in the hospital. These systems include devices and single-use, proprietary disposable sets ("disposables") some of which operate only with our specialized devices. 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 manual blood collection and filtration systems enable the manual collection of all blood components and detect bacteria in whole blood derived platelets, thus reducing the risks of infection through transfusion. 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.

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.

Recent developments

On August 1, 2012 we completed the acquisition of the business assets of the blood collection, filtration and processing product lines of Pall Corporation. We paid a total of \$535.2 million in cash consideration. The acquisition was funded utilizing \$475.0 million of loans and the remainder from cash on hand. The blood processing systems and equipment acquired are for use in transfusion medicine and include manufacturing facilities in Covina, California; Tijuana, Mexico; Ascoli, Italy and a portion of Pall's assets in Fajardo, Puerto Rico. Approximately 1,300 employees transferred to Haemonetics. We anticipate paying an additional \$15.0 million upon the replication and delivery of certain manufacturing assets of Pall's filter media business to Haemonetics by 2016. Until that time, Pall will manufacture and sell filter media to Haemonetics under a supply agreement.

On April 30, 2013, we completed the acquisition of 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. We have paid \$24.0 million for Hemerus as of May 2013 and have committed to payment of an additional \$3.0 million contingent upon receipt of an additional FDA approval. Additionally, up to \$14.0 million will be paid based on future sales of SOLX-based products achieved within the next 10 years.

Market Trends

Plasma Market

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

- Industry consolidation continues among plasma collectors and fractionators. As customers become more vertically integrated, the number of centers served, and collections at those centers, can change. Consolidation can also impact the choice in plasma collection system used to perform some or all of those collections.
- Several blood collectors supply additional plasma to fractionators, and thus collection volumes can rise overall but not directly impact our commercial plasma business.

- The newer plasma fractionation facilities are more efficient in their production processes, helping companies meet growing demand for pharmaceuticals without requiring an equivalent increase in plasma supply.
- Reimbursement guidelines affect the demand for end product pharmaceuticals, although off-label use of pharmaceuticals is growing, in particular for Alzheimer's treatment.
- Newly approved indications for, and the growing understanding and thus diagnosis of auto-immune diseases treated with plasma derived therapies increase the demand for plasma, as do longer lifespans and a growing aging patient population.
- Geographical expansion of biopharmaceuticals also increases demand for plasma.

Demand for plasma in fiscal 2013 was particularly strong in North America where approximately two-thirds of commercial plasma is collected. Global markets for plasmapheresis have been relatively flat, with U.S. produced plasma meeting an increasing percentage of plasma volume demand worldwide.

Blood Center Market

In the blood center market, we sell products used in the collection of platelets, red cells and whole blood. Whole blood is collected from the donor and then transported to a laboratory where it is separated into its components: red cells, platelets and/or plasma.

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.

Demand for red cells has declined modestly in mature markets due to the development of less invasive, lower blood loss medical procedures and blood management. Highly populated emerging market countries are increasing their demand for blood as they are advancing their health care coverage, and as greater numbers of people gain access to more advanced medical treatment, demand for blood components, including red cells increases directly.

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. Since the 2012 introduction of the Cell Saver Elite, we have seen growth from emerging markets due to increased access to healthcare and we have also had growth in mature markets.

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 Thrombelastograph 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. TEG product line sales further strengthened in fiscal 2013. 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 2013, the pressures to improve efficiencies, reduce cost, and improve patient outcomes continued to be key drivers in all three markets.

Demand for our plasma software solution declined in fiscal 2013 as a sub-segment of this market has or intends to migrate towards homegrown proprietary software solutions in an effort to gain unique competitive advantages.

In the blood center market for software, we currently participate most actively in the United States, where expansion to new or emerging technology platforms such as our El Dorado Software Solution Suite has been slow due to industry consolidation and the relatively high cost and management focus required to migrate to new information technology platforms. This trend has limited revenue growth but the high switching costs noted and recurring maintenance revenue streams from existing products has provided relative revenue stability in this segment.

We currently participate in the hospital markets for software primarily in the United States and Europe. In the United States we have experienced growth in our installed base for our blood banking solution, SafeTraceTX, due to demand for reliable, proven safety systems within blood banks. However, growth has been constrained recently due to hospital IT organization focus on the electronic medical records mandate. Revenues from BloodTrack, a blood inventory and transfusion management system, have increased in the United States and Europe recently as hospitals seek means to improve efficiencies and meet compliance guidelines for tracking and dispositioning blood components to patients.

Financial Summary

| <i>(In thousands, except per share data)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|--|-------------------|-------------------|------------------|------------------------------------|------------------------------------|
| Net revenues | \$ 891,990 | \$ 727,844 | \$ 676,694 | 22.6 % | 7.6 % |
| Gross profit | \$ 428,131 | \$ 369,240 | \$ 355,209 | 15.9 % | 4.0 % |
| <i>% of net revenues</i> | 48.0% | 50.7% | 52.5% | | |
| Operating expenses | \$ 371,694 | \$ 280,482 | \$ 244,661 | 32.5 % | 14.6 % |
| Operating income | \$ 56,437 | \$ 88,758 | \$ 110,548 | (36.4)% | (19.7)% |
| <i>% of net revenues</i> | 6.3% | 12.2% | 16.3% | | |
| Other income (expense), net | \$ (6,540) | \$ 740 | \$ (467) | | |
| Income before taxes | \$ 49,897 | \$ 89,498 | \$ 110,081 | (44.2)% | (18.7)% |
| Provision for income tax | \$ 11,097 | \$ 22,612 | \$ 30,101 | (50.9)% | (24.9)% |
| <i>% of pre-tax income</i> | 22.2% | 25.3% | 27.3% | | |
| Net income | \$ 38,800 | \$ 66,886 | \$ 79,980 | (42.0)% | (16.4)% |
| <i>% of net revenues</i> | 4.3% | 9.2% | 11.8% | | |
| Earnings per share-diluted | \$ 0.74 | \$ 1.30 | \$ 1.56 | (43.1)% | (16.7)% |

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal 2013, 2012 and 2011 each included 52 weeks with each quarter having 13 weeks.

Net revenue for fiscal 2013 increased 22.6% compared to fiscal 2012. Without the effects of foreign exchange, net revenue increased 22.2% compared to fiscal 2012. This increase includes sales from the recently acquired whole blood business of \$138.4 million for the fiscal year ended March 30, 2013. The remaining increase for the fiscal year ended March 30, 2013 is primarily due to revenue growth from our plasma, surgical and diagnostics products. Fiscal 2012 revenue benefited from purchases by the Japan Red Cross ("JRC") in March 2012 to avoid future supply disruptions in anticipation of an internal business system conversion, negatively impacting fiscal year ended March 30, 2013.

Net revenue for fiscal 2012 increased 7.6% compared to 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 OrthoPAT devices. As mentioned above, fiscal 2012 revenue growth also benefited from purchases by the Japanese Red Cross in March 2012.

During fiscal 2013, operating income decreased 36.4% compared to fiscal 2012. Without the effects of foreign currency, operating income decreased 43.7% compared to fiscal 2012 as increased gross profit due to revenue growth was more than offset by higher costs of goods sold due to acquisition-related step-up in the value of acquired inventory. Also contributing to the decrease in operating income was a \$7.0 million inventory reserve for a quality matter involving a component of our whole blood disposable inventory which occurred in the third quarter of fiscal 2013 and higher operating expenses including significant acquisition and integration costs totaling \$37.3 million.

During fiscal 2012, operating income decreased 19.7% compared to fiscal 2011. Without the effects of foreign currency, operating income decreased 20.4% over 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.

Net income decreased 42.0% during fiscal 2013. Without the effects of foreign exchange, net income decreased 49.9% for fiscal 2013. The decrease in net income was attributable to the decrease in operating income described above and additional interest expense.

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

RESULTS OF OPERATIONS
Net Revenues by Geography

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|-----------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------------|
| United States | \$ 454,874 | \$ 352,160 | \$ 317,355 | 29.2% | 11.0% |
| International | 437,116 | 375,684 | 359,339 | 16.4% | 4.5% |
| Net revenues | \$ 891,990 | \$ 727,844 | \$ 676,694 | 22.6% | 7.6% |

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 49.0%, 51.6%, and 53.1% of net revenue during fiscal 2013, 2012, and 2011, respectively. During fiscal 2013, 2012, and 2011, revenue in Japan accounted for approximately 13.5%, 17.1%, and 16.3%, respectively, of our total revenue. Revenue from Europe accounted for approximately 25.2%, 25.2%, and 27.6% of our total revenue for fiscal 2013, 2012, and 2011, 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 foreign exchange rates, particularly in the value of the Yen and the Euro relative to the U.S. Dollar.

For fiscal 2013 as compared to fiscal 2012, the effects of foreign exchange resulted in a 0.4% increase in sales. For fiscal 2012 as compared to fiscal 2011, the effects of foreign exchange accounted for a 2.0% 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

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|-----------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------------|
| Disposables | \$ 757,765 | \$ 594,933 | \$ 551,836 | 27.4 % | 7.8% |
| Software solutions | 69,952 | 70,557 | 66,876 | (0.9)% | 5.5% |
| Equipment & other | 64,273 | 62,354 | 57,982 | 3.1 % | 7.5% |
| Net revenues | \$ 891,990 | \$ 727,844 | \$ 676,694 | 22.6 % | 7.6% |

Disposables Revenues by Product Type

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|----------------------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------------|
| Plasma disposables | \$ 268,900 | \$ 258,061 | \$ 227,209 | 4.2 % | 13.6 % |
| Blood center disposables | | | | | |
| Platelet | 169,602 | 167,946 | 156,251 | 1.0 % | 7.5 % |
| Red cell | 49,733 | 48,034 | 46,828 | 3.5 % | 2.6 % |
| Whole blood | 138,436 | — | — | 100.0 % | — % |
| | 357,771 | 215,980 | 203,079 | 65.7 % | 6.4 % |
| Hospital disposables | | | | | |
| Surgical | 73,508 | 66,619 | 66,503 | 10.3 % | 0.2 % |
| OrthoPAT | 30,230 | 31,186 | 35,631 | (3.1)% | (12.5)% |
| Diagnostics | 27,356 | 23,087 | 19,414 | 18.5 % | 18.9 % |
| | 131,094 | 120,892 | 121,548 | 8.4 % | (0.5)% |
| Total disposables revenue | \$ 757,765 | \$ 594,933 | \$ 551,836 | 27.4 % | 7.8 % |

Disposables Revenue

Disposables include the Plasma, Blood Center, and Hospital product lines. Disposable revenue increased 27.4% during fiscal 2013 and 7.8% during fiscal 2012. Without the effect of foreign exchange, disposable revenue increased 26.8% and 5.7% for fiscal 2013 and 2012, respectively.

Plasma

Plasma disposable revenue increased 4.2% during fiscal 2013. Without the effects of foreign exchange, plasma disposable revenue increased 4.5% during fiscal 2013 compared to fiscal 2012. Plasma revenue primarily increased due to higher revenue from commercial fractionation customers in the United States, with increased collections more than offsetting price reductions in contract renewals completed in fiscal 2012.

Plasma disposable revenue increased 13.6% during fiscal 2012. Without the effects of foreign exchange, plasma disposable revenue increased 12.7% during fiscal 2012 primarily due to increased plasma collections by our commercial fractionation customers in the United States.

Blood Center

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

Platelet

Platelet disposable revenue increased 1.0% during fiscal 2013. Without the effect of foreign exchange, platelet disposable revenue increased 1.0% during fiscal 2013 resulting from continued growth in emerging markets which more than offset declines in mature markets, notably Japan. Revenue growth in Japan was lower due to increased sales resulting from quality issues experienced with a competitor's device in the prior year, and the negative impact of the JRC's purchases in March 2012 to avoid future supply disruptions in anticipation of an internal system conversion.

Platelet disposable 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.

Red Cell

Red cell disposable revenue increased 3.5% during fiscal 2013. Without the effects of foreign exchange, red cell disposable revenue increased 3.8% during fiscal 2013, due primarily to favorable order timing in North America in the fourth quarter of fiscal 2013. We do not expect material growth in red cell revenue as market trends indicate improved blood management procedures in hospitals are reducing demand for red cells in mature markets.

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

Whole Blood

Whole blood disposable revenue was \$138.4 million for the fiscal year ended March 30, 2013, representing sales of products from the whole blood acquisition completed on August 1, 2012. In March 2013, we failed to receive renewal of a European tender that will negatively impact fiscal 2014 revenue. Annual sales under this contract were \$12.2 million. Gross margin on whole blood sales to this customer is substantially lower than our average gross margin on the whole blood or other disposable sales.

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 disposable revenue consists principally of the Cell Saver and cardioPAT products. Revenue from our surgical disposables increased 10.3% during fiscal 2013. Without the effect of foreign exchange, surgical disposables revenue increased 8.4% during fiscal 2013, with revenue growth realized across all markets we serve. We achieved growth from market

acceptance of Cell Saver Elite in the U.S., Europe and Japan, while emerging market growth was realized through increased commercial presence in emerging markets such as China. Surgical revenue also benefited from market share gains due to limited product availability from our primary competitor due to a now resolved supply chain disruption following a natural disaster in Europe.

Revenue from our surgical disposables increased 0.2% during fiscal 2012. Without the effect of foreign exchange, surgical disposables revenue decreased 2.2% for 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.

OrthoPAT

Revenue from our OrthoPAT disposables decreased 3.1% during fiscal 2013. Without the effect of foreign exchange, OrthoPAT disposables revenue decreased by 3.8% primarily due to lower sales in the United States as device utilization by smaller hospitals has declined following the voluntary recall of the OrthoPAT device in fiscal 2012.

Revenue from our OrthoPAT disposables decreased 12.5% during fiscal 2012. Without the effect of foreign exchange, OrthoPAT disposables revenue decreased by 13.4%, also as a result of the voluntary recall of our OrthoPAT devices during the first quarter of fiscal 2012.

Diagnostics

Diagnostics product revenue consists of the TEG products. Revenues from TEG consumers increased 18.5% during fiscal 2013. Without the effect of foreign exchange, diagnostic product revenue increased by 17.0%. The revenue increase is due to continued adoption of our TEG analyzer, principally in the United States and China.

Revenue from our diagnostics products 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.

Other Revenues

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|---------------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------------|
| Software solutions | \$ 69,952 | \$ 70,557 | \$ 66,876 | (0.9)% | 5.5% |
| Equipment and other | 64,273 | 62,354 | 57,982 | 3.1 % | 7.5% |
| Net other revenues | \$ 134,225 | \$ 132,911 | \$ 124,858 | 1.0 % | 6.4% |

Software Solutions

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

Software solutions revenue decreased 0.9% during fiscal 2013. Without the effects of foreign exchange, software solutions revenue increased 0.2% during fiscal 2013. Installed base growth in hospital-based solutions SafeTraceTX and BloodTrack was offset by declines in plasma software revenue.

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.

Equipment & Other

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

Equipment and other revenue increased 3.1% during fiscal 2013. Without the effect of currency exchange, equipment and other revenue increased 3.2%. The increase is due primarily to higher TEG equipment sales in China and higher surgical equipment sales across multiple markets.

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

Gross Profit

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|-----------------------|-------------------|-------------------|------------------|---------------------------------------|---------------------------------------|
| Gross profit | \$ 428,131 | \$ 369,240 | \$ 355,209 | 15.9% | 4.0% |
| % of net revenues | 48.0% | 50.7% | 52.5% | | |

Our gross profit increased 15.9% during fiscal 2013. Without the effects of foreign exchange, gross profit increased 13.8% during fiscal 2013. Our gross profit margin percentage decreased by 270 basis points for fiscal 2013 as compared to fiscal 2012. The decrease in gross profit margin for the fiscal year ended March 30, 2013 includes \$11.9 million of costs of goods sold related to the increase in fair value of acquisition-related whole blood inventory acquired from Pall as well as an approximately \$7.0 million inventory reserve recorded related to a quality matter. This reserve related to the removal of affected whole blood collection sets from inventory for destruction or rework based on a quality matter detected during the third quarter of fiscal 2013. We issued a field action letter to blood center customers requesting visual inspection of a component of certain whole blood collection sets, due to the potential for a leak to occur at a very low frequency. The component, referred to as a Y connector, was supplied by a contract manufacturer. We will pursue all available means of financial recovery related to this inventory loss. However, no salvage or recovery value from these efforts was recorded as we cannot currently conclude whether a favorable outcome will result.

Additionally, the decrease in gross profit margin included the combined impact of whole blood disposable sales, as whole blood gross margins are lower than average gross margins for our complete product line. This was partially offset by reduced equipment depreciation expense as a result of a change in estimated useful lives implemented during the year ended March 30, 2013. The effect of this change in estimate was a reduction of depreciation expense in fiscal 2013 by \$4.5 million, an increase in income net of tax of \$3.3 million and an increase in basic and diluted earnings per share of \$0.09.

Our gross profit amount increased 4.0% during fiscal 2012. Without the effects of foreign exchange, gross profit increased 1.5%. 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.

Operating Expenses

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|-------------------------------------|-------------------|-------------------|------------------|------------------------------------|------------------------------------|
| Research and development | \$ 44,394 | \$ 36,801 | \$ 32,656 | 20.6 % | 12.7 % |
| % of net revenues | 5.0% | 5.1 % | 4.8 % | | |
| Selling, general and administrative | \$ 323,053 | \$ 245,261 | \$ 213,899 | 31.7 % | 14.7 % |
| % of net revenues | 36.2% | 33.7 % | 31.6 % | | |
| Contingent consideration income | \$ — | \$ (1,580) | \$ (1,894) | (100.0)% | (16.6)% |
| % of net revenues | —% | (0.2)% | (0.3)% | | |
| Asset write-downs | \$ 4,247 | \$ — | \$ — | — % | — % |
| % of net revenues | 0.5% | — % | — % | | |
| Total operating expenses | \$ 371,694 | \$ 280,482 | \$ 244,661 | 32.5 % | 14.6 % |
| % of net revenues | 41.7% | 38.5 % | 36.2 % | | |

Research and Development

Research and development increased 20.6% during fiscal 2013. This increase is primarily due to additional staff and program spending related to the whole blood acquisition and related product initiatives, as well as a general increase in development programs to support long-term product plans and increase our competitiveness.

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.

Selling, General and Administrative

During fiscal 2013, selling, general and administrative expenses increased 31.7%. Without the effects of foreign exchange, selling, general and administrative expenses increased 30.6% during fiscal 2013. This increase includes acquisition and integration expenses associated with the whole blood acquisition of \$37.3 million compared to approximately \$3.0 million of whole blood transaction costs incurred in fiscal 2012. We also incurred approximately \$35.2 million of expenses from the whole blood business following the August 1, 2012 acquisition. The remainder of the growth is related to investments in the global sales organization, particularly emerging markets, and information technology infrastructure to support increased revenue levels. We also incurred higher incentive compensation this fiscal year as financial performance versus established financial targets improved as compared to fiscal 2012.

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 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.

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 and 2011, 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 and \$1.9 million during fiscal 2012 and 2011, respectively, and recorded the adjustments as contingent consideration income in the consolidated statements of income.

In September 2011, we entered into an agreement which released 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 recorded the associated expense in the selling, general and administrative line item in the accompanying consolidated statements of income.

Asset Write-Down

We recorded an asset write-down of \$4.2 million in the fourth quarter of fiscal 2013 associated with exiting activities related to technologies originally acquired from Arryx, Inc.

Other income (expense), net

Other expense, net, increased during fiscal 2013 as compared to the same periods of fiscal 2012 primarily due to \$6.4 million of incremental interest expense from the \$475.0 million term loan borrowed in connection with the whole blood acquisition.

We reported in other income in fiscal 2012 the reversal of interest on contingent consideration.

Taxes

| | March 30, 2013 | March 31, 2012 | April 2, 2011 | % Increase/(Decrease) 13 vs. 12 | % Increase/(Decrease) 12 vs. 11 |
|--------------------------|-------------------|-------------------|------------------|------------------------------------|------------------------------------|
| Reported income tax rate | 22.2% | 25.3% | 27.3% | (3.1)% | (2.0)% |

Reported Tax Rate

The change in our reported tax rate for fiscal year 2013, as compared to 2012 and 2011 relates primarily to the geographic distribution of income as well as the impact of the resolution of uncertain tax positions resulting from the expiration of the statute of limitations for assessing tax in certain jurisdictions.

Liquidity and Capital Resources

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

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|---|-------------------|-------------------|
| Cash & cash equivalents | \$ 179,120 | \$ 228,861 |
| Working capital | \$ 416,866 | \$ 396,385 |
| Current ratio | 3.3 | 4.0 |
| Net cash (debt) position(1) | \$ (300,974) | \$ 225,090 |
| Days sales outstanding (DSO) | 62 | 66 |
| Disposables finished goods inventory turnover | 4.0 | 5.7 |

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

On August 1, 2012, in connection with the acquisition of the whole blood business, we entered into a credit agreement ("Credit Agreement") with certain lenders (together, "Lenders") which provided for a \$475.0 million term loan and a \$50.0 million revolving loan (the "Revolving Credit Facility"), and together with the Term Loan, (the "Credit Facilities"). The Credit Facilities have a term of five years and mature on August 1, 2017. As of March 30, 2013 all \$50.0 million of the Revolving Credit Facility was available. We also have lines of credit to fund our global operations.

Our primary sources of liquidity are cash and cash equivalents, internally generated cash flow from operations and option exercises. We believe these sources are sufficient to fund our cash requirements over the next twelve months, which are primarily total payments of approximately \$88.0 million associated with Value Creation and Capture opportunities and acquisition integration activities described below, capital expenditures, cash payments under the loan agreement and investments including the purchase of Hemerus described previously and other acquisitions.

Value Creation and Capture

On April 29, 2013, we committed to a plan to pursue identified Value Creation and Capture ("VCC") opportunities. These opportunities include investment in product line extensions and next generation products, enhancement of commercial capabilities and a transformation of our manufacturing network. The transformation of our manufacturing network will take place over the next three fiscal years and includes changes to the current manufacturing footprint and supply chain structure (the "Network Plan").

To implement the Network Plan, we will (i) discontinue manufacturing activities at our Braintree, Massachusetts location, (ii) create a technology center of excellence for product development, (iii) expand our current facility in Tijuana, Mexico and (iv) build a new manufacturing facility in Asia closer to our customer base in that region.

We estimate we will incur approximately \$23.0 million of cash restructuring expenses during fiscal 2014 which will be recorded through cost of goods sold. To complete the Network Plan we estimate that we will spend an additional \$8.0 million for cash restructuring expenses in future years. These costs consist principally of employee related costs, product line transfer costs including relocation and validation, as well as redundant overhead and inefficiencies during the transfer period. The management and execution of this effort will require a dedicated team of program managers, engineers, regulatory and quality professionals, the cost of which is included in these estimates. We also expect to incur non-cash costs of approximately \$5.0 million consisting of accelerated depreciation and asset write-downs.

Activities under the Plan will be initiated in fiscal 2014 and are expected to be substantially completed in the next three years. Additionally, we expect to deploy approximately \$36.0 million of cash in fiscal 2014 for capital expenditures to expand our existing Tijuana, Mexico facility and construct a new facility in Asia.

We also expect to incur cash costs totaling \$29.0 million associated with our other VCC opportunities, completion of the integration of the whole blood business and the recent acquisition of Hemerus.

| <i>(In thousands)</i> | <u>March 30, 2013</u> | <u>March 31, 2012</u> | <u>April 2, 2011</u> | <u>Increase/(Decrease) 13 vs. 12</u> | <u>Increase/(Decrease) 12 vs. 11</u> |
|---|---------------------------|---------------------------|--------------------------|--|--|
| Net cash provided by (used in): | | | | | |
| Operating activities | \$ 85,074 | \$ 115,318 | \$ 123,455 | \$ (30,244) | \$ (8,137) |
| Investing activities | (596,395) | (52,196) | (51,558) | (544,199) | (638) |
| Financing activities | 461,853 | (30,470) | (18,084) | 492,323 | (12,386) |
| Effect of exchange rate changes on cash and cash equivalents(1) | (273) | (498) | 1,332 | 225 | (1,830) |
| Net increase/(decrease) in cash and cash equivalents | <u>\$ (49,741)</u> | <u>\$ 32,154</u> | <u>\$ 55,145</u> | <u>\$ (81,895)</u> | <u>\$ (22,991)</u> |

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

Cash Flow Overview:

In fiscal 2013, the Company repurchased approximately 1.2 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 2012.

In fiscal 2012, the Company repurchased approximately 1.8 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 1.8 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.

Operating Activities:

Net cash provided by operating activities was \$85.1 million during fiscal 2013, a decrease of \$30.2 million as compared to fiscal 2012 primarily due to higher payments of acquisition and integration related costs and working capital investments related to sales from the whole blood business, as accounts receivable were not included in the acquired assets.

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 \$544.2 million during fiscal 2013 as compared to fiscal 2012 due to the use of \$535.2 million to acquire the whole blood business, of which \$475.0 million was funded by term loan borrowings discussed above. The increase in net cash used in investing activities also included higher capital expenditures primarily related to the expansion of our installed equipment base with customers, particularly for plasma and hospital equipment.

Net cash used in investing activities increased by \$0.6 million during fiscal 2012 as compared to fiscal 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 provided by financing activities increased by \$492.3 million during the fiscal year ended March 30, 2013, as compared to the fiscal year ended March 31, 2012, due primarily to a \$475.0 million term loan used to finance the whole blood acquisition, \$15.1 million of incremental proceeds from the exercise of share-based compensation and \$5.6 million of short term borrowings from the fluctuation of working capital in Japan. These were offset by \$5.5 million of debt issuance costs

paid related to the term loan closing. Net cash used to fund share repurchases under common stock repurchase programs was \$50.0 million during fiscal 2013 and 2012.

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.

Contractual Obligations and Contingencies

A summary of our contractual and commercial commitments as of March 30, 2013, is as follows:

| <i>(In thousands)</i> | Payments Due by Period | | | | |
|---|-------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Debt | \$ 480,094 | \$ 23,150 | \$ 118,969 | \$ 337,975 | \$ — |
| Operating leases | 23,985 | 7,742 | 9,766 | 3,788 | 2,689 |
| Purchase commitments* | 131,734 | 126,734 | 5,000 | — | — |
| Expected retirement plan benefit payments | 10,611 | 1,200 | 2,635 | 2,062 | 4,714 |
| Total contractual obligations | \$ 646,424 | \$ 158,826 | \$ 136,370 | \$ 343,825 | \$ 7,403 |

* 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 \$7.4 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.

At the closing of the whole blood acquisition, we paid a total of \$535.2 million in cash consideration following resolution of post-closing adjustments for working capital and historical earnings levels. We anticipate paying an additional \$15.0 million upon replication and delivery of certain manufacturing assets of Pall's filter media business to Haemonetics by 2016.

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 \$23.4 million as of March 30, 2013, may increase the average length of time it takes us to collect accounts receivable in certain regions within these countries.

Contingent Commitments

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 (Fresenius) Patent Infringement

For the past six 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.

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 2013, approximately 49.0% 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, the Canadian Dollar and Mexican Peso. The Yen and Euro sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in these 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 effect on our results of operations and, conversely, whenever the U.S. Dollar weakens relative to the Yen or Euro, there is a positive effect on our results of operations. For the Swiss Franc, the British Pound, and the Canadian Dollar, our primary cash flows relate to product costs or costs and expenses of local operations. Whenever the U.S. Dollar strengthens relative to these foreign currencies, there is a positive effect on our results of operations. Conversely, whenever the U.S. Dollar weakens relative to these currencies, there is an adverse effect on our results of operations.

We have a program in place that is designed to mitigate our exposure to changes in foreign currency exchange rates. That program includes the use of derivative financial instruments to minimize for a period of time, the unforeseen impact on our financial results from changes in foreign exchange rates. We utilize forward foreign currency contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily the Japanese Yen and the Euro, and to a lesser extent the Swiss Franc, British Pound, and the Canadian Dollar. This does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, to the extent hedged, 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 2013 and 2012 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) | | | | | | | | |
| FY11 | 1.36 | (13)% | 1.41 | (5)% | 1.43 | 8 % | 1.35 | 5 % |
| FY12 | 1.24 | (9)% | 1.30 | (8)% | 1.36 | (5)% | 1.37 | 1 % |
| FY13 | 1.43 | 15 % | 1.42 | 9 % | 1.36 | — % | 1.32 | (4)% |
| FY14 | 1.27 | (11)% | 1.25 | (12)% | 1.29 | (5)% | 1.35 | 2 % |
| Japanese Yen - Hedge Spot Rate (JPY per US\$) | | | | | | | | |
| 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)% |
| FY14 | 79.85 | 1 % | 79.68 | 4 % | 84.32 | 9 % | 93.92 | 19 % |
| Canadian Dollar - Hedge Spot Rate (CAD per US\$) | | | | | | | | |
| 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 | (4)% | 1.01 | 1 % | 1.00 | 1 % |
| FY14 | 1.01 | 3 % | 1.00 | 1 % | 1.00 | (1)% | 1.02 | 2 % |
| British Pound - Hedge Spot Rate (US\$ per GBP) | | | | | | | | |
| 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)% |
| FY14 | 1.59 | (2)% | 1.57 | (4)% | | | | |
| 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 | (16)% | 0.92 | (4)% | 0.92 | — % |
| FY14 | 0.96 | 17 % | 0.95 | 12 % | 0.92 | — % | 0.94 | 2 % |

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

Recent Accounting Pronouncements

New pronouncements issued but not effective until after March 30, 2013 are not expected to have a material impact on financial position, results of operation or liquidity.

Guidance to be Implemented

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This Update requires an entity to disclose the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. The objective of this disclosure is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amended guidance is effective for reporting periods beginning after December 15, 2012, and interim periods within those annual periods. We are currently evaluating the impact, if any, that the adoption of this pronouncement may have on our financial disclosures.

In October 2012, the FASB issued ASU 2012-04, *Technical Corrections and Improvements*. The amendments in this update cover a wide range of Topics in the Accounting Standards Codification. These amendments include technical corrections and improvements to the Accounting Standards Codification and conforming amendments related to fair value measurements. The amendments in this update will be effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-04 is not expected to have a material impact on our financial position or results of operations.

In December 2011, the FASB issued ASU No. 2011-11 *Balance Sheet: Disclosures about Offsetting Assets and Liabilities*. This Update requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The amended guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. We are currently evaluating the impact, if any, that the adoption of this pronouncement may have on our financial disclosures.

Standards Implemented

In June 2011, the FASB issued ASU 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. We adopted this standard in the first quarter of fiscal 2013 using the two separate but consecutive statements approach. The adoption of ASU 2011-05 does not affect on our financial position or results of operations but changed our presentation of comprehensive income.

In September 2011, the FASB issued ASU No. 2011-08, *Testing Goodwill for Impairment* ("ASU 2011-08"), which changes the way a company completes its annual impairment review process. The provisions of this pronouncement provides an entity with the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that is more likely than not that the fair value of a reporting unit is less than its carrying amount. ASU-2011-08 allows an entity the option to bypass the qualitative-assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. The pronouncement does not change the current guidance for testing other indefinite-lived intangible assets for impairment. This standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted these provisions in 2012. The adoption of ASU 2011-08 did not have a material effect on our financial position or results of operations.

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.

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. We first perform a qualitative test and if necessary, perform a quantitative test. The quantitative 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 2013, 2012 or 2011 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, 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.

Inventory Provisions

We base our provisions for excess, expired and obsolete inventory primarily on our estimates of forecasted net sales. A significant change in the timing or level of demand for our products as compared to forecasted amounts may result in recording additional provisions for excess, expired and obsolete inventory in the future. Additionally, uncertain timing of next-generation product approvals, variability in product launch strategies, product recalls and variation in product utilization all affect our estimates related to excess, expired and obsolete inventory.

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 a reserve 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.

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.

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 the effects of disruption from the acquisition of the Pall whole blood business making it more difficult to maintain relationships with employees, customers, vendors and other business partners, unexpected expenses incurred to integrate the Pall whole blood business, our ability to successfully execute on the transformation of our manufacturing network and our other value capture and creation activities, technological advances in the medical field and standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, demand for blood components, product quality, market acceptance, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, blood product reimbursement policies and practices, foreign currency exchange rates, changes in customers' ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate 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 30, 2013, 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 |
|-----------------|------------------------------|-----------------------------------|--------------------------------------|---------------------------|---------------------|--|
| EUR | 7,609,000 | 1.266 | 1.272 | \$ (113,172) | Mar 2013 - May 2013 | Q1 FY14 |
| EUR | 8,474,000 | 1.248 | 1.253 | \$ (289,142) | Jun 2013 - Aug 2013 | Q2 FY14 |
| EUR | 8,549,000 | 1.293 | 1.297 | \$ 64,875 | Sep 2013 - Nov 2013 | Q3 FY14 |
| EUR | 6,539,000 | 1.353 | 1.355 | \$ 403,373 | Dec 2013 -Feb 2014 | Q4 FY14 |
| YEN | 895,856,000 | 79.61 per US\$ | 79.13 per US\$ | \$ 1,795,161 | Mar 2013 - May 2013 | Q1 FY14 |
| YEN | 1,415,955,000 | 79.68 per US\$ | 79.35 per US\$ | \$ 2,739,127 | Jun 2013 - Aug 2013 | Q2 FY14 |
| YEN | 1,473,623,000 | 84.32 per US\$ | 84.03 per US\$ | \$ 1,798,356 | Sep 2013 - Nov 2013 | Q3 FY14 |
| YEN | 1,415,536,000 | 93.92 per US\$ | 93.57 per US\$ | \$ 53,287 | Dec 2013 -Feb 2014 | Q4 FY14 |
| GBP | (777,000) | 1.593 | 1.590 | \$ (58,703) | Feb 2012- Apr 2013 | Q1 FY14 |
| GBP | (777,000) | 1.568 | 1.567 | \$ (40,758) | May 2012- Jul 2013 | Q2 FY14 |
| CAD | (1,868,000) | 1.01 per US\$ | 1.02 per US\$ | \$ 2,483 | Mar 2013 - May 2013 | Q1 FY14 |
| CAD | (1,587,000) | 1.00 per US\$ | 1.01 per US\$ | \$ (22,283) | Jun 2013 - Aug 2013 | Q2 FY14 |
| CAD | (1,853,000) | 1.00 per US\$ | 1.01 per US\$ | \$ (29,503) | Sep 2013 - Nov 2013 | Q3 FY14 |
| CAD | (436,000) | 1.02 per US\$ | 1.03 per US\$ | \$ 2,102 | Dec 2013 - Feb 2014 | Q4 FY14 |
| CHF | (5,527,000) | 0.96 per US\$ | 0.95 per US\$ | \$ 10,666 | Apr 2013 - Jun 2013 | Q1 FY14 |
| CHF | (6,083,000) | 0.95 per US\$ | 0.95 per US\$ | \$ 8,425 | Jul 2013 - Sep 2013 | Q2 FY14 |
| CHF | (7,070,000) | 0.92 per US\$ | 0.91 per US\$ | \$ (236,730) | Jul 2013 - Sep 2013 | Q3 FY14 |
| CHF | (1,604,800) | 0.94 per US\$ | 0.94 per US\$ | \$ (11,474) | Oct 2013 - Dec 2013 | Q4 FY14 |
| MXN | (8,629,000) | 12.34 per US\$ | 12.36 per US\$ | \$ (891) | Feb 2013 - Apr 2013 | Q1 FY14 |
| MXN | (8,629,000) | 12.39 per US\$ | 12.45 per US\$ | \$ 2,275 | May 2013- Jul 2013 | Q2 FY14 |
| | | | | \$ 6,077,474 | | |

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 \$11.1 million increase in the fair value of the forward contracts; whereas a 10% weakening of the US dollar would result in a \$11.8 million decrease in the fair value of the forward contracts.

Interest Rate Risk

Our exposure to changes in interest rates is associated with borrowings on our Credit Agreement, all of which is variable rate debt. All other long-term debt is at fixed rates. Total outstanding debt under our Credit Facilities for the fiscal year ended March 30, 2013 was \$475.0 million with an interest rate of 1.625% based on prevailing Adjusted LIBOR rates. An increase of 100 basis points in Adjusted LIBOR rates would result in additional annual interest expense of \$4.8 million. On December 21, 2012, we entered into interest rate swap agreements to effectively convert \$250.0 million of borrowings from a variable rate to a fixed rate. The interest rate swaps qualify for hedge accounting treatment as cash flow hedges.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

| | Year Ended | | |
|---|-------------------|-------------------|------------------|
| | March 30, 2013 | March 31, 2012 | April 2, 2011 |
| Net revenues | \$ 891,990 | \$ 727,844 | \$ 676,694 |
| Cost of goods sold | 463,859 | 358,604 | 321,485 |
| Gross profit | 428,131 | 369,240 | 355,209 |
| Operating expenses: | | | |
| Research and development | 44,394 | 36,801 | 32,656 |
| Selling, general and administrative | 323,053 | 245,261 | 213,899 |
| Contingent consideration income | — | (1,580) | (1,894) |
| Asset write-down | 4,247 | — | — |
| Total operating expenses | 371,694 | 280,482 | 244,661 |
| Operating income | 56,437 | 88,758 | 110,548 |
| Other income (expense), net | (6,540) | 740 | (467) |
| Income before provision for income taxes | 49,897 | 89,498 | 110,081 |
| Provision for income taxes | 11,097 | 22,612 | 30,101 |
| Net income | \$ 38,800 | \$ 66,886 | \$ 79,980 |
| Net income per share - basic | \$ 0.76 | \$ 1.32 | \$ 1.59 |
| Net income per share - diluted | \$ 0.74 | \$ 1.30 | \$ 1.56 |
| Weighted average shares outstanding | | | |
| Basic | 51,349 | 50,727 | 50,154 |
| Diluted | 52,259 | 51,590 | 51,192 |

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

| | Year Ended | | |
|---|------------------|------------------|------------------|
| | March 30, 2013 | March 31, 2012 | April 2, 2011 |
| Net income | \$ 38,800 | \$ 66,886 | \$ 79,980 |
| Other comprehensive (loss)/income: | | | |
| Impact of defined benefit plans, net of tax | (820) | (3,988) | 555 |
| Foreign currency translation adjustment | (4,705) | (2,813) | 6,380 |
| Unrealized (loss)/gain on cash flow hedges, net of tax | 4,594 | 3,140 | (4,068) |
| Reclassifications into earnings of cash flow hedge losses/(gains), net of tax | (2,746) | 3,230 | 769 |
| Other comprehensive (loss)/income | (3,677) | (431) | 3,636 |
| Comprehensive income | \$ 35,123 | \$ 66,455 | \$ 83,616 |

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)

| | March 30, 2013 | March 31, 2012 |
|---|---------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 179,120 | \$ 228,861 |
| Accounts receivable, less allowance of \$1,727 at March 30, 2013 and \$1,480 at March 31, 2012 | 170,111 | 135,464 |
| Inventories, net | 183,784 | 117,163 |
| Deferred tax asset, net | 13,782 | 9,665 |
| Prepaid expenses and other current assets | 50,213 | 35,976 |
| Total current assets | 597,010 | 527,129 |
| Property, plant and equipment: | | |
| Land, building and building improvements | 82,898 | 59,816 |
| Plant equipment and machinery | 205,698 | 136,057 |
| Office equipment and information technology | 103,235 | 88,185 |
| Haemonetics equipment | 240,889 | 226,476 |
| Total property, plant and equipment | 632,720 | 510,534 |
| Less: accumulated depreciation | (375,767) | (348,877) |
| Net property, plant and equipment | 256,953 | 161,657 |
| Other assets: | | |
| Intangible assets | 264,388 | 96,549 |
| Goodwill | 330,474 | 115,058 |
| Deferred tax asset, long term | 1,751 | 23 |
| Other long-term assets | 11,341 | 10,719 |
| Total other assets | 607,954 | 222,349 |
| Total assets | \$ 1,461,917 | \$ 911,135 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable and current maturities of long-term debt | \$ 23,150 | \$ 894 |
| Accounts payable | 49,893 | 35,425 |
| Accrued payroll and related costs | 45,697 | 29,451 |
| Accrued income taxes | 4,053 | 8,075 |
| Other liabilities | 57,351 | 56,899 |
| Total current liabilities | 180,144 | 130,744 |
| Long-term debt, net of current maturities | 456,944 | 2,877 |
| Long-term deferred tax liability | 29,552 | 23,332 |
| Other long-term liabilities | 26,095 | 21,551 |
| Commitments and contingencies (Note 12) | | |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value; Authorized — 150,000,000 shares; Issued and outstanding — 51,031,563 shares at March 30, 2013 and 50,603,798 shares at March 31, 2012 | 510 | 506 |
| Additional paid-in capital | 365,040 | 322,232 |
| Retained earnings | 398,199 | 400,783 |
| Accumulated other comprehensive income | 5,433 | 9,110 |
| Total stockholders' equity | 769,182 | 732,631 |
| Total liabilities and stockholders' equity | \$ 1,461,917 | \$ 911,135 |

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except per share data)

| | Common Stock | | Additional Paid-in | Retained | Accumulated Other Comprehensive | Total Stockholders' |
|--|--------------|--------|--------------------|------------|---------------------------------|---------------------|
| | Shares | \$'s | Capital | Earnings | Income/(Loss) | Equity |
| Balance, April 3, 2010 | 50,882 | \$ 508 | \$ 252,070 | \$ 334,641 | \$ 5,905 | \$ 593,124 |
| Employee stock purchase plan | 156 | 2 | 3,679 | — | — | 3,681 |
| Exercise of stock options and related tax benefit | 2,024 | 20 | 44,885 | — | — | 44,905 |
| Shares repurchased | (1,814) | (18) | (8,991) | (40,991) | — | (50,000) |
| Issuance of restricted stock, net of cancellations | 72 | 1 | (1) | — | — | — |
| Stock compensation expense | — | — | 10,810 | — | — | 10,810 |
| Net income | — | — | — | 79,980 | — | 79,980 |
| Other comprehensive income/(loss) | — | — | — | — | 3,636 | 3,636 |
| Balance, April 2, 2011 | 51,320 | \$ 513 | \$ 302,452 | \$ 373,630 | \$ 9,541 | \$ 686,136 |
| Employee stock purchase plan | 154 | 2 | 3,721 | — | — | 3,723 |
| Exercise of stock options and related tax benefit | 738 | 7 | 17,021 | — | — | 17,028 |
| Shares repurchased | (1,704) | (17) | (10,248) | (39,733) | — | (49,998) |
| Issuance of restricted stock, net of cancellations | 96 | 1 | — | — | — | 1 |
| Stock compensation expense | — | — | 9,286 | — | — | 9,286 |
| Net income | — | — | — | 66,886 | — | 66,886 |
| Other comprehensive income/(loss) | — | — | — | — | (431) | (431) |
| Balance, March 31, 2012 | 50,604 | \$ 506 | \$ 322,232 | \$ 400,783 | \$ 9,110 | \$ 732,631 |
| Employee stock purchase plan | 151 | 1 | 4,141 | — | — | 4,142 |
| Exercise of stock options and related tax benefit | 1,398 | 14 | 35,801 | — | — | 35,815 |
| Stock-based compensation adjustment related to acquisition | — | — | 504 | — | — | 504 |
| Shares repurchased | (1,236) | (12) | (8,607) | (41,384) | — | (50,003) |
| Issuance of restricted stock, net of cancellations | 115 | 1 | — | — | — | 1 |
| Stock compensation expense | — | — | 10,969 | — | — | 10,969 |
| Net income | — | — | — | 38,800 | — | 38,800 |
| Other comprehensive income/(loss) | — | — | — | — | (3,677) | (3,677) |
| Balance, March 30, 2013 | 51,032 | \$ 510 | \$ 365,040 | \$ 398,199 | \$ 5,433 | \$ 769,182 |

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 30, 2013 | March 31, 2012 | April 2, 2011 |
| Cash Flows from Operating Activities: | | | |
| Net income | \$ 38,800 | \$ 66,886 | \$ 79,980 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Non cash items: | | | |
| Depreciation and amortization | 65,481 | 49,966 | 48,145 |
| Amortization of financing costs | 1,139 | — | — |
| Stock compensation expense | 10,969 | 9,286 | 10,810 |
| Deferred tax expense | 589 | 5,878 | 5,782 |
| Loss on sale of property, plant and equipment | 351 | 772 | 674 |
| Unrealized loss from hedging activities | 700 | 166 | (614) |
| Contingent consideration income | — | (1,580) | (1,894) |
| Reversal of interest expense on contingent consideration | — | (574) | (416) |
| Asset write-down | 4,247 | — | — |
| Change in operating assets and liabilities: | | | |
| Increase in accounts receivable, net | (38,080) | (10,539) | (3,920) |
| Increase in inventories | (18,685) | (32,528) | (2,560) |
| (Increase)/decrease in prepaid income taxes | (4,025) | 3,058 | 1,680 |
| (Increase)/decrease in other assets and other long-term liabilities | (6,187) | 3,156 | (470) |
| Tax benefit of exercise of stock options | 4,194 | 1,958 | 4,941 |
| (Decrease)/increase in accounts payable and accrued expenses | 25,581 | 19,413 | (18,683) |
| Net cash provided by operating activities | 85,074 | 115,318 | 123,455 |
| Cash Flows from Investing Activities: | | | |
| Capital expenditures on property, plant and equipment | (62,188) | (53,198) | (46,669) |
| Proceeds from sale of property, plant and equipment | 1,968 | 1,002 | 1,468 |
| Acquisition of Whole Blood Business | (535,175) | — | — |
| Acquisition of Global Med Technologies | — | — | (128) |
| Acquisition of ACCS | — | — | (6,229) |
| Investment in Hemerus | (1,000) | — | — |
| Net cash used in investing activities | (596,395) | (52,196) | (51,558) |
| Cash Flows from Financing Activities: | | | |
| Payments on long-term real estate mortgage | (886) | (815) | (632) |
| Net (decrease)/increase in short-term loans | 7,446 | (288) | (15,153) |
| Term loan borrowings | 475,000 | — | — |
| Debt issuance costs | (5,467) | — | — |
| Proceeds from employee stock purchase plan | 4,142 | 3,723 | 3,681 |
| Proceeds from exercise of stock options | 27,517 | 15,475 | 40,896 |
| Excess tax benefit on exercise of stock options | 4,101 | 1,433 | 3,124 |
| Share repurchase | (50,000) | (49,998) | (50,000) |
| Net cash provided by (used in) financing activities | 461,853 | (30,470) | (18,084) |
| Effect of exchange rates on cash and cash equivalents | (273) | (498) | 1,332 |
| Net (Decrease)/Increase in Cash and Cash Equivalents | (49,741) | 32,154 | 55,145 |
| Cash and Cash Equivalents at Beginning of Year | 228,861 | 196,707 | 141,562 |
| Cash and Cash Equivalents at End of Period | \$ 179,120 | \$ 228,861 | \$ 196,707 |
| Non-cash Investing and Financing Activities: | | | |
| Transfers from inventory to fixed assets for placement of Haemonetics equipment | 21,677 | 18,333 | 5,069 |
| Supplemental Disclosures of Cash Flow Information: | | | |
| Interest paid | \$ 5,910 | \$ 414 | \$ 487 |
| Income taxes paid | \$ 13,178 | \$ 10,764 | \$ 16,669 |

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 AND BASIS OF PRESENTATION

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 value 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 manual blood collection and filtration systems enable the manual collection of all blood components while detecting bacteria, thus reducing the risks of infection through transfusion. 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.

On November 30, 2012 the Company completed a two-for-one split of the Company's common stock in the form of a stock dividend. Unless otherwise indicated, all common stock shares and per share information referenced within the Consolidated Financial Statements have been retroactively adjusted to reflect the stock split. The exercise price of each outstanding option has also been proportionately and retroactively adjusted for all periods presented. Par value per share and authorized shares were however not affected by the stock split.

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The accompanying consolidated financial statements present separately our financial position, results of operations, cash flows, and changes in shareholders' equity. All amounts presented, except per share amounts, are stated in thousands of U.S. dollars, unless otherwise indicated.

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated, and these financial statements reflect those material items that arose after the balance sheet date but prior to the issuance of the financial statements that would be considered recognized subsequent events. Refer to *Note 19 - Subsequent Events* for further information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal years 2013, 2012 and 2011 each includes 52 weeks with each quarter having 13 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.

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 disposable whole blood and blood component collection sets, 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. Shipments to distributors are not contingent upon resale of the product.

Non-Income Taxes

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.

We are also required to pay a medical device excise tax relating to U.S. sales of Class I, II and III medical devices. This new excise tax went into effect January 1, 2013, established as part of the March 2010 U.S. healthcare reform legislation, and has been included in selling, general and administrative expenses.

Software Revenues

Our software solutions business provides support to our plasma and blood collection customers and hospitals. 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. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. The impact of foreign exchange on long-term intercompany loans are recorded in accumulated other comprehensive income on the consolidated balance sheet.

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 30, 2013, 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.

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 |
| Plant equipment and machinery | 3-10 Years |
| Office equipment and information technology | 3-10 Years |
| Haemonetics equipment | 3-7 Years |

We evaluate the depreciation periods of property, plant and equipment to determine whether events or circumstances warrant revised estimates of useful lives. All property, plant and equipment are also tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

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 product
- 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 below for other intangible assets subject to amortization, we review Haemonetics equipment 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

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.

Goodwill and Intangible Assets

Intangible assets acquired in a business combination 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 estimated useful lives.

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. We first perform a qualitative test and if necessary, perform a quantitative test. The quantitative test is based on a discounted cash flow analysis for each reporting unit. Discounted cash flow analysis is an income approach to determining fair value of a reporting unit utilizing estimated after-tax cash flows attributable to the reporting unit which are then discounted to present value based on a risk-adjusted discount rate. The amount and timing of future cash flows for this analysis are determined primarily based on revenue growth rates, operating margins and other projections from our most recent operational budgets and long range strategic plans. The test showed no evidence of impairment to our goodwill for fiscal 2013, 2012 or 2011 and demonstrated that the fair value of each reporting unit significantly exceeded the reporting unit's carrying value in each period.

We review intangible assets subject to amortization at least annually or more frequently if certain conditions arise to determine if any adverse conditions exist that would indicate that the carrying value of an asset or asset group may not be recoverable, or that a change in the remaining useful life is required. Conditions indicating that an impairment exists include but are not limited to a change in the competitive landscape, internal decisions to pursue new or different technology strategies, a loss of a significant customer or a significant change in the marketplace including prices paid for our products or the size of the market for our products.

If an impairment indicator exists, we test the intangible asset for recoverability. For purposes of the recoverability test, we group our amortizable intangible assets with other assets and liabilities at the lowest level of identifiable cash flows if the intangible asset does not generate cash flows independent of other assets and liabilities. If the carrying value of the intangible asset (asset group) exceeds the undiscounted cash flows expected to result from the use and eventual disposition of the intangible asset (asset group), we will write the carrying value down to the fair value in the period identified.

We generally calculate fair value of our intangible assets as the present value of estimated future cash flows we expect to generate from the asset using a risk-adjusted discount rate. In determining our estimated future cash flows associated with our intangible assets, we use estimates and assumptions about future revenue contributions, cost structures and remaining useful lives of the asset (asset group).

If we determine the estimate of an intangible asset's remaining useful life should be reduced based on our expected use of the asset, the remaining carrying amount of the asset is amortized prospectively over the revised estimated 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, at which point capitalized costs are amortized over their estimated useful life. 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.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Liabilities

Other liabilities represent items payable within the next twelve months.

The items included in the fiscal year end balances were:

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|-----------------------|-------------------|-------------------|
| VAT Liabilities | \$ 5,121 | \$ 6,875 |
| Forward Contracts | 1,786 | 1,185 |
| Deferred Revenue | 23,737 | 24,132 |
| HS Core Liability (a) | 156 | 3,654 |
| All Other | 26,551 | 21,053 |
| Total | <u>\$ 57,351</u> | <u>\$ 56,899</u> |

(a) See Note 10, Commitments and Contingencies, for details of the HS Core quality issue that occurred during the first quarter of 2012.

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 \$4.6 million, \$4.5 million, and \$2.8 million for 2013, 2012 and 2011, respectively.

Accounting for Shipping and Handling Costs

Shipping and handling costs 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.

Derivative Instruments

We account for our derivative financial instruments in accordance with ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820") and with ASC Topic 815, Derivatives and Hedging ("ASC 815"). In accordance with ASC 815, we

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

record all derivatives on the balance sheet at fair value. The accounting for the change in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative as a hedging instrument for accounting purposes, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. In addition, ASC 815 provides that, for derivative instruments that qualify for hedge accounting, changes in the fair value are either (a) offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or (b) recognized in equity until the hedged item is recognized in earnings, depending on whether the derivative is being used to hedge changes in fair value or cash flows. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. We do not use derivative financial instruments for trading or speculation purposes.

The gains or losses on the forward foreign exchange rate contracts designated as hedges are recorded in net revenues, cost of goods sold, operating expenses and other income 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. We recorded foreign currency losses on designated and non-designated hedges of \$0.8 million, \$0.4 million, and \$1.4 million in fiscal 2013, 2012 and 2011, respectively.

On a quarterly basis, we assess whether the cash flow hedges are highly effective in offsetting changes in the cash flow of the hedged item. We manage the credit risk of the counterparties by dealing only with institutions that we consider financially sound and consider the risk of non-performance to be remote.

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 to determine the amount of stock based compensation to record each period. We believe that this historical data is currently the best estimate of the expected term of our new option grants.

Estimated Forfeiture Rate — Based on an analysis of our historical forfeitures, we have applied 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 acquired and liabilities assumed 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

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 \$90.1 million, \$99.5 million, and \$95.9 million for 2013, 2012, and 2011, respectively. Accounts receivable balances attributable to this customer accounted for 9.0%, 15.3%, and 13.7% of our consolidated accounts receivable at fiscal year ended 2013, 2012, and 2011. While the accounts receivable related to the Japanese Red Cross Society may be significant, we do not believe the credit loss risk to be significant given the consistent payment history by this customer.

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 \$23.4 million and \$21.0 million for the fiscal years ended March 30, 2013 and March 31, 2012, may increase the average length of time it takes us to collect accounts receivable in certain regions within these countries.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This Update requires an entity to disclose the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. The objective of this disclosure is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amended guidance is effective for annual reporting periods beginning after December 15, 2012, and interim periods within those annual periods. We are currently evaluating the impact, if any, that the adoption of this pronouncement may have on our financial disclosures.

In October 2012, the FASB issued ASU 2012-04, *Technical Corrections and Improvements*. The amendments in this update cover a wide range of Topics in the Accounting Standards Codification. These amendments include technical corrections and improvements to the Accounting Standards Codification and conforming amendments related to fair value measurements. The amendments in this update will be effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-04 is not expected to have a material impact on our financial position or results of operations.

In December 2011, the FASB issued ASU No. 2011-11 *Balance Sheet: Disclosures about Offsetting Assets and Liabilities*. This Update requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The amended guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. We are currently evaluating the impact, if any, that the adoption of this pronouncement may have on our financial disclosures.

Standards Implemented

In June 2011, the FASB issued ASU 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. We adopted this standard in the first quarter of fiscal 2013 using the two separate but consecutive statements approach. The adoption of ASU 2011-05 does not have an effect on our financial position or results of operations but changed our presentation of comprehensive income.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment ("ASU 2011-08"), which changes the way a company completes its annual impairment review process. The provisions of this pronouncement provides an entity with the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that is more likely than not that the fair value of a reporting unit is less than its carrying amount. ASU-2011-08 allows an entity the option to bypass the qualitative-assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. The pronouncement does not change the current guidance for testing other indefinite-lived intangible assets for impairment. This standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted these provisions in 2012. The adoption of ASU 2011-08 did not have a material effect on our financial position or results of operations.

3. ACQUISITIONS

Acquisitions were completed in fiscal 2013 and fiscal 2011 as part of our growth initiatives. We did not complete any acquisitions during fiscal 2012.

Fiscal Year 2013 Acquisition

Whole Blood Acquisition

On August 1, 2012, we completed the acquisition from Pall Corporation ("Pall") of substantially all of the assets relating to its blood collection, filtration, processing, storage, and re-infusion product lines, and all of the outstanding equity interest in Pall Mexico Manufacturing, S. de R.L. de C.V., a subsidiary of Pall based in Mexico pursuant to an Asset Purchase Agreement (the "Purchase Agreement") with Pall. We refer to the acquired business as the "whole blood business."

At the closing of the transaction, we paid a total consideration of \$535.2 million in cash and \$0.5 million in shares following resolution of post-closing adjustments for working capital and historical earnings levels. We anticipate paying an additional \$15.0 million upon replication and delivery of certain manufacturing assets of Pall's filter media business to Haemonetics by 2016. Until that time, Pall will manufacture and sell filter media to Haemonetics under a supply agreement.

We entered into a credit agreement on August 1, 2012 in connection with the transaction which includes a \$475.0 million term loan to fund the majority of the cash paid to Pall. See Note 8 for a detailed description of the key terms and provisions of the credit agreement.

We acquired the whole blood business to provide access to the manual collection and whole blood markets and provide scope for introduction of automated solutions in those markets. The whole blood business manufactures and sells manual blood collection systems and filters and has operations in North America, Europe and Asia Pacific countries. Revenue from the sale of whole blood disposables has been reported within the blood center disposables product line since the date of acquisition.

The assets and liabilities acquired from Pall were recorded at fair value at the date of acquisition. During the current period, we updated the fair value of assets and liabilities recorded as of the date of acquisition with a corresponding adjustment to goodwill to reflect such updates to the allocation of purchase price. There were no significant changes to the consolidated statement of income during fiscal 2013 as a result of the changes to fair value.

The allocation of purchase price is preliminary, and subject to change based primarily on finalization of the assessment of the value of deferred taxes and assumed liabilities. We expect to complete these valuations by June 30, 2013.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The preliminary allocation of the purchase price to the estimated fair value of the acquired assets and liabilities is summarized as follows:

| Asset class | Amounts Recognized as of March 30, 2013 (Provisional) | |
|-----------------------------------|--|---------|
| <i>(In thousands)</i> | | |
| Inventories | \$ | 49,917 |
| Property, plant and equipment | | 85,984 |
| Intangible assets | | 188,500 |
| Other assets/liabilities, net | | (6,166) |
| Goodwill | | 216,940 |
| Fair value of net assets acquired | \$ | 535,175 |

The adjusted fair value of the acquired assets and liabilities are reflected in the Consolidated Balance Sheets.

The provisional allocation of purchase price changed as compared to the initial allocation as of September 29, 2012 as follows: inventory was reduced by \$2.5 million, property, plant and equipment increased \$15.3 million, intangible assets decreased \$18.3 million, assumed liabilities increased \$4.4 million and goodwill increased by \$9.9 million.

The \$188.5 million of acquired intangible assets was allocated to acquired technology and customer relationships at fair values of \$61.0 million and \$127.5 million, respectively. The acquired assets are amortized over the estimate of their useful lives of 12 years on a straight-line basis. We adopted the straight-line amortization and shortened the useful lives to 12 years as it best reflects the pattern of benefits. We recorded \$10.5 million in amortization expense relating to the acquired intangible assets for the fiscal year ended March 30, 2013.

Goodwill represents the excess of the purchase price over the fair value of the net assets. Goodwill of \$216.9 million represents future economic benefits expected to arise from work force at the various plants and locations and significant technological know-how in filter manufacturing. All of the domestic goodwill is deductible for tax purposes.

Revenue for the whole blood business from acquisition was \$138.4 million.

We recognized \$3.2 million and \$3.0 million of transaction costs related to the whole blood acquisition in the selling, general and administrative line item in the accompanying consolidated statements of income for the fiscal years ended March 30, 2013 and March 31, 2012, respectively.

The following represents the pro forma consolidated statements of income as if the acquisition of the whole blood business had been included in our consolidated results beginning on April 3, 2011.

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|----------------------------|----------------|----------------|
| Net sales | \$ 963,923 | \$ 963,643 |
| Net income | 56,540 | 77,984 |
| Basic earnings per share | \$ 1.10 | \$ 1.54 |
| Diluted earnings per share | \$ 1.08 | \$ 1.51 |

The unaudited consolidated pro-forma financial information above includes the following significant adjustments made to account for certain costs which would have been incurred if the acquisition had been completed on April 3, 2011, as adjusted for the applicable tax impact. As our acquisition of the whole blood business was completed on August 1, 2012, the pro-forma adjustments for the fiscal year ended March 30, 2013 in the table below only include the required adjustments through August 1, 2012.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|--|-----------------------|-----------------------|
| Transaction costs (1) | \$ 3,184 | \$ 3,000 |
| Amortization of inventory fair value adjustment (2) | 11,948 | (11,948) |
| Amortization of acquired intangible assets (3) | (5,236) | (15,708) |
| Interest expense incurred on acquisition financing (4) | (3,173) | (9,520) |
| Selling, general and administrative expenses (5) | (3,513) | (10,540) |

- (1) Eliminated transactions costs as these non-recurring costs were incurred in fiscal 2013.
- (2) Added additional expense in the period ended March 31, 2012 to reflect the inventory fair value adjustments which would have been amortized had the transaction been consummated on April 3, 2011 as the corresponding inventory would have been completely sold during the first two quarters of 2011. Also, deducted the actual inventory fair value adjustment recorded in the fiscal year ended March 30, 2013 to reflect the pro-forma consumption of inventory in 2011.
- (3) Added additional amortization of the acquired whole blood intangible assets recognized at fair value in purchase accounting.
- (4) Added additional interest expense for the debt used to finance the acquisition.
- (5) Additional investments in infrastructure costs to replicate certain support functions performed by division or corporate organizations of Pall that did not transfer in the acquisition. These costs are primarily related to information technology infrastructure and application costs, and personnel costs required to expand regional and corporate administrative and sales support functions. These costs are not intended to be representative of actual costs incurred by Pall Corporation, and represent Haemonetics' best estimate of future incremental costs on an annualized basis. Actual incremental investments may differ from these estimates.

Prior to the acquisition, we had purchased filters from the whole blood business for inclusion in some of our devices. The transactional value between both parties approximated \$10.0 million which was recorded by Pall as revenue and by us as a cost of sale. At the acquisition date, we owed Pall \$1.4 million which has been settled as of March 30, 2013.

Fiscal Year 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. Pro forma information is not provided as it is immaterial.

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.

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|--|---------------------------|---------------------------|
| Warranty accrual as of the beginning of the period | \$ 796 | \$ 1,273 |
| Warranty provision | 1,180 | 2,430 |
| Warranty spending | (1,303) | (2,907) |
| Warranty accrual as of the end of the period | <u>\$ 673</u> | <u>\$ 796</u> |

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.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|-----------------------|-------------------|-------------------|
| Raw materials | \$ 70,716 | \$ 41,219 |
| Work-in-process | 7,829 | 4,640 |
| Finished goods | 105,239 | 71,304 |
| | <u>\$ 183,784</u> | <u>\$ 117,163</u> |

6. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for fiscal 2013 and 2012 are as follows:

| <i>(In thousands)</i> | |
|---|------------|
| 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 |
| Whole blood business (a) | 216,940 |
| Effect of change in foreign currency exchange rates | (1,524) |
| Carrying amount as of March 30, 2013 | \$ 330,474 |

(a) See Note 3, Acquisitions, for a full description of the acquisition of the whole blood assets, which occurred on August 1, 2012.

Intangible Assets

Intangible assets include the value assigned to license rights and other developed technology, patents, customer contracts and relationships and a trade name. The estimated useful lives for all of these intangible assets are 2 to 19 years.

Aggregate amortization expense for amortized intangible assets for fiscal year 2013, 2012, and 2011 was \$22.1 million, \$11.4 million, and \$11.1 million, respectively. Future annual amortization expense on intangible assets is expected to approximate \$26.2 million for fiscal year 2014, \$24.9 million for fiscal year 2015, \$24.6 million for fiscal year 2016, \$24.5 million for fiscal year 2017 and \$23.7 million for fiscal year 2018.

| | Gross Carrying Amount | Accumulated Amortization | Net | Weighted Average Useful Life |
|--|--------------------------|-----------------------------|-----------------------|---------------------------------|
| | <i>(In thousands)</i> | <i>(In thousands)</i> | <i>(In thousands)</i> | <i>(In years)</i> |
| As of March 30, 2013 | | | | |
| Patents | \$ 8,706 | \$ 6,397 | \$ 2,309 | 10 |
| Capitalized software | 26,841 | 2,333 | 24,508 | 6 |
| Other developed technology | 99,486 | 24,843 | 74,643 | 12 |
| Customer contracts and related relationships | 196,365 | 36,552 | 159,813 | 12 |
| Trade names | 5,383 | 2,268 | 3,115 | 10 |
| Total intangibles | <u>\$ 336,781</u> | <u>\$ 72,393</u> | <u>\$ 264,388</u> | 11 |
| As of March 31, 2012 | | | | |
| Patents | \$ 13,463 | \$ 7,843 | \$ 5,620 | 11 |
| Capitalized software | 20,597 | 1,394 | 19,203 | 6 |
| Other developed technology | 42,693 | 20,120 | 22,573 | 11 |
| Customer contracts and related relationships | 69,361 | 23,639 | 45,722 | 12 |
| Trade names | 5,408 | 1,977 | 3,431 | 10 |
| Total intangibles | <u>\$ 151,522</u> | <u>\$ 54,973</u> | <u>\$ 96,549</u> | 11 |

The changes to the net carrying value of our intangible assets from March 31, 2012 to March 30, 2013 reflect acquisition of the whole blood intangible assets, amortization expense and the effect of exchange rate changes in the translation of our intangible assets held by our international subsidiaries. Also contributing to the change was an asset write-off recorded in the fourth quarter of fiscal 2013 associated with exiting activities related to technologies originally acquired from Arryx, Inc. The total asset write-off related to abandoning Arryx-related assets was \$4.2 million, net of \$0.9 million of proceeds from the sale of certain intellectual property.

7. DERIVATIVES AND FAIR VALUE MEASUREMENTS

We manufacture, market and sell our products globally. For the fiscal year ended March 30, 2013, approximately 49.0% 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 foreign currency forward contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily the Japanese Yen and the Euro, and to a lesser extent the Swiss Franc, British Pound Sterling, Canadian Dollar and the Mexican Peso. 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 30, 2013 and March 31, 2012 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 \$133.3 million as of March 30, 2013 and \$162.1 million as of March 31, 2012.

During fiscal 2013, we recognized net gains of \$2.5 million in earnings on our cash flow hedges, compared to recognized net losses of \$3.2 million and \$0.8 million during fiscal 2012 and 2011, respectively. For the fiscal year ended March 30, 2013, \$5.1 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 gains of \$3.1 million, net of tax, for the fiscal year ended March 31, 2012 and net losses of \$4.1 million, net of tax, for the fiscal year ended April 2, 2011. At March 30, 2013, gains of \$5.1 million, net of tax, may be reclassified to earnings within the next twelve months. All currency cash flow hedges outstanding as of March 30, 2013 mature within twelve months.

Non-designated Foreign Currency Contracts

We manage our exposure to changes in foreign currency on a consolidated basis to take advantage of offsetting transactions and balances. We use foreign currency forward contracts as a part of our strategy to manage exposure related to foreign currency denominated monetary assets and liabilities. These foreign currency forward contracts are entered into for periods consistent with currency transaction exposures, generally one month. They are not designated as cash flow or fair value hedges under ASC Topic 815. These forward contracts are marked-to-market with changes in fair value recorded to earnings. We had non-designated foreign currency hedge contracts under ASC Topic 815 outstanding in the contract amount of \$65.6 million as of March 30, 2013 and \$45.5 million as of March 31, 2012.

Interest Rate Swaps

On August 1, 2012, we entered into a Credit Agreement which provided for a \$475.0 million term loan ("Term Loan"). Under the terms of this Credit Agreement, the Company may borrow at a spread to an index, including the LIBOR index of 1-month, 3-months, 6-months, etc. From the date of the Credit Agreement, the Company has chosen to borrow against the 1-month USD-LIBOR-BBA rounded up, if necessary, to the nearest 1/16th of 1% ("Adjusted LIBOR"). The terms of the Credit

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Agreement also allow us to borrow in multiple tranches. While we currently borrow in a single tranche, in the future, we may choose to borrow in multiple tranches.

Accordingly, our earnings and cash flows are exposed to interest rate risk from changes in Adjusted LIBOR. Part of our interest rate risk management strategy includes the use of interest rate swaps to mitigate our exposure to changes in variable interest rates. Our objective in using interest rate swaps is to add stability to interest expense and to manage and reduce the risk inherent in interest rate fluctuations.

On December 21, 2012, we entered into two interest rate swap agreements ("the swaps"), whereby we receive Adjusted LIBOR and pay an average fixed rate of 0.68% on a total notional value of \$250.0 million of debt. The interest rate swaps mature on August 1, 2017. The Company designated the interest rate swaps as a cash flow hedge of variable interest rate risk associated with \$250.0 million of indebtedness. For the fiscal year ended March 30, 2013, \$0.8 million of losses, net of tax, were recorded in Accumulated Other Comprehensive Income to recognize the effective portion of the fair value of interest rate swaps that qualify as cash flow hedges. At March 30, 2013, losses of \$0.1 million may be reclassified to earnings within the next twelve months.

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 statements of income for the fiscal year ended March 30, 2013.

| Derivative Instruments | Amount of Gain/(Loss) Recognized in OCI (Effective Portion) | Amount of Gain/(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 |
|---|---|---|-------------------------------------|---|-------------------------------------|
| <i>(In thousands)</i> | | | | | |
| Designated foreign currency hedge contracts, net of tax | \$ 5,104 | \$ 2,746 | Net revenues, COGS, and SG&A | \$ (337) | Other income (expense), net |
| Non-designated foreign currency hedge contracts | — | — | | \$ 1,214 | Other income (expense) |
| Designated interest rate swaps, net of tax | \$ (779) | \$ (269) | Interest income (expense), net | \$ — | |

(*) 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 30, 2013 or March 31, 2012. Amounts recognized as deferred tax benefits in fiscal 2013 for designated foreign currency and interest rate swap hedges were \$1.7 million and \$0.3 million, respectively.

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, current interest rate curves, interest rate volatilities, 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 30, 2013, 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 30, 2013 and March 31, 2012 by type of contract and whether it is a qualifying hedge under ASC Topic 815.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

| <i>(In thousands)</i> | Location in Balance Sheet | Balance as of March 30, 2013 | Balance as of March 31, 2012 |
|---|------------------------------|---------------------------------|---------------------------------|
| Derivative Assets: | | | |
| Designated foreign currency hedge contracts | Other current assets | \$ 7,030 | \$ 6,186 |
| | | <u>\$ 7,030</u> | <u>\$ 6,186</u> |
| Derivative Liabilities: | | | |
| Designated foreign currency hedge contracts | Other current liabilities | \$ 954 | \$ 1,185 |
| Designated interest rate swaps | Other current liabilities | 671 | — |
| | | <u>\$ 1,625</u> | <u>\$ 1,185</u> |

For the fiscal years ended March 30, 2013 and March 31, 2012, non-designated foreign currency hedge contracts were not significant and are not disclosed separately in the above table.

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 years ended March 30, 2013 and March 31, 2012, we applied the requirements under ASC Topic 820 to our non-financial assets and non-financial liabilities. As we did not have an impairment of any non-financial assets or non-financial liabilities, there was no disclosure required relating to our non-financial assets or non-financial liabilities.

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

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

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

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

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 30, 2013 and March 31, 2012:

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

| As of March 30, 2013 | Quoted Market Prices for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|----------------------------------|---|---|---|-----------------------|
| | <i>(In thousands)</i> | <i>(In thousands)</i> | <i>(In thousands)</i> | <i>(In thousands)</i> |
| Assets | | | | |
| Money market funds | \$ 141,120 | \$ — | \$ — | \$ 141,120 |
| Foreign currency hedge contracts | — | 7,030 | — | 7,030 |
| | <u>\$ 141,120</u> | <u>\$ 7,030</u> | <u>\$ —</u> | <u>\$ 148,150</u> |
| Liabilities | | | | |
| Foreign currency hedge contracts | \$ — | \$ 954 | \$ — | \$ 954 |
| Interest rate swap | — | 671 | — | 671 |
| | <u>\$ —</u> | <u>\$ 1,625</u> | <u>\$ —</u> | <u>\$ 1,625</u> |

| As of March 31, 2012 | Quoted Market Prices for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|----------------------------------|---|---|---|-----------------------|
| | <i>(In thousands)</i> | <i>(In thousands)</i> | <i>(In thousands)</i> | <i>(In thousands)</i> |
| Assets | | | | |
| Money market funds | \$ 194,574 | \$ — | \$ — | \$ 194,574 |
| Forward currency hedge contracts | — | 6,186 | — | 6,186 |
| | <u>\$ 194,574</u> | <u>\$ 6,186</u> | <u>\$ —</u> | <u>\$ 200,760</u> |
| Liabilities | | | | |
| Forward currency hedge contracts | \$ — | \$ 1,185 | \$ — | \$ 1,185 |
| | <u>\$ —</u> | <u>\$ 1,185</u> | <u>\$ —</u> | <u>\$ 1,185</u> |

For the fiscal years ended March 30, 2013 and March 31, 2012, non-designated foreign currency hedge contracts were not significant and are not disclosed separately in the above tables.

Release of 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. We have reviewed the expected performance versus the performance thresholds for payment. Because the expected performance thresholds will 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 for the fiscal year ended March 31, 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 Term Loan is carried at amortized cost and accounts receivable and accounts payable are also reported at their cost which approximates fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. NOTES PAYABLE AND LONG-TERM DEBT

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

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|----------------------------------|-------------------|-----------------|
| Term loan, net of financing fees | \$ 471,016 | \$ — |
| Real estate mortgage | 2,877 | 3,771 |
| Bank loan | 6,201 | — |
| Less current portion | (23,150) | (894) |
| Long term debt | <u>\$ 456,944</u> | <u>\$ 2,877</u> |

On August 1, 2012 in connection with the acquisition of the whole blood business, we entered into a credit agreement ("Credit Agreement") with the banks listed below (together, "Lenders") which provided for a \$475.0 million term loan and a \$50.0 million revolving loan (the "Revolving Credit Facility," and together with the Term Loan, (the "Credit Facilities"). The Credit Facilities have a term of five years and mature on August 1, 2017.

Under the terms of this Credit Agreement, the Company may borrow at a spread to an index, including the LIBOR index of 1-month, 3-months, 6-months, etc. From the date of the Credit Agreement, the Company has chosen to borrow against the 1-month USD-LIBOR-BBA rounded up, if necessary, to the nearest 1/16th of 1%. The terms of the Credit Agreement also allow the Company to borrow in multiple tranches. While the Company currently borrows in a single tranche, in the future, it may choose to borrow in multiple tranches.

At closing, we borrowed the Term Loan and used the proceeds to pay Pall for the acquisition of the assets described in Note 3. The \$475.0 million Term Loan bears interest at variable rates determined by Adjusted LIBOR plus a range of 1.125% to 1.500% depending on the achievement of certain leverage ratios. The Revolving Credit Facility bears interest at variable rates similar to the Term Loan. The current margin of the Term Loan is 1.375% over Adjusted LIBOR and our effective interest rate inclusive of prepaid financing costs and other fees was 2.00% as of March 30, 2013.

Revolving loans may be borrowed, repaid and re-borrowed to fund our working capital needs and for other general corporate purposes. No amounts were outstanding under the Revolving Credit Facility at March 30, 2013. The Term Loan or portions thereof may be prepaid at any time, or from time to time without penalty. Once repaid, such amount may not be re-borrowed. The principal amount of the term loan is repayable quarterly over five years and amortizes as follows:

| Fiscal Year | Term Loan Amortization Schedule | |
|-------------|------------------------------------|---------|
| | <i>(In thousands)</i> | |
| 2014 | \$ | 17,813 |
| 2015 | \$ | 47,500 |
| 2016 | \$ | 71,250 |
| 2017 | \$ | 190,000 |
| 2018 | \$ | 148,438 |

Under the Credit Facilities, we are required to maintain a Consolidated Total Leverage Ratio not to exceed 3.0:1.0 and a Consolidated Interest Coverage Ratio not to be less than 4.0:1.0 during periods when the Credit Facilities are outstanding. In addition, we are required to satisfy these covenants, on a pro forma basis, in connection with any new borrowings (including any letter of credit issuances) on the Revolving Credit Facility as of the time of such borrowings. The Consolidated Interest Coverage Ratio is calculated as the Consolidated EBITDA divided by Consolidated Interest Expense while the Consolidated Total Leverage Ratio is calculated as Consolidated Total Debt divided by Consolidated EBITDA. Consolidated EBITDA includes EBITDA adjusted by non-recurring and unusual transactions specifically as defined in the Credit Facilities.

The Credit Facilities also contain usual and customary non-financial affirmative and negative covenants which include certain restrictions with respect to subsequent indebtedness, liens, loans and investments (including acquisitions), financial reporting

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

obligations, mergers, consolidations, dissolutions or liquidation, asset sales, affiliate transactions, change of our business, capital expenditures, share repurchase and other restricted payments. These covenants are subject to important exceptions and qualifications set forth in the Credit Agreement.

Any failure to comply with the financial and operating covenants of the Credit Facilities would prevent us from being able to borrow additional funds and would constitute a default, which could result in, among other things, the amounts outstanding including all accrued interest and unpaid fees, becoming immediately due and payable. In addition, the Credit Facilities include customary events of default, in certain cases subject to customary cure periods. As of March 30, 2013, we were in compliance with the covenants.

Commitment fee

Pursuant to the Credit Agreement we are required to pay the Lenders, on the last day of each calendar quarter, a commitment fee on the unused portion of the Revolving Credit Facility. The commitment fee is subject to a pricing grid based on our Consolidated Total Leverage Ratio. The commitment fee ranges from 0.175% to 0.300%. The current commitment fee on the undrawn portion of the Revolving Credit Facility is 0.250%.

We may elect to increase the size of the Revolving Credit Facility from \$50.0 million to \$100.0 million. Alternatively, we may elect to enter into additional term loans up to a \$100.0 million combined limit with the Revolving Credit Facility. These elections are subject to the approval of the Administrative Agent and the identification of additional Lenders or current Lenders willing to increase their loan amounts per the terms and conditions contained in the Credit Agreement.

Debt issuance costs and interest

Expenses associated with the issuance of the Term Loan were capitalized and are amortized over the five years using the effective interest method. In connection with the Term Loan, we recorded deferred financing costs of \$5.5 million, of which \$4.0 million remains as a debt discount. The debt discount is netted against the \$475.0 million Term Loan, resulting in a net note payable of \$471.0 million. The debt discount will also be amortized over the life of the notes.

Interest expense was \$5.9 million and \$0.4 million for the fiscal years ended March 30, 2013 and March 31, 2012, respectively. Accrued interest associated with our outstanding debt is included as a component of accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheets. As of March 30, 2013, accrued interest totaled \$0.1 million.

Parties to the credit facilities

The Lenders party to the Credit Agreement are JP Morgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. as Syndication Agent, J P Morgan Securities LLC and Citibank, N.A. as Joint Lead Arrangers and Joint Bookrunners, Bank of America, N.A., RBS Citizens, N.A., HSBC Bank USA, N.A., Wells Fargo Bank, N.A., Sumitomo Mitsui Banking Corporation, TD Bank, N.A. and US Bank, N.A. as Co-Documentation Agents, Union Bank, N.A., PNC Bank, National Association and Sovereign Bank, N.A. as Senior Managing Agents and the syndicate lenders that are parties thereto.

Other Credit Facilities

The other debt as of March 30, 2013 includes the real estate mortgage loan of \$2.9 million and short term bank borrowings of \$6.2 million under operating lines of credit.

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 \$2.9 million and \$3.8 million as of March 30, 2013 and March 31, 2012, 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.

There are short term borrowings of \$5.6 million in Japan resulting from fluctuation in their working capital.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Maturity Profile

The maturity profile of long-term debt as of March 30, 2013, after deducting prepaid financing costs is presented below.

| Fiscal Year Ending | |
|---------------------------|-------------------|
| <i>(In thousands)</i> | |
| 2014 | \$ 23,150 |
| 2015 | 47,553 |
| 2016 | 71,416 |
| 2017 | 189,556 |
| 2018 | 148,419 |
| | \$ 480,094 |

9. INCOME TAXES

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

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|-----------------------|-------------------|-------------------|-------------------|
| Domestic | \$ 17,360 | \$ 40,666 | \$ 58,040 |
| Foreign | 32,537 | 48,832 | 52,041 |
| Total | \$ 49,897 | \$ 89,498 | \$ 110,081 |

The income tax provision contains the following components:

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|-----------------------|-------------------|-------------------|------------------|
| Current | | | |
| Federal | \$ 3,795 | \$ 8,505 | \$ 14,982 |
| State | 1,324 | 2,275 | 2,111 |
| Foreign | 5,389 | 5,954 | 7,226 |
| Total current | \$ 10,508 | \$ 16,734 | \$ 24,319 |
| Deferred | | | |
| Federal | 1,644 | 7,522 | 4,931 |
| State | (229) | (597) | 438 |
| Foreign | (826) | (1,047) | 413 |
| Total deferred | \$ 589 | \$ 5,878 | \$ 5,782 |
| Total | \$ 11,097 | \$ 22,612 | \$ 30,101 |

Included in the federal income tax provisions for fiscal 2013, 2012 and 2011 are approximately \$1.6 million, \$2.2 million and \$10.8 million, respectively, provided on foreign source income of approximately \$4.5 million, \$6.2 million and \$31.0 million for fiscal years 2013, 2012 and 2011, respectively, for taxes which are payable in the United States.

Tax affected, significant temporary differences comprising the net deferred tax liability are as follows:

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|----------------------------------|--------------------|--------------------|
| Depreciation | \$ (25,186) | \$ (17,208) |
| Amortization | (14,776) | (19,249) |
| Inventory | 7,884 | 4,224 |
| Hedging | (162) | (589) |
| Accruals and reserves | 7,208 | 6,352 |
| Net operating loss carry-forward | 1,877 | 3,354 |
| Stock based compensation | 7,834 | 8,649 |
| Tax credit carry-forward, net | 2,243 | 2,328 |
| Gross deferred taxes | \$ (13,078) | \$ (12,139) |
| Less valuation allowance | (1,009) | (1,569) |
| Net deferred tax liability | <u>\$ (14,087)</u> | <u>\$ (13,708)</u> |

As of March 30, 2013, we have approximately \$1.9 million in U.S. acquisition and \$0.6 million in foreign related net operating loss carry forwards that it believes are more likely than not that they will be realized. We also have \$2.6 million in gross federal and state tax credits available to offset future tax. We have 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 \$0.6 million acquisition related net operating losses for fiscal 2013 and \$0.4 million and \$1.2 million respectively for fiscal 2012. The net operating loss carry forwards are subject to separate limitations and will expire beginning in 2020.

Approximately \$200.0 million of our foreign subsidiary undistributed earnings are deemed to be permanently reinvested outside the U.S. 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:

| <i>(In thousands)</i> | March 30, 2013 | | March 31, 2012 | | April 2, 2011 | |
|---|-------------------|---------------|-------------------|---------------|------------------|---------------|
| Tax at federal statutory rate | \$ 17,464 | 35.0 % | \$ 31,324 | 35.0 % | \$ 38,528 | 35.0 % |
| Domestic manufacturing deduction | (504) | (1.0)% | (700) | (0.8)% | (1,120) | (1.0)% |
| Difference between U.S. and foreign tax | (5,584) | (11.2)% | (8,539) | (9.5)% | (8,610) | (7.9)% |
| State income taxes net of federal benefit | 718 | 1.4 % | 1,136 | 1.3 % | 1,741 | 1.6 % |
| Repatriation of earnings | — | — % | — | — % | (506) | (0.5)% |
| Research credit | (799) | (1.6)% | (752) | (0.9)% | (209) | (0.2)% |
| Other, net | (198) | (0.4)% | 143 | 0.2 % | 277 | 0.3 % |
| Income tax provision | <u>\$ 11,097</u> | <u>22.2 %</u> | <u>\$ 22,612</u> | <u>25.3 %</u> | <u>\$ 30,101</u> | <u>27.3 %</u> |

Unrecognized Tax Benefits

Unrecognized tax benefits represent uncertain tax positions for which reserves have been established. As of March 30, 2013, we had \$6.9 million of unrecognized tax benefits, of which \$6.7 million will impact the effective tax rate, if recognized. 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.

During the fiscal year ended March 30, 2013 our unrecognized tax benefits were increased by \$0.5 million as a result of additional tax benefits arising in the prior year return and current year.

The following table summarizes the activity related to our gross unrecognized tax benefits for the fiscal years ended March 30, 2013, March 31, 2012 and April 2, 2011:

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|--|-------------------|-------------------|------------------|
| Beginning Balance | \$ 6,885 | \$ 4,669 | \$ 4,620 |
| Additions based upon positions related to the current year | 1,192 | 1,124 | 20 |
| Additions for tax positions of prior years | 18 | 1,216 | 1,641 |
| Reductions of tax positions | — | (124) | (1,042) |
| Settlements with taxing authorities | (80) | — | — |
| Closure of statute of limitations | (1,085) | — | (570) |
| Ending Balance | <u>\$ 6,930</u> | <u>\$ 6,885</u> | <u>\$ 4,669</u> |

As of March 30, 2013 we anticipate that the liability for unrecognized tax benefits for uncertain tax positions could change by up to \$0.4 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 \$0.8 million and \$1.0 million is accrued for interest at March 30, 2013 and March 31, 2012, 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 a few exceptions overseas, we are no longer subject to U.S. federal, state and local, or foreign income tax examinations for years before 2009.

10. COMMITMENTS AND CONTINGENCIES

We lease facilities and certain equipment under operating leases expiring at various dates through fiscal 2020. 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 30, 2013 are as follows (in thousands):

Fiscal Year Ending

| <i>(In thousands)</i> | |
|-----------------------|------------------|
| 2014 | \$ 7,742 |
| 2015 | 6,321 |
| 2016 | 3,445 |
| 2017 | 2,103 |
| 2018 | 1,685 |
| Thereafter | 2,689 |
| | <u>\$ 23,985</u> |

Rent expense in fiscal 2013, 2012, and 2011 was \$7.0 million, \$6.1 million, and \$6.6 million, respectively. Some of the Company's operating leases include renewal provisions, escalation clauses and options to purchase the facilities that we lease.

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.

During the third quarter of fiscal 2013, we issued a field action letter to blood center customers requesting visual inspection of a component of certain whole blood collection sets, due to the potential for a leak to occur at a very low frequency. The component, referred to as a Y connector, was supplied by a contract manufacturer. We have recorded inventory reserves of \$7.0 million in cost of goods sold within the consolidated statement of income for the fiscal year ended March 30, 2013 for removal of affected whole blood collection sets from inventory for destruction or rework. We will pursue all available means of financial recovery related to this inventory loss. However, no salvage or recovery value from these efforts was recorded as we cannot currently conclude whether a favorable outcome will result.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. Certain of these claims were recoverable under our product liability insurance policy. To date, we have recognized a \$10.3 million liability offset by insurance receivables of \$8.2 million and an expense of \$2.1 million. We collected \$4.4 million of insurance receivables during fiscal 2013, which has been classified as an operating cash flow. For the fiscal year ended March 30, 2013, only \$0.2 million of the liability remains outstanding. We do not expect to record additional material claims or insurance recoveries related to this matter.

For the past six 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 (Fresenius), 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 non-qualified 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 15,024,920. 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 non-qualified 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 30, 2013, there were 3,876,780 shares subject to options, 354,589 shares of restricted stock outstanding and no shares subject to restricted stock units outstanding under this plan and 6,596,195 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 7,000,000 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 30, 2013, there were 192,978 options outstanding under this plan and no further options will be granted under this plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company has an Employee Stock Purchase Plan (the “Purchase Plan”) under which a maximum of 1,400,000 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 \$11.0 million, \$9.3 million, and \$10.8 million was recognized under ASC Topic 718, *Compensation — Stock Compensation*, for the fiscal year ended March 30, 2013, March 31, 2012, and April 2, 2011, respectively. The related income tax benefit recognized was \$3.5 million, \$2.7 million, and \$3.7 million for the fiscal year ended March 30, 2013, March 31, 2012, and April 2, 2011, 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 \$4.1 million, \$1.4 million, and \$3.1 million for the fiscal year ended March 30, 2013, March 31, 2012, and April 2, 2011, respectively.

A summary of stock option activity for the fiscal year ended March 30, 2013 is as follows:

| | Options Outstanding (shares) | Weighted Average Exercise Price per Share | Weighted Average Remaining Life (years) | Aggregate Intrinsic Value (\$000's) |
|--|------------------------------|---|---|-------------------------------------|
| Outstanding at March 31, 2012 | 4,847,134 | \$ 26.15 | 3.87 | \$ 42,134 |
| Granted | 904,998 | 38.60 | | |
| Exercised | (1,402,298) | 22.86 | | |
| Forfeited | (280,076) | 29.05 | | |
| Outstanding at March 30, 2013 | 4,069,758 | \$ 29.85 | 4.31 | \$ 48,061 |
| Exercisable at March 30, 2013 | 2,052,602 | \$ 26.42 | 4.22 | \$ 31,287 |
| Vested or expected to vest at March 30, 2013 | 3,838,353 | \$ 29.56 | 3.09 | \$ 46,433 |

The total intrinsic value of options exercised was \$20.9 million, \$8.5 million, and \$26.5 million during fiscal 2013, 2012, and 2011, respectively.

As of March 30, 2013, there was \$12.1 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 2.5 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 30, 2013 | March 31, 2012 | April 2, 2011 |
|-------------------------|----------------|----------------|---------------|
| Volatility | 26.4% | 27.5% | 28.2% |
| Expected life (years) | 4.9 | 4.9 | 4.9 |
| Risk-free interest rate | 0.8% | 1.1% | 1.8% |
| Dividend yield | 0.0% | 0.0% | 0.0% |

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The weighted average grant date fair value of options to purchase one share granted during 2013, 2012, and 2011 was approximately \$9.76, \$8.16, and \$7.92, 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 30, 2013 and March 31, 2012, 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 30, 2013 | March 31, 2012 | April 2, 2011 |
|-------------------------|-------------------|-------------------|------------------|
| Volatility | 24.9% | 26.3% | 21.1% |
| Expected life (months) | 6 | 6 | 6 |
| Risk-free interest rate | 0.2% | 0.1% | 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 \$8.50, \$7.10, and \$5.87 during fiscal 2013, 2012, and 2011, respectively.

Restricted Stock Awards

As of March 30, 2013, there was no unrecognized compensation cost related to non-vested restricted stock awards.

Restricted Stock Units

As of March 30, 2013, there was \$8.3 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 2.6 years.

A summary of restricted stock units activity for the fiscal year ended March 30, 2013 is as follows:

| | Shares | Weighted Average Market Value at Grant Date |
|-----------------------------|-----------|--|
| Nonvested at March 31, 2012 | 321,526 | \$ 25.86 |
| Awarded | 178,322 | 32.85 |
| Released | (112,986) | 27.47 |
| Forfeited | (30,443) | 31.23 |
| Nonvested at March 30, 2013 | 356,419 | \$ 34.06 |

Accumulated Other Comprehensive Income

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

| <i>(In thousands)</i> | Foreign Currency Translation | Unrealized Gain/(Loss) on Derivatives, Net of Tax | Impact of Defined Benefit Plans, Net of Tax | Accumulated Other Comprehensive Income |
|-------------------------|------------------------------------|--|--|---|
| Balance, April 3, 2010 | \$ 5,271 | \$ 1,454 | \$ (820) | \$ 5,905 |
| Changes during the year | 6,380 | (3,299) | 555 | 3,636 |
| Balance, April 2, 2011 | \$ 11,651 | \$ (1,845) | \$ (265) | \$ 9,541 |
| Changes during the year | (2,813) | 6,370 | (3,988) | (431) |
| Balance, March 31, 2012 | \$ 8,838 | \$ 4,525 | \$ (4,253) | \$ 9,110 |
| Changes during the year | (4,705) | 1,848 | (820) | (3,677) |
| Balance, March 30, 2013 | \$ 4,133 | \$ 6,373 | \$ (5,073) | \$ 5,433 |

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. Basic EPS is computed by dividing net income by weighted average shares outstanding. Diluted EPS includes the effect of potentially dilutive common shares. The common stock weighted average number of shares has been retroactively adjusted for the stock split.

| <i>(In thousands, except per share amounts)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|---|---------------------------|---------------------------|--------------------------|
| Basic EPS | | | |
| Net income | \$ 38,800 | \$ 66,886 | \$ 79,980 |
| Weighted average shares | 51,349 | 50,727 | 50,154 |
| Basic income per share | <u>\$ 0.76</u> | <u>\$ 1.32</u> | <u>\$ 1.59</u> |
| Diluted EPS | | | |
| Net income | \$ 38,800 | \$ 66,886 | \$ 79,980 |
| Basic weighted average shares | 51,349 | 50,727 | 50,154 |
| Net effect of common stock equivalents | 910 | 863 | 1,038 |
| Diluted weighted average shares | 52,259 | 51,590 | 51,192 |
| Diluted income per share | <u>\$ 0.74</u> | <u>\$ 1.30</u> | <u>\$ 1.56</u> |

Weighted average shares outstanding, assuming dilution, excludes the impact of 0.5 million, 1.4 million and 2.4 million stock options for fiscal years 2013, 2012 and 2011, respectively, because these securities were anti-dilutive during the noted periods.

13. PROPERTY, PLANT AND EQUIPMENT

Property and equipment consisted of the following:

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|---|-----------------------|-----------------------|
| Land | \$ 4,216 | \$ 1,136 |
| Building and building improvements | 78,682 | 58,680 |
| Plant equipment and machinery | 205,698 | 136,057 |
| Office equipment and information technology | 103,235 | 88,185 |
| Haemonetics equipment | 240,889 | 226,476 |
| Total | <u>632,720</u> | <u>510,534</u> |
| Less: accumulated depreciation and amortization | <u>(375,767)</u> | <u>(348,877)</u> |
| Property, plant and equipment, net | <u>\$ 256,953</u> | <u>\$ 161,657</u> |

Depreciation expense was \$43.4 million, \$38.6 million, and \$36.8 million for fiscal 2013, 2012, and 2011, respectively.

During fiscal 2013, there was a change in the estimated useful lives of Haemonetics equipment which resulted in a decrease in depreciation expense of \$4.5 million, an increase of \$3.3 million in net income, and an increase in basic and diluted earnings per share of \$0.09.

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 \$4.9 million in 2013, \$4.0 million in 2012, and \$3.3 million in 2011. Upon Board approval, additional

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

discretionary contributions can also be made. No discretionary contributions were made for the Savings Plan in fiscal 2013, 2012, or 2011.

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 \$2.4 million, \$0.8 million, and \$1.8 million in fiscal 2013, 2012, and 2011, respectively, of which \$1.5 million in fiscal 2011 was contributed for our employees in Switzerland.

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 our 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:

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|--|-------------------|-------------------|------------------|
| Service cost | \$ 2,759 | \$ 2,545 | \$ 667 |
| Interest cost on benefit obligation | 639 | 601 | 283 |
| Expected (return)/loss on plan assets | (413) | 2 | (467) |
| Actuarial (gain)/loss | 196 | (385) | (48) |
| Amortization of unrecognized prior service cost | (14) | (31) | 381 |
| Amortization of unrecognized transition obligation | 48 | 221 | 30 |
| Totals | \$ 3,215 | \$ 2,953 | \$ 846 |

The net periodic benefit costs shown above for fiscal 2013 and fiscal 2012 include the associated costs for the Switzerland defined benefit plan. The net periodic benefit costs for fiscal 2011 shown above have not been updated to reflect the Switzerland plan costs; these costs were approximately \$1.5 million. During fiscal 2011, the Switzerland plan was accounted for as a defined contribution plan and Company contributions to the plan were expensed.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The activity under those defined benefit plans are as follows:

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 |
|--|-------------------|-------------------|
| Change in Benefit Obligation: | | |
| Benefit Obligation, beginning of year | \$ (27,150) | \$ (22,707) |
| Service cost | (2,759) | (2,545) |
| Interest cost | (639) | (601) |
| Benefits paid | 3,210 | 1,952 |
| Actuarial (loss)/gain | (1,364) | (1,244) |
| Employee and plan participants contribution | (2,926) | (1,728) |
| Plan Amendments | — | (193) |
| Foreign currency changes | 1,502 | (84) |
| Benefit obligation, end of year | \$ (30,126) | \$ (27,150) |
| Change in Plan Assets: | | |
| Fair value of plan assets, beginning of year | \$ 18,185 | \$ 15,798 |
| Company contributions | 2,381 | 2,156 |
| Benefits paid | (3,210) | (1,873) |
| Gain/(Loss) on plan assets | 397 | 124 |
| Employee and plan participants contributions | 2,926 | 1,728 |
| Foreign currency changes | (1,102) | 252 |
| Fair value of Plan Assets, end of year | \$ 19,577 | \$ 18,185 |
| Funded Status | \$ (10,549) | \$ (8,965) |
| Unrecognized net actuarial loss/(gain) | 5,418 | 4,513 |
| Unrecognized initial obligation | 184 | 141 |
| Unrecognized prior service cost | 138 | 254 |
| Net amount recognized | \$ (4,809) | \$ (4,057) |

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 \$5.4 million and \$4.9 million as of March 30, 2013 and March 31, 2012, respectively.

The accumulated benefit obligation for all plans was \$22.2 million and \$22.5 million for the fiscal year ended March 30, 2013 and March 31, 2012, respectively.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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, 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) |
| Obligation at transition | | 556 |
| Actuarial loss | | (1,237) |
| Prior service cost | | (139) |
| Balance as of March 30, 2013 | \$ | (5,073) |

We expect to amortize \$0.6 million from accumulated other comprehensive loss during 2014.

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

| | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|---|-------------------|-------------------|------------------|
| Discount rate | 1.97% | 2.40% | 5.30% |
| Rate of increased salary levels | 1.42% | 1.50% | 2.60% |
| Expected long-term rate of return on assets | 1.92% | 2.10% | 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 recognized \$0.1 million of deferred taxes in fiscal 2013 .

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

Our investment policy for 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.

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 30, 2013. 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 2 of the fair value hierarchy because the plan assets are primarily insurance contracts.

Expected benefit payments for both plans are estimated using the same assumptions used in determining the company's benefit obligation at March 30, 2013. 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.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 2014 | \$ | 1,200 |
| Fiscal Year 2015 | \$ | 1,327 |
| Fiscal Year 2016 | \$ | 1,308 |
| Fiscal Year 2017 | \$ | 1,217 |
| Fiscal Year 2018 | \$ | 844 |
| Fiscal Year 2019-2023 | \$ | 4,714 |

The Company contributions for fiscal 2014 are expected to be consistent with current year.

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 whole blood disposables, equipment devices and the related disposables used with these devices. Disposables include part of 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. 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 as well as disposables for manual whole blood collection. 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 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.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenues from External Customers:

| <i>(In thousands)</i> | March 30, 2013 | March 31, 2012 | April 2, 2011 |
|--------------------------|-------------------|-------------------|-------------------|
| Disposable revenues | | | |
| Plasma disposables | \$ 268,900 | \$ 258,061 | \$ 227,209 |
| Blood center disposables | | | |
| Platelet | 169,602 | 167,946 | 156,251 |
| Red cell | 49,733 | 48,034 | 46,828 |
| Whole blood | 138,436 | — | — |
| | <u>357,771</u> | <u>215,980</u> | <u>203,079</u> |
| Hospital disposables | | | |
| Surgical | 73,508 | 66,619 | 66,503 |
| OrthoPAT | 30,230 | 31,186 | 35,631 |
| Diagnostics | 27,356 | 23,087 | 19,414 |
| | <u>131,094</u> | <u>120,892</u> | <u>121,548</u> |
| Disposables revenue | 757,765 | 594,933 | 551,836 |
| Software solutions | 69,952 | 70,557 | 66,876 |
| Equipment & other | 64,273 | 62,354 | 57,982 |
| Total revenues | <u>\$ 891,990</u> | <u>\$ 727,844</u> | <u>\$ 676,694</u> |

Enterprise Wide Disclosures About Product and Services
Year Ended (in thousands)

| March 30, 2013 | United States | Other North America | Total North America | Japan | Other Asia | Total Europe | Total Consolidated |
|--------------------------|---------------|---------------------|---------------------|------------|------------|--------------|--------------------|
| Sales | \$ 454,874 | \$ 6,851 | \$ 461,725 | \$ 120,726 | \$ 84,860 | \$ 224,679 | \$ 891,990 |
| Total Assets | \$ 830,754 | \$ 225,849 | \$ 1,056,603 | \$ 44,189 | \$ 41,037 | \$ 320,088 | \$ 1,461,917 |
| Long-Lived Assets | \$ 503,606 | \$ 209,439 | \$ 713,045 | \$ 12,977 | \$ 8,076 | \$ 117,717 | \$ 851,815 |
| March 31, 2012 | United States | Other North America | Total North America | Japan | Other Asia | Total Europe | Total Consolidated |
| Sales | \$ 352,160 | \$ 512 | \$ 352,672 | \$ 124,381 | \$ 67,223 | \$ 183,568 | \$ 727,844 |
| Total Assets | \$ 634,171 | \$ 15,365 | \$ 649,536 | \$ 50,509 | \$ 27,353 | \$ 183,737 | \$ 911,135 |
| Long-Lived Assets | \$ 305,370 | \$ 12,796 | \$ 318,166 | \$ 13,128 | \$ 3,961 | \$ 38,009 | \$ 373,264 |
| April 2, 2011 | United States | Other North America | Total North America | Japan | Other Asia | Total Europe | Total Consolidated |
| Sales | \$ 316,447 | \$ 908 | \$ 317,355 | \$ 110,263 | \$ 61,594 | \$ 187,482 | \$ 676,694 |
| Total Assets | \$ 582,733 | \$ 15,903 | \$ 598,636 | \$ 47,156 | \$ 18,164 | \$ 169,308 | \$ 833,264 |
| Long-Lived Assets | \$ 305,305 | \$ 12,715 | \$ 318,020 | \$ 12,391 | \$ 4,181 | \$ 38,092 | \$ 372,684 |

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

16. RESTRUCTURING

During fiscal 2012, our restructuring activities primarily consisted 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 2013, we incurred \$6.6 million of restructuring charges and a \$4.2 million asset write-down. The asset write-down is associated with exiting activities related to technologies originally acquired from Arryx, Inc. 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 statements 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.

The following summarizes the restructuring activity for the fiscal year ended March 30, 2013, March 31, 2012, and April 2, 2011, respectively:

| <i>(In thousands)</i> | Balance at March 31, 2012 | Cost Incurred | Payments | Asset Write down | Restructuring Accrual Balance at March 30, 2013 |
|------------------------|--------------------------------------|--------------------------|-------------------|-----------------------------|--|
| Employee-related costs | \$ 1,461 | \$ 6,214 | \$ (4,586) | \$ — | \$ 3,089 |
| Facility related costs | 533 | 431 | (791) | — | 173 |
| Asset write-down | — | 4,247 | — | (4,247) | — |
| | <u>\$ 1,994</u> | <u>\$ 10,892</u> | <u>\$ (5,377)</u> | <u>\$ (4,247)</u> | <u>\$ 3,262</u> |

| <i>(In thousands)</i> | 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 |
| | <u>\$ 3,671</u> | <u>\$ 5,858</u> | <u>\$ (7,535)</u> | <u>\$ —</u> | <u>\$ 1,994</u> |

| <i>(In thousands)</i> | 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 | — | 889 | — | — | 889 |
| | <u>\$ 9,761</u> | <u>\$ 4,484</u> | <u>\$ (10,574)</u> | <u>\$ —</u> | <u>\$ 3,671</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 \$7.5 million and \$3.6 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 years ended March 30, 2013 and March 31, 2012, 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.

We capitalized \$6.2 million and \$6.1 million in software development costs for ongoing initiatives during the fiscal years ended March 30, 2013 and March 31, 2012, respectively. At March 30, 2013 and March 31, 2012, we have a total of \$25.7 million and \$19.5 million, respectively, of software costs capitalized, of which \$20.0 million and \$15.4 million, respectively, related to in process software development initiatives. In connection with these development activities, we capitalized interest of \$0.3 million and \$0.2 million in fiscal 2013 and 2012, respectively. We amortize capitalized costs when the products are released for sale. During the first quarter of fiscal 2013, \$1.7 million of capitalized costs related to one project were placed into service, compared to \$4.1 million of capitalized costs placed into service during fiscal 2012. Amortization of capitalized software development cost expense was \$0.9 million, \$0.7 million and \$0.2 million for fiscal 2013, 2012 and 2011 respectively. The costs capitalized for each project are included in intangible assets in the consolidated financial statements.

18. SUMMARY OF QUARTERLY DATA (UNAUDITED)*(In thousands)*

| 2013 | Three months ended | | | |
|------------------------|---------------------------|----------------------|---------------------|------------------|
| | June 30, | September 29, | December 29, | March 30, |
| Net revenues | \$ 176,475 | \$ 218,178 | \$ 247,395 | \$ 249,942 |
| Gross profit | \$ 90,113 | \$ 101,762 | \$ 113,115 | \$ 123,141 |
| Operating income | \$ 13,079 | \$ 9,901 | \$ 15,747 | \$ 17,710 |
| Net income | \$ 9,787 | \$ 6,547 | \$ 9,904 | \$ 12,562 |
| Per share data: | | | | |
| Net Income: | | | | |
| Basic | \$ 0.19 | \$ 0.13 | \$ 0.19 | \$ 0.24 |
| Diluted | \$ 0.19 | \$ 0.13 | \$ 0.19 | \$ 0.24 |

| 2012 | Three months ended | | | |
|------------------------|---------------------------|-------------------|---------------------|------------------|
| | July 2, | October 1, | December 31, | March 31, |
| 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 |
| Per share data: | | | | |
| Net Income: | | | | |
| Basic | \$ 0.33 | \$ 0.27 | \$ 0.36 | \$ 0.35 |
| Diluted | \$ 0.32 | \$ 0.27 | \$ 0.36 | \$ 0.35 |

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

19. SUBSEQUENT EVENTS

Value Creation and Capture

On April 29, 2013, we committed to a plan to pursue identified Value Creation and Capture ("VCC") opportunities. These opportunities include investment in product line extensions and next generation products, enhancement of commercial capabilities and a transformation of our manufacturing network. The transformation of our manufacturing network will take place over the next three fiscal years and includes changes to the current manufacturing footprint and supply chain structure (the "Network Plan").

To implement the Network Plan, we will (i) discontinue manufacturing activities at our Braintree, Massachusetts location, (ii) create a technology center of excellence for product development, (iii) expand our current facility in Tijuana, Mexico and (iv) build a new manufacturing facility in Asia closer to our customer base in that region.

We estimate we will incur approximately \$23.0 million of cash restructuring expenses during fiscal 2014 which will be recorded through cost of goods sold. To complete the Network Plan we estimate that we will spend an additional \$8.0 million for cash restructuring expenses in future years. These costs consist principally of employee related costs, product line transfer costs including relocation and validation, as well as redundant overhead and inefficiencies during the transfer period. The management and execution of this effort will require a dedicated team of program managers, engineers, regulatory and quality professionals, the cost of which is included in these estimates. We also expect to incur non-cash costs of approximately \$5.0 million consisting of accelerated depreciation and asset write-downs.

Activities under the Plan will be initiated in fiscal 2014 and are expected to be substantially completed in the next three years. Additionally, we expect to deploy approximately \$36.0 million of cash in fiscal 2014 for capital expenditures to expand our existing Tijuana, Mexico facility and construct a new facility in Asia.

We also expect to incur cash costs totaling \$29.0 million associated with our other VCC opportunities, completion of the integration of the whole blood business and the recent acquisition of Hemerus.

Acquisition of Hemerus

On April 30, 2013 we completed the acquisition of certain assets of Hemerus LLC, a Minnesota based company that develops innovative technologies for the collection of whole blood and processing and storage of blood components. Hemerus has received FDA approval for SOLX® whole blood collection system for eight hour storage of whole blood. Hemerus previously received CE Marking (Conformité Européenne) in the European Union to market SOLX as the world's first 56-day red blood cell storage solution. We paid \$23.0 million cash in addition to the \$1.0 million paid early in fiscal 2013. We will pay an additional \$3.0 million upon a further FDA approval of the SOLX solution for 24 hour storage of whole blood prior to processing, and will pay up to \$14.0 million on future sales of SOLX-based products.

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 30, 2013 and March 31, 2012 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended March 30, 2013. 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 30, 2013 and March 31, 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 30, 2013, 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 30, 2013, 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 20, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 20, 2013

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. There has been no change in our internal control over financial reporting during the fiscal year ended March 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We acquired Pall Corporation's transfusion medicine business on August 1, 2012. We have extended our oversight and monitoring processes that support our internal control over financial reporting to include the acquired operations. We are continuing to integrate the acquired operations into our overall internal control over financial reporting process. We will assess the effectiveness of internal control over financial reporting for the acquired whole blood business in fiscal 2014. Management's assessment of and conclusion on the effectiveness of internal control over financial reporting for fiscal 2013 did not include the internal controls of the whole blood business.

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 its internal control over financial reporting as of March 30, 2013. 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. The Company's assessment did not include an assessment of the internal controls over financial reporting of the whole blood business acquired in August 2013, which is included in our fiscal 2013 consolidated financial statements and which constituted \$138.0 million of revenues for this period. Based on our assessment we believe that, as of March 30, 2013, 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 an attestation 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 30, 2013, 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.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of its internal control over financial reporting did not include an assessment of the internal controls of the whole blood business, which is included in the fiscal 2013 consolidated financial statements of Haemonetics Corporation and subsidiaries and constituted \$138 million of revenue for this period. Our audit of internal control over financial reporting of Haemonetics Corporation and subsidiaries also did not include an evaluation of the internal control over financial reporting of the whole blood business.

In our opinion, Haemonetics Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 30, 2013, 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 30, 2013 and March 31, 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended March 30, 2013 of Haemonetics Corporation and subsidiaries and our report dated May 20, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 20, 2013

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.

We acquired Pall Corporation's transfusion medicine business on August 1, 2012. We have extended our oversight and monitoring processes that support our internal control over financial reporting to include the acquired operations. We are continuing to integrate the acquired operations into our overall internal control over financial reporting process. We will assess the effectiveness of internal control over financial reporting for the acquired whole blood business in fiscal 2014.

ITEM 9B. OTHER INFORMATION

None

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 from our Proxy Statement for the Annual Meeting to be held July 24, 2013.

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 from the Company's Proxy Statement for the Annual Meeting to be held July 24, 2013. 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 24, 2013. 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 from the Company's Proxy Statement for the Annual Meeting to be held July 24, 2013.

Stock Plans

The following table below sets forth information as of March 30, 2013 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

| | (a) | (b) | (c) |
|--|---|---|--|
| Plan Category | Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights | Weighted Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))* |
| Equity compensation plans approved by security holders | 4,426,177 | \$ 30.19 | 7,283,971 |
| Equity compensation plans not approved by security holders | — | — | — |
| Total | 4,426,177 | \$ 30.19 | 7,283,971 |

* Includes 687,776 shares available for purchase under the Employee Stock Purchase Plan in future purchase periods.

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

The information required by this Item is incorporated by reference from our Proxy Statement for the Annual Meeting to be held July 24, 2013.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference from our Proxy Statement for the Annual Meeting to be held July 24, 2013.

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 | 40 |
| Consolidated Statements of Comprehensive Income | 40 |
| Consolidated Balance Sheets | 42 |
| Consolidated Statements of Stockholders' Equity | 43 |
| Consolidated Statements of Cash Flows | 44 |
| Notes to Consolidated Financial Statements | 45 |
| Report of Independent Registered Public Accounting Firm | 78 |

Schedules required by Article 12 of Regulation S-X

| | |
|--|--------------------|
| II Valuation and Qualifying Accounts | 88 |
|--|--------------------|

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 86, 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 20, 2013

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.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|---|--------------|
| <u>/s/ Brian Concannon</u> Brian Concannon | President, Chief Executive Officer and Director (Principal Executive Officer) | May 20, 2013 |
| <u>/s/ Christopher Lindop</u> Christopher Lindop | Chief Financial Officer and Executive Vice President Business Development (Principal Financial Officer) | May 20, 2013 |
| <u>/s/ Susan Hanlon</u> Susan Hanlon | Vice President Finance (Principal Accounting Officer) | May 20, 2013 |
| <u>/s/ Lawrence Best</u> Lawrence Best | Director | May 20, 2013 |
| <u>/s/ Paul Black</u> Paul Black | Director | May 20, 2013 |
| <u>/s/ Susan Bartlett Foote</u> Susan Bartlett Foote | Director | May 20, 2013 |
| <u>/s/ Ronald Gelbman</u> Ronald Gelbman | Director | May 20, 2013 |
| <u>/s/ Pedro Granadillo</u> Pedro Granadillo | Director | May 20, 2013 |
| <u>/s/ Mark Kroll, Ph.D.</u> Mark Kroll | Director | May 20, 2013 |
| <u>/s/ Richard Meelia</u> Richard Meelia | Director | May 20, 2013 |
| <u>/s/ Ronald Merriman</u> Ronald Merriman | Director | May 20, 2013 |

EXHIBITS FILED WITH SECURITIES AND EXCHANGE COMMISSION

Number and Description of Exhibit

1. Articles of Organization

- 3A* Pro forma Amended and Restated Articles of Organization of the Company reflecting Articles of Amendment dated August 23, 1993 and August 21, 2006 (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Quarter ended December 29, 2012 and incorporated herein by reference).
- 3B* Articles of Amendment to the Articles of Organization of the Company filed August 21, 2006 with the Secretary of the Commonwealth of Massachusetts.
- 3C* By-Laws of the Company, as amended through July 27, 2012 (filed as Exhibit 5.03 to the Company's Form 8-K filed August 2, 2012 and incorporated herein by reference).

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, made as of July 17, 1996 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, made as of October 18, 2000 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 Third Amendment to lease dated July 17, 1990, made as of March 23, 2004 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania (filed herewith as Exhibit 10D to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10E Fourth Amendment to lease dated July 17, 1990, made as of March 12, 2008 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania (filed herewith as Exhibit 10E to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10F Fifth Amendment to lease dated July 17, 1990, made as of October 1, 2008 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania (filed herewith as Exhibit 10F to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10G Sixth Amendment to lease dated July 17, 1990 made as of January 8, 2010 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania (filed herewith as Exhibit 10G to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10H Seventh Amendment to lease dated July 17, 1990, made as of March 31, 2011 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania (filed herewith as Exhibit 10H to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10I Eighth Amendment to lease dated July 17, 1990, made as of February 26, 2013 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania (filed herewith as Exhibit 10I to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10J Lease dated February 21, 2000 between BBVA Bancomer Servicios, S.A., as Trustee of the "Submetropoli de Tijuana" Trust and Haemonetics Mexico Manufacturing, S. de R.L. de C.V., as successor in interest to Ensatec, S.A. de C.V. with authorization of El Florido California, S.A. de C.V., for property located in Tijuana, Mexico (filed herewith as Exhibit 10J to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).
- 10K Amendment to Lease dated February 21, 2000 made as of July 25, 2008 between BBVA Bancomer Servicios, S.A., as Trustee of the "Submetropoli de Tijuana" Trust Haemonetics Mexico Manufacturing, S. de R.L. de C.V., as successor in interest to Ensatec, S.A. de C.V., for property located in Tijuana, Mexico (filed herewith as Exhibit 10K to the Company's Form 10-K No 1-14041 for the year ended March 30, 2013).

- 10L Extension to Lease dated February 21, 2000, made as of August 14, 2011 between PROCADEF 1, S.A.P.I. de C.V. and Haemonetics Mexico Manufacturing, S. de R.L. de C.V., as successor in interest to Ensatec, S.A. de C.V., for property located in Tijuana, Mexico (Spanish to English translation filed herewith as Exhibit 10L to the Company's Form 10-K No 1-14041 for the year ended March 30, 2013).
- 10M Amendment Letter to Lease dated February 21, 2000, made as of August 14, 2011 between BBVA Bancomer Servicios, S.A., as Trustee of the "Submetropoli de Tijuana" Trust and Haemonetics Mexico Manufacturing, S. de R.L. de C.V., as successor in interest to Ensatec, S.A. de C.V., for property located in Tijuana, Mexico (filed herewith as Exhibit 10M to the Company's Form 10-K No 1-14041 for the year ended March 30, 2013).
- 10N Notice of Assignment to Lease dated February 21, 2000, made as of February 23, 2012 between BBVA Bancomer Servicios, S.A., as Trustee of the "Submetropoli de Tijuana" Trust and Haemonetics Mexico Manufacturing, S. de R.L. de C.V., as successor in interest to Ensatec, S.A. de C.V. for property located in Tijuana, Mexico (Spanish to English translation filed herewith as Exhibit 10N to the Company's Form 10-K No 1-14041 for the year ended March 30, 2013).
- 10O* 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).
- 10P Real Estate Lease Agreement dated November 2, 2002 between Haemonetics Produzione Italia S.r.l. as successor in interest to Pall Italia S.r.l and Tempera Infissi S.r.l for premises located in Ascoli, Italy (Italian to English translation filed herewith as Exhibit 10P to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10Q Lease effective July 15, 2004 between Howard Commons Associates, LLC and Haemoscope Corporation for the property located in Niles, Illinois (filed herewith as Exhibit 10Q to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10R First Amendment to Lease dated July 15, 2004, made as of June 10, 2004 between Howard Commons Associates, LLC and Haemoscope Corporation for the property located in Niles, Illinois (filed herewith as Exhibit 10R to the Company's 10-K No.1-14041 for the year ended March 30, 2013).
- 10S Second Amendment to Lease dated July 15, 2004, made as of June 5, 2007 between Cabot II - ILI W02-W03, LLC, predecessor-in interest to Howard Commons Associates, LLC and Haemoscope Corporation for the property located in Niles, Illinois (filed herewith as Exhibit 10S to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10T Third Amendment to Lease dated July 15, 2004, made as of November 19, 2007 between Cabot II - ILI W02-W03, LLC, Haemoscope Corporation and Huron Acquisition Corporation, a wholly-owned subsidiary of the Company, as successor in interest to Haemoscope Corporation for the property located in Niles, Illinois (filed herewith as Exhibit 10T to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10U Fourth Amendment to Lease dated July 15, 2004, made as of December 22, 2010 between Cabot II - ILI W02-W03, LLC, Haemoscope Corporation and the Company as assignee and New Tenant of the property located in Niles, Illinois (filed herewith as Exhibit 10U to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10V Fifth Amendment to Lease dated July 15, 2004, made as of July 24, 2012 between Cabot II - ILI W02-W03, LLC and the Company of the property located in Niles, Illinois (filed herewith as Exhibit 10V to the Company's 10-K No.1-14041 for the year ended March 30, 2013).
- 10W Lease Agreement effective December 3, 2007 between Mrs. Blanca Estela Colunga Santelices, by her own right, and Pall Life Sciences Mexico, S.de R.L. de C.V., for the property located in Tijuana, Mexico (Spanish to English translation filed herewith as Exhibit 10W to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10X Assignment to Lease Agreement effective December 3, 2007, made as of December 2, 2011 between Mrs. Blanca Estela Colunga Santelices, by her own right, Pall Life Sciences Mexico, S.de R.L. de C.V., ("Assignor") and Haemonetics Mexico Manufacturing, S. de R.L. de C.V.as successor in interest to Pall Mexico Manufacturing S. de R.L. de C.V., ("Assignee") assigned in favor of the property located in Tijuana, Mexico (filed herewith as Exhibit 10X to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10Y Sublease Contract to Lease Agreement effective December 3, 2007, made as of December 3, 2011 between Haemonetics Mexico Manufacturing, S. de R.L. de C.V. as successor in interest to Pall Mexico Manufacturing, S.de R.L. de C.V., and Pall Life Sciences Mexico, S. de R.L. de C.V., for the property located in Tijuana, Mexico (filed herewith as Exhibit 10Y to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10Z Sublease Contract to Lease Agreement effective December 3, 2007, made as of February 23, 2012 between Haemonetics Mexico Manufacturing, S. de R.L. de C.V. as successor in interest to Pall Mexico Manufacturing S. de R.L. de C.V. and Ensatec, S.A. de C.V., for the property located in Tijuana, Mexico (filed herewith as Exhibit 10Z to the Company's Form 10-K No.1-14041 for the year ended March 30, 2013).
- 10AA Lease dated August 20, 2009 between Price Logistics Center Draper One, LLC and the Company for property located in Draper, Utah. (filed herewith as Exhibit 10AA to the Company's Form 10-K No. 1-14041 for the year ended March 30, 2013).

| | |
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| 10AB*† | 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). |
| 10AC*† | 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). |
| 10AD*† | 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). |
| 10AE† | Pro Forma 2005 Long Term Incentive Compensation Plan, reflecting amendments dated July 31, 2008, July 29, 2009, July 21, 2011 and November 30, 2012 (filed herewith). |
| 10AF*† | 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). |
| 10AG* | Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term Incentive Compensation Plan for Employees. |
| 10AH*† | 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). |
| 10AI* | Form of Restricted Stock Agreement with Employees under 2005 Long Term Incentive Compensation Plan. |
| 10AJ*† | Form of Amended and Restated Change in Control Agreement made effective on April 2, 2009 between the Company and Brian Concannon (filed as Exhibit 10Y to the Company's Form 10-Q No. 1-10730 for the quarter ended June 27, 2009). |
| 10AK† | Form of Amended and Restated Change in Control Agreement (filed herewith). |
| 10AL*† | 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). |
| 10AM† | Non-Qualified Deferred Compensation Plan made effective on July 27, 2012 (filed herewith). |
| 10AN* | Asset Purchase Agreement, dated as of April 28, 2012, by and between Haemonetics Corporation and Pall Corporation (filed as Exhibit 10Z to the Company's Form 10-K No. 1-14041 for the fiscal year ended March 31, 2012). |
| 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, Executive 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 Executive Vice President Business Development of the Company |
| 101 [^] | The following materials from Haemonetics Corporation on Form 10-K for the year ended March 30, 2013, formatted in Extensive Business Reporting Language (XBRL): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income (iii) Consolidated Balance Sheets, (iv) Consolidated Statement of Stockholders' Equity and Other Comprehensive Income, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text. |

* Incorporated by reference

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

[^] 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.

SCHEDULE II
HAEMONETICS CORPORATION
VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

| | Balance at Beginning of Fiscal Year | Charged to Costs and Expenses | Write-Offs (Net of Recoveries) | Balance at End of Fiscal Year |
|--------------------------------------|---|-------------------------------------|-----------------------------------|----------------------------------|
| For Year Ended March 30, 2013 | | | | |
| Allowance for Doubtful Accounts | \$ 1,480 | \$ 446 | \$ (199) | \$ 1,727 |
| 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 |

LEASE

**PRICE LOGISTICS CENTER DRAPER ONE, LLC
DRAPER CITY, UTAH**

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**PRICE LOGISTICS CENTER DRAPER ONE, LLC
LEASE AGREEMENT**

THIS LEASE AGREEMENT made and entered into this 20th day of August, 2009, by and between PRICE LOGISTICS CENTER DRAPER ONE, LLC, as Landlord, and HAEMONETICS CORPORATION, as Tenant.

ARTICLE 1. FUNDAMENTAL LEASE PROVISIONS. Each reference in this Lease to the "Fundamental Lease Provisions" shall mean and refer to the following terms:

1.1 Landlord's Notice Address:

230 East South Temple
Salt Lake City, Utah 84111

With a copy to:
David J. Castleton
Blackburn & Stoll, LC
257 East 200 South, #800
Salt Lake City, Utah 84111

1.2 Tenant's Notice Address:

Haemonetics Corporation
400 Wood Road
Braintree, Massachusetts 02184-9114
USA
Attention: General Counsel

With a copy to:
Haemonetics Corporation
400 Wood Road
Braintree, Massachusetts 02184-9114
USA
Attention: Mark Shafranich.

1.3 Tenant's Trade Name: HAEMONETICS CORPORATION.

1.4 Lease Terms:

- A. Estimated Possession Date: Upon the Lease Commencement Date.
- B. Lease Commencement Date: The term of the Lease shall commence upon the full execution and delivery of the Lease Agreement.

C. Rent Commencement Date: The commencement date for the payment of Basic Rent (the "Rent Commencement Date") shall be one hundred and twenty days after the Lease Commencement Date. The commencement date for all Net charges (Additional Rent), as referenced in Section 6.2, are payable as set forth in Section 6.5.

D. Lease Term: One Hundred Twenty (120) months from the Rent Commencement Date.

1.5 Basic Rent:

| Lease Months | Rent/ Sq. Ft./Month | Monthly Rent | Annual Rent |
|--------------|---------------------|--------------|--------------|
| 1-12 | \$0.3900 | \$38,973.09 | \$467,677.08 |
| 13-24 | \$0.3998 | \$39,952.41 | \$479,428.96 |
| 25-36 | \$0.4098 | \$40,951.72 | \$491,420.64 |
| 37-48 | \$0.4200 | \$41,971.02 | \$503,652.24 |
| 49-60 | \$0.4305 | \$43,020.30 | \$516,243.60 |
| 61-72 | \$0.4413 | \$44,099.55 | \$529,194.60 |
| 73-84 | \$0.4523 | \$45,198.79 | \$542,385.48 |
| 85-96 | \$0.4636 | \$46,328.01 | \$555,936.12 |
| 97-108 | \$0.4752 | \$47,487.21 | \$569,846.52 |
| 109-120 | \$0.4871 | \$48,676.39 | \$584,116.68 |

1.6 Use: Manufacturing, receiving, shipping, distribution and storing of blood management products and uses incidental thereto (including office uses), and for no other purpose, except as otherwise provided in this Lease.

~~1.7 Security Deposit:~~

1.8 Guarantors: None.

ARTICLE 2. PREMISES.

2.1 The Park. Landlord is the owner of a commercial business park situated in the City of Draper, Salt Lake County, State of Utah, known as LONE PEAK BUSINESS PARK (hereinafter the "Park"), which real property is shown on Exhibit "A" and attached hereto and by this reference incorporated herein.

2.2 The Premises.

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord

that certain Building commonly referred to as Logistics Center Draper One – Warehouse Building, located at _____, Draper, Utah, containing a total of approximately 99,931 +/- square feet of floor space (hereinafter the “Building”) and the underlying and surrounding land which consists of approximately 5.55 +/- acres located in the Park (hereinafter referred to as the “Land”) as depicted on the site plan of the Building attached hereto as Exhibit “A-1.” The Building and the Land are hereinafter referred to as the “Premises.”

(b) The northerly line of the Land as shown on Exhibit A-1 is slightly north of the northerly boundary line of the 5.45 acre tax parcel used for assessment and property description purposes. Therefore, in the event Tenant shall exercise any of its options to purchase the Premises, Landlord shall take such action as is necessary to lawfully adjust the lot line to be as shown on Exhibit “A-1”, so that all of the parking and other improvements exclusively serving the Building (and any required setback and similar areas) shall be located on the Land and the Land shall constitute a separate and distinct tax parcel, approved by Draper City and in compliance with the restrictions of record relating to the division (or subdivision) of the land. To insure that the purchase of the Premises is not delayed should Tenant exercise one of its options to purchase hereunder, Landlord agrees to begin the process to adjust the boundary line upon the full execution and delivery of this Lease, and to use its best efforts to consummate the boundary line adjustment within six (6) months thereafter. If despite its good faith efforts, Landlord is unable to complete the boundary line adjustment as described above within nine (9) months from the date of this Lease, and in any event prior to the conveyance by Landlord of either the Premises or the parcel from which the additional land will be conveyed for the boundary adjustment, Landlord will convey an easement for the portion of the Land not currently part of the existing tax parcel which easement will grant the exclusive use of that land for the parking and other improvements exclusively serving the Building.

(c) Tenant shall access the Premises by means of a north south roadway and cul-de-sac to be constructed by Landlord in substantially the design set forth in Exhibits “A” and “B” (hereinafter referred to as the “Access Property”). Landlord represents and warrants that it (or an affiliate of Landlord) owns all of the land necessary to construct the Access Property and will obtain all of the necessary permits and approval necessary to commence and complete the construction thereof in the time period set forth in Exhibit “B”. In addition, to the extent there are any easements, shared access agreements or similar documents, instruments or agreements necessary or appropriate to fully provide for Tenant’s use of the Access Property as provided herein, Landlord shall, at its own cost, obtain and record same and provide Tenant with true and accurate copies thereof. Upon completion of the Access Property (and all documentation relating thereto), Tenant shall have the unimpaired right to use the Access Property as the means of access and egress for all trucks and other vehicles to and from the Premises and parking areas serving same.

(d) Tenant shall also be entitled to nonexclusive access for all street-legal trucks and other vehicles to and from the Premises and parking areas serving same by means of the driveway to the east of the Land, as depicted on the site plan of the Premises attached hereto as

Exhibit "A-2" (hereinafter referred to as the "Common Area").

(e) Tenant and Landlord acknowledge that all or substantially all of the roads and cul-de-sac making up the Access Property may be dedicated to Draper City and become public roads. In the event of and at the time of such occurrence, Landlord shall advise Tenant of same (providing copies of relevant documentation relating thereto) and the term "Access Property" shall automatically be amended to be the remaining portion of the original Access Property that is not dedicated to Draper City.

(f) Tenant and Landlord acknowledge that Covenants, Conditions and Restrictions in substantially the form set forth in Exhibit "E" (the "CC&Rs") will be recorded against the Land prior to the sale of the Land by Landlord. Landlord agrees not to make any changes to the CC&Rs that will unreasonably modify Tenant's rights under this Lease.

2.3 Tenant's Rights to Use in Common. Tenant shall have the nonexclusive right to use in common with other tenants and occupants of the Park so entitled for access, subject to reasonable rules of general applicability to tenants of the Park from time to time made by Landlord and of which Tenant is given notice, the Access Property and the Common Area. Tenant hereby agrees that Landlord shall have the right, for the purposes of accommodating the other tenants of the Park, to change the configuration and dimensions or to otherwise alter the Access Property and Common Area so long as Tenant's access to, vehicular traffic flow or maneuverability or use of the Premises is not unreasonably interfered with, altered or restricted thereby. The parking areas (and number of spaces) on the Premises shall not, except by takings by eminent domain, be reduced below the size (and number of spaces) shown on Exhibit "A". Notwithstanding anything to the contrary contained in this Lease, the Premises shall at all times have commercially reasonable, adequate and direct access to the Common Areas and, upon completion, the Access Property, and through them to the streets adjacent to the Park.

2.4 No Warranty. Tenant agrees that neither Landlord nor any agent of Landlord has made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business, nor has Landlord agreed to undertake any modification, alteration or improvement to the Premises or the Park, except as provided in this Lease. Tenant acknowledges and agrees that neither Landlord nor any agent of Landlord has made any representation or warranty whatsoever or at all concerning (a) the safety of the Premises, the Building, the Access Property, the Common Area, the Park or of any part thereof, whether for the use of Tenant or any other person, including Tenant's employees, agents, invitees, or customers, or (b) the existence or adequacy of any security, fire alarm or sprinkler systems which may be installed or used by Landlord. Any diminution or shutting off of light or view by any structure erected in the Park or on adjacent properties shall in no way affect this Lease or impose any liability on Landlord. All understandings and agreements heretofore made between the parties hereto are merged in this Lease.

ARTICLE 3. PURPOSE.

3.1 Permitted Use. The Premises are to be used only for the use described in the Fundamental Lease Provisions or for any use allowed pursuant to the CC&Rs upon prior notice to Landlord.

3.2 Restrictions. The parties agree that this Lease is subject to the effect of any covenants, conditions, restrictions, easements, mortgages or deeds of trust, ground leases, rights of way and any other matters or documents of record. Landlord represents that the terms of this Lease do not violate the covenants, conditions, restrictions, easements and right-of-way of record. The Landlord will obtain approval of this Lease by the lender holding a secured interest in the Premises. Tenant has obtained a letter from Draper City acknowledging that Tenant's use of the Premises for the Use described in Section 1.6 above complies with the Conditional Use Permit formerly granted and which runs with the Land. Landlord represents and acknowledges that said use is in conformance with the CC&Rs Tenant agrees that as to Tenant's leasehold estate Tenant and all persons in possession or holding under Tenant, will conform to and will not violate the terms of any covenants, conditions or restrictions of record which now encumber the Park, or which may in the future encumber the Park provided they do not unreasonably restrain the use of the Premises by Tenant or unreasonably modify the rights of Tenant under this Lease (the "Restrictions"); and this Lease is subordinate to the Restrictions and any amendments or modifications thereto. The Premises is currently zoned by Draper City as "CBP" for Commercial Business Park. Landlord represents Premises in its current "as-is" condition, is, to the best of Landlord's knowledge, in compliance with all applicable codes, conditions and regulations governing occupancy of the Premises as contemplated by Tenant. Landlord further represents that to the best of Landlord's knowledge, the Building is in compliance with the ADA standards in effect at the time the building permit was issued, final inspection was conducted and occupancy was granted.

ARTICLE 4. TERM. The term of this Lease (herein referred to as the "term of this Lease" or "the term hereof"), shall begin as of the date hereof, and, unless sooner terminated as provided in this Lease, shall continue until one hundred twenty (120) months from the Rent Commencement Date, as defined in the Fundamental Lease Provisions. The estimated possession date is set forth in the Fundamental Lease Provisions (the "Estimated Possession Date").

ARTICLE 5. POSSESSION. Landlord agrees to deliver to the Tenant and Tenant agrees to accept from Landlord, possession of the Premises forthwith on the Lease Commencement Date in the condition required hereunder. If Landlord, for any reason whatsoever, cannot deliver possession of the Premises to Tenant on or prior to the Estimated Possession Date, this Lease shall not be void or voidable (except as may be expressly provided herein or in any exhibits hereto), nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom.

ARTICLE 6. RENT.

6.1 Basic Rent.

(a) Tenant shall pay to Landlord, as rent for the Premises beginning on the Rent Commencement Date and continuing throughout the term of this Lease, the Basic Annual Rent (sometimes referred to as "Basic Rent") set forth in the Fundamental Lease Provisions hereof. The Basic Rent shall be payable monthly in advance on or before the first day of each calendar month during the term hereof. Basic Rent for any partial month shall be prorated on a per diem basis based on a 365-day year.

(b) Landlord and Tenant stipulate and agree for all purposes under this Lease that the floor area of the Premises is 99,931 +/- square feet, notwithstanding any different measurement thereof that may be made hereafter by or on behalf of either party.

6.2 Net Lease; Additional Rent. It is the intent of both parties that the Basic Rent shall be absolutely net to Landlord throughout the term of this Lease, that all costs, expenses, and obligations of every kind relating to the Premises which may arise or become due during the term hereof shall be paid by Tenant, except for those which are specifically imposed upon Landlord pursuant to the terms of this Lease or at law, except as otherwise expressly provided in this Lease. In furtherance thereof, Tenant specifically agrees to pay to Landlord as additional rent, without demand therefor and without offset or deduction, except as expressly provided in this Lease, the expenses and charges set forth below (hereinafter referred to as the "Operating Costs"):

(a) Except as otherwise expressly provided in this Lease, Tenant shall pay to Landlord for any period occurring during the term of this Lease the total reasonable and actual cost and expense reasonably incurred by Landlord in connection with the ownership, maintenance, repair, replacement and operation of the Premises, and Tenant's pro rata share of the costs and expenses relating to the Common Area and Access Property, specifically including, without limitation, the costs and expenses for: utilities for lighting and cleaning the exterior of the Premises, the Common Area and the Access Property; watering vegetation; real property taxes and assessments on the Premises, Common Area and Access Property; greenbelt roll-back taxes for the portion of the Land currently under greenbelt status; commercially reasonable premiums for Landlord's insurance covering the Premises, Common Area and Access Property, including fire and extended coverage on the Building, all risk public liability and property damage, rental abatement insurance, earthquake insurance and such other commercially reasonable insurance as may otherwise be required by the first mortgagee of the Premises or by the Landlord in the exercise of its commercially reasonable discretion; maintenance, repair and replacement (including capital charges as and to the extent provided in this Lease) of pavement, sidewalks, fences, curbs and bumpers, and all exterior directional signs; general maintenance and repair of walls and roofs; such as painting and drain cleaning, as opposed to capital repairs or replacements of these items which are not to be included in Operating Costs: gardening and the maintenance and replacement of landscaping and

irrigation systems; striping and line painting; sweeping; sanitary and flood control; removal of snow, ice, trash, rubbish, garbage, and other refuse from exterior; cleaning, repair and replacement of exterior lighting fixtures including bulbs and ballasts; rentals for, machinery and equipment used in such maintenance; management fee (not to exceed two and one-half percent (2 ½%) of Basic Rent and Operating Costs); the cost of supplies and personnel (and salaries, uniforms, workmen's compensation insurance, group insurance, fidelity bonds and other fringe benefits) directly related on a full time basis to implement such service (or otherwise prorated to reflect the level of service directed thereto); repair of all utility lines; all cost required by a governmental entity for energy conservation, life safety or other purposes or made by Landlord to reduce operating expenses; and, fees required for licenses, permits or other requirements relating to the operation of parking areas. Any of the services which may be included in the computation of the Operating Costs may be performed by subsidiaries or affiliates of Landlord, provided that the contracts for the performance of such services shall be competitive with similar contracts and transactions with unaffiliated entities for the performance of such services in comparable projects in Salt Lake County. Landlord agrees that Landlord will not collect or be entitled to collect Operating Costs from all of the tenants of the Park in an amount which is in excess of one hundred percent (100%) of the costs actually incurred by Landlord in connection with the operation of the Park.

(b) Tenant shall pay to Landlord the commercially reasonable premium cost of Landlord's property damage insurance described in Section 16.2 below for any period occurring during the term of this Lease, as and to the extent provided in this Lease.

(c) Tenant shall pay to Landlord all Real Estate Taxes (as defined below) levied against the Premises, and Tenant's full and prorata share of the of the Real Estate Taxes relating to the Common Area and Access Property for any period occurring during the term of this Lease, as and to the extent provided in this Lease.

(d) "Real Estate Taxes" or "Taxes" shall mean and include all general and special taxes, assessments, duties and levies, charged and levied upon or assessed by any governmental authority against the Premises, Common Area and Access Property, including the Land, the Building, any other improvements situated on the Land other than the building, any leasehold improvements, fixtures, installations additions and equipment whether owned by Landlord or Tenant. Real Estate Taxes shall also include the reasonable cost to Landlord contesting the amount, validity, or the applicability of any Taxes mentioned in this Article. Further included in the definition of Taxes herein shall be general and special assessments, fees of every kind and nature, commercial rental tax, levy, penalty or tax (other than franchise, transfer, income or profit tax, gift, succession, inheritance or estate taxes) imposed by any authority having the direct or indirect power to tax, as against any legal or equitable interest of Landlord in the Premises, Common Area or the Access Property or on the act of entering into this Lease or as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Premises, any tax, fee, or charge with respect to the possession, leasing, transfer of interest, operation, management, maintenance alteration, repair, use, or occupancy by Tenant of the

Premises, Common Area or the Access Property, or any tax imposed in substitution, partially or totally, for any tax previously included within the definition of Taxes herein, or any additional tax, the nature of which may or may not have been previously included within the definition of Taxes. Further, if at any time during the term of this Lease the method of taxation or assessment of real estate or the income therefrom prevailing at the time of execution hereof shall be, or has been altered so as to cause the whole or any part of the Taxes now or hereafter levied, assessed or imposed on real estate to be levied, assessed or imposed upon Landlord, wholly or partially, as a capital levy, business tax, permit or other charge, or on or measured by the rents received therefrom, then such new or altered Taxes, regardless of their nature, which are attributable to the land, the buildings or to other improvements within the Park, shall be deemed to be included within the term "Real Estate Taxes" for purposes of this Article, whether in substitution for, or in addition to any other Real Estate Taxes, save and except that such shall not be deemed to include any enhancement of said tax attributable to other income of Landlord. With respect to any general or special assessments which may be levied upon or against the Premises, the Common Area, the Access Property, the underlying realty or which may be evidenced by improvement or other bonds, or may be paid in annual or semi-annual installments, only the amount of such installment, pro rated for any partial year, and statutory interest, shall be included within the computation of Taxes for which Tenant is responsible hereunder. When possible, Tenant shall cause its trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay to Landlord the Taxes attributable to Tenant within thirty (30) days after receipt of a written statement setting forth the Taxes applicable to Tenant's property. Notwithstanding anything to the contrary contained in this Lease, if any Real Estate Tax (including, without limitation, betterments and special assessments) imposed on the Premises, Common Areas or the Access Property may be paid in installments, Tenant's liability to pay all or any share of such Real Estate Taxes under this Section 6.2 shall be determined on the assumption that Landlord has elected to pay that Tax in equal installments over the longest time permitted (regardless of whether Landlord has in fact made such an election), and only those installments (or partial installments) attributable to installment periods (or partial periods) falling within the term of this Lease shall be taken into account in determining Tenant's obligations under this Lease. In the event Landlord elects to accelerate the payments to the taxing authority but allocates the payments to Tenant under the installment method hereunder, the Tenant shall not be entitled to the benefit of any discount received by Landlord for such early payment.

(e) Landlord and Tenant acknowledge that initially the Common Area and/or the Access Property may be used by Tenant and no other tenants in the Park. In the event other tenants or occupants of the Park use or begin use of the Common Area and/or the Access Property, the costs and expenses herein described which are incurred with respect to the Common Area or Access Property, as the case may be, shall be prorated on an equitable basis reasonably determined by Landlord. Furthermore, any cost or expenses that may be incurred on a Park-wide basis, such as liability insurance, and taxes and assessments (if separate tax bills are not available), shall be equitably prorated among the various users.

(f) The Operating Costs shall be reasonably estimated by Landlord for each twelve (12) month period, as Landlord may reasonably determine and shall, where possible, be based upon previous costs and expenses increased by a commercially reasonable inflation factor and anticipated forthcoming extraordinary expenditures relating to Operating Costs allowed to be charged to Tenant hereunder, all of which shall be provided to Tenant with reasonable specificity with Landlord's initial billing therefor. Tenant shall pay in equal installments in advance on the first day of each calendar month one-twelfth (1/12th) of the Operating Costs for such period and any adjustments to be made as a result of any difference between the amount paid by Tenant and the actual Operating Costs. In the case of a deficiency, Tenant shall remit the amount of such deficiency to Landlord within thirty (30) days of invoice therefor. In the case of a surplus, Landlord shall apply such surplus to the Operating Cost payments next falling due from Tenant hereunder.

(g) Notwithstanding anything to the contrary contained in this Lease, in no event shall "Operating Costs" include any costs or expenses relating to the following:

1) leasing commissions, fees and costs, advertising and promotional expenses and other costs incurred in procuring tenants or in selling, syndication or financing the Building or the Park (or any portion thereof);

2) legal fees or other expenses incurred in connection with enforcing or negotiating leases or resolving disputes with tenants in the Building or the Park;

3) costs or expenses incurred by Landlord to construct, prepare, renovate, improve, fixture, repaint, redecorate or perform any other work in any premises leased to an existing tenant or occupant or prospective tenant or occupant of the Building or in the Park, including Tenant, or relocating any tenant or occupant;

4) expenses for the replacement of any item actually covered by and to the extent of an enforceable warranty;

5) interest, principal, points and fees, amortization or other costs associated with any debt and rent payable under any lease to which this Lease is subject and all costs and expenses associated with any such debt or lease and any ground lease rent, irrespective of whether this Lease is subject or subordinate thereto

6) any liabilities, costs or expenses associated with or incurred in connection with the removal, enclosure, encapsulation or other handling of Hazardous Materials (as defined in Section 7.3 below) and the cost of defending against claims in regard to the existence or release of Hazardous Materials at the Building or the Park (except with respect to those costs for which Tenant is otherwise responsible pursuant to the express terms of this

Lease);

- 7) costs or expenses (excluding commercially reasonable deductibles as provided in this Lease) incurred by or on behalf of Landlord for repairs or other work occasioned by fire, windstorm, or other insurable casualty or condemnation;
- 8) increased insurance or Real Estate Taxes assessed specifically to any tenant of the Building or the Park for which Landlord is or should be entitled to reimbursement from any other tenant;
- 9) charges for electricity, water, or other utilities, services or goods and applicable taxes for which Tenant or any other tenant, occupant, person or other party is obligated to reimburse Landlord or to pay to third parties;
- 10) costs of any HVAC, janitorial or other services provided to tenants on an extra cost basis after regular business hours;
- 11) costs of any work or service performed on an extra cost basis for any tenant in the Building or the Park to a materially greater extent or in a materially more favorable manner than furnished generally to the tenants and other occupants;
- 12) costs of any work or services performed for any facility other than the Building or Park;
- 13) fees or costs paid to a person, firm, corporation or other entity related to or affiliated with Landlord to the extent that such fees exceed the customary range of such fees typically charged for the service;
- 14) costs of initial cleaning and rubbish removal from the Building or the Park to be performed before final completion of the Building or tenant space;
- 15) costs of initial construction or landscaping of any elements of the Building or the Park;
- 16) any capital repairs, improvements or replacements made to the Park or the Premises, by or on behalf of Landlord, except for the amortized portion of the cost of those capital items, properly attributable to the operating year in question, based on generally accepted accounting principles, consistently applied (GAAP), which, in Landlord's reasonable belief, (a) with respect to capital improvements, are anticipated to result in a reduction in (or minimize increases in) Operating Costs, (b) that are required under any governmental law or regulation enacted after or coming into applicability after the date of this Lease, or (c) are necessary to enhance Building or Park systems, life safety or improve security measures at the

Park;

- 17) lease payments for rental equipment (other than equipment for which depreciation is properly charged as an expense) that would constitute a capital expenditure if the equipment were purchased;
- 18) late fees or charges incurred by Landlord due to late payment of expenses;
- 19) real estate taxes or taxes on Landlord's business (such as income, excess profits, franchise, capital stock, estate, inheritance, etc.);
- 20) direct costs or allocable costs (such as real estate taxes) associated with parking operations if there is a separate charge to Tenant, other than tenants or the public for parking;
- 21) charitable or political contributions or artwork;
- 22) all other items for which another party compensates or pays so that Landlord shall not recover any item of cost more than once;
- 23) any cost associated with operating as an in or out-of-Park management office for the Building, except to the extent included in the management fee permitted hereby;
- 24) Landlord's general overhead, administrative expenses, fees or costs relating to maintaining the existence of the Landlord entity (or related entities, such as, without limitation, annual filing fees) and any other expenses not directly attributable to the operation and management of the Building and the Park (e.g. the activities of Landlord's officers and executives or professional development expenditures), except to the extent included in the management fee permitted hereby;
- 25) salaries of (i) employees above the grade of General Manager (and/or such other title(s) performing property management functions), and (ii) employees whose time is not spent directly in the operation of the Park;
- 26) costs of mitigation or impact fees or subsidies (however characterized), imposed or incurred prior to the date of the Lease or imposed or incurred solely as a result of another tenant's or tenants' use of the Park or their respective premises;
- 27) costs related to public transportation, transit or vanpools;

28) any property management fee for the Building in excess of two and ½ percent (2.5%) of the gross Basic Rent and Operating Costs of the Building (exclusive of capital expenditures, mark-ups, separate reimbursements by tenants security deposits and interest thereon, etc.) applicable to the Building for the relevant calendar year;

29) costs or expenses relating to the Structural Elements as defined in Section 9.2(a) below;

30) fees and costs of repair necessitated by Landlord's gross negligence or willful misconduct; or

31) cost to correct any penalty or fine incurred by Landlord due to Landlord's violation of any federal, state or local law or regulation, or any Restriction.

(h) Landlord's books and records pertaining to the calculation of Operating Costs for any calendar year within the term of this Lease may be audited by an authorized representative of Tenant at Tenant's expense, at any time within six (6) months after the end of each such calendar year; provided that Tenant shall give Landlord not less than fifteen (15) days' prior written notice of any such audit. For purposes hereof, an authorized representative of Tenant shall mean a bona fide employee of Tenant, a reputable accounting firm, or any other party reasonably approved in writing by Landlord. Prior to the commencement of such audit, Tenant shall cause its authorized representative to agree in writing for the benefit of Landlord that such representative will keep the results of the audit confidential and that such representative will not disclose or divulge the results of such audit except to Tenant and Landlord and except in connection with any dispute between Landlord and Tenant relating to Operating Expenses. Such audit shall be conducted during reasonable business hours at Landlord's office where Landlord's books and records are maintained. If the amount paid by Tenant is determined to be incorrect, Tenant shall cause a written audit report to be prepared by its authorized representative following any such audit and shall provide Landlord with a copy of such report promptly after receipt thereof by Tenant. If Landlord's calculation of Tenant's pro rata share of Operating Expenses for the audited calendar year was incorrect, then Tenant shall be entitled to a prompt refund of any overpayment or Tenant shall promptly pay to Landlord the amount of any underpayment, as the case may be. Tenant shall not be liable for any Operating Costs not reported to it by Landlord within one (1) year after the end of the operating year in which such Operating Costs were incurred.

6.3 Taxes on Rent. Tenant shall pay and be liable for all rental, sales and use taxes or other similar taxes, if any, levied or imposed on Rent or any part thereof by any city, county, state or other governmental body having authority.

6.4 Payment; Late Charges. Except as otherwise specifically provided herein, any

sum, amount, item or charge designated or considered as additional rent in this Lease or any other sum, amount, item or charge payable by Tenant to Landlord pursuant to this Lease (all of which sums together with Basic Rent are sometimes referred to in this Lease as "Rent") shall be paid to Landlord without deduction or offset, in lawful money of the United States of America and shall be paid at the office of Landlord, or to such other place as Landlord may from time to time designate by written notice to Tenant. Any installment of Rent, other sums or any portion of such installment or other sums required under this Lease to be paid by Tenant which has not been paid within five (5) business days after Landlord's written notice to Tenant of Tenant's failure to pay same when due, then Tenant shall pay to Landlord a late charge equal to the lesser of (a) the maximum rate permitted by applicable law or (b) the greater of \$250.00 or 3 cents per each dollar overdue. Acceptance of the late charge will not constitute a waiver of Tenant's default relating to such nonpayment by Tenant nor will it prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or at law. In addition, all past due sums will bear interest at the Default Rate; provided Tenant shall have no obligation to pay interest at the Default Rate as provided in this Section 6.4 unless Tenant fails to pay any such overdue amounts within five (5) business days of written notice from Landlord to Tenant notifying Tenant of its failure to pay any such sum. The "Default Rate" means the rate of 4 percentage points over the Prime Rate. "Prime Rate" means the Prime Rate of interest published in the "Money Rates" column of The Wall Street Journal on the first business day of each month, or a reasonably comparable substitute identified by Landlord. If any check tendered by Tenant to Landlord is not honored on initial presentation, Tenant shall pay Landlord the greater of \$50.00 or the amount Landlord's bank charges Landlord for processing such returned check, and thereafter Landlord shall have the right to require Tenant to make subsequent rent payments in cash, money order or cashier's check.

6.5 **Commencement Date for Additional Rent.** Tenant's obligation to pay the Additional Rent shall begin on the Rent Commencement Date, with the exception of (a) all utilities used on the Premises which shall be payable by Tenant beginning on the Lease Commencement Date, and (b) the greenbelt roll-back taxes which shall be payable by Tenant within 30 days of assessment.

ARTICLE 7. USE OF PREMISES.

7.1 **Prohibited Uses.** Tenant shall not do or permit anything to be done in or about the Premises, nor bring or keep anything therein which will in any way increase the existing rate or affect any policy of fire or other insurance upon the Premises or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other lessees or occupants of the Park, injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Notwithstanding any provision herein to the contrary, Tenant shall not bring into the Premises any heavy equipment or articles which would exceed the load bearing capacity of the floor of the Premises; provided

Landlord acknowledges that Tenant shall have the right, in accordance with Article 8 below, to remove and replace, or reinforce, as the case may be, a portion or portions of the floor and slab in order to install Tenant's manufacturing equipment and fixtures. Without limiting the generality of the foregoing, Tenant shall not overload the floors or damage or deface or otherwise commit or suffer to be committed any waste, abuse, deterioration or destructive use in or upon the Premises. Tenant shall not place any sign or advertisement (excluding reasonable identification signage in accordance with Section 30 below) upon any exterior wall, door or window without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

7.2 Compliance With Law. Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or government rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall at its sole cost and expense promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted related to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts which shall be effected by Landlord at its sole cost and expense. The final judgment of any court of competent jurisdiction or the admission of Tenant in an action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any such law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant. Subject to all of the terms and conditions of this Lease, including, without limitation, Sections 3.2, 9.2 and Exhibit B, Tenant hereby accepts the Premises in the condition existing as the date of occupancy, subject to all applicable zoning, municipal, county and state laws, ordinances, rules, regulations, orders, restrictions of record, and requirements in effect during the term or any part of the term hereof regulating the Premises.

7.3 Hazardous Materials.

(a) For purposes hereof, "Hazardous Materials" shall mean any and all flammable explosives, radioactive material, hazardous waste, toxic substance or related material, including but not limited to, those materials and substances defined as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances" in the Environmental Laws. For purposes hereof, "Environmental Laws" shall mean all local, state and federal laws, statutes, rules and regulations relating to industrial hygiene, environmental protection, or the use analysis, generation, manufacture, storage, disposal, or transportation of any Hazardous Material, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, 39 U.S.C. Section 1801, et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Federal Clean Water Act 33 U.S.C. Section 1251 et seq.; the Clean Air Act 42 U.S.C. Section 7401 et seq.; including all amendments thereto,

replacements thereof, and regulations adopted and publications promulgated pursuant thereto.

(b) Tenant agrees that during the term of this Lease Tenant shall not be in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene, soil, water, or environmental conditions on, under or about the Premises or the Park including, but not limited to, the Environmental Laws, relating to or arising from Tenant's use or occupancy of the Premises or the Park. Tenant further agrees that during the term of this Lease, there shall be no use, presence, disposal, storage, generation, release, or threatened release of Hazardous Materials on, from or under the Premises or the Park in violation of Environmental Laws by Tenant or any party for which Tenant is responsible. Tenant further covenants that it will immediately notify Landlord of any environmental concern raised to it by a private party or governmental agency as it relates to the Premises or Tenant's use of the Park; and immediately notify Landlord of any hazardous waste spill of which Tenant becomes aware. In the event of a violation hereof relating to Tenant's obligations hereunder, Tenant shall immediately proceed, at Tenant's expense, to remedy same in accordance with all Environmental Laws. Failure of Tenant to commence clean up activities within ten (10) business days after receipt of notice to so do shall result in a default under this Lease. Landlord shall, thereafter, have the right, but not the obligation, upon the applicable notice and opportunity to cure, to remedy any environmental violation upon the Premises or any environmental violation upon the Park, in either case caused by Tenant or any party for which Tenant is responsible, and Tenant shall promptly reimburse Landlord for all costs relating thereto. Landlord further retains the right, in its sole, but reasonable discretion, to conduct any environmental tests should Landlord suspect a violation hereunder to exist, subject to the terms and conditions of this Lease.

(c) Tenant agrees to indemnify, defend, protect and hold harmless Landlord, its directors, officers, employees, partners, and agents from and against any and all losses, claims, demands actions, damages, penalties, liabilities, costs and expenses, including all attorney's fees and legal expenses, arising out of any violation or alleged violation by Tenant of any of the laws or regulations referred to in this Article, or breach by Tenant (or any party taking by or through Tenant) of any of the provisions of this Article. Tenant's obligations under this Article shall survive the expiration or earlier termination of the term of this Lease.

(d) Tenant acknowledges that Landlord purchased the Premises in 2007. Landlord represents that to the best of Landlord's knowledge, as of the Lease Commencement Date the Premises are not in violation, nor have they been in violation of any applicable federal, state or local law, ordinance or regulation relating to the environmental conditions, on, under or about the Premises, except as otherwise provided in the environmental report provided by Landlord to Tenant. If, at any time during the terms of this Lease, the Premises or the Park is found to be contaminated as a result of Hazardous Materials existing on the Premises or the Park prior to the date of this Lease, or as a result of any acts or omissions of Landlord or any other party, other than Tenant or any party for whom Tenant is responsible, Landlord agrees to remedy same in accordance with all Environmental Laws (or pursue action against the applicable responsible party(ies) for such

remediation). In the event: (i) Tenant's business operations at the Premises or in the Park shall be significantly and adversely affected as a result of the presence of any Hazardous Materials in, on or under the Premises or the Park which are pre-existing, or present as a result of any acts or omission of Landlord or any other party, other than Tenant or any party for whom Tenant is responsible; or (ii) Tenant's business operations at the Premises or any portion thereof shall be significantly and adversely affected by any governmental authority as a result of the presence therein of any Hazardous Materials in, on or under the Premises or the Park which are pre-existing or present as a result of any acts or omissions of Landlord or any other party, other than Tenant or any party for whom Tenant is responsible; or (iii) Tenant's business operations shall be significantly and adversely affected at the Premises or vehicular access shall be significantly and adversely affected to and from the Premises as a result of any work of removal, repair, restoration or other construction work performed in connection with the removal of any such Hazardous Materials which are pre-existing or present as a result of any acts or omissions of Landlord or any other party, other than Tenant or any party for whom Tenant is responsible, or any combination thereof, then and in any such event, the Basic Rent, Additional Rent and other charges payable under this Lease shall be proportionately abated during such time as any such interference or prohibition remains in effect. In the event only a portion of the Premises is not operational as a result of the restoration work, the abatement shall reflect only a pro rata share of the Basic Rent, Additional Rent and other charges. If such interference or prohibition shall continue in effect for a period of six (6) months, Tenant shall have the right to terminate this Lease by written notice sent to Landlord at any time after the expiration of such six (6) month period, but before the interference or prohibition is ended. Landlord shall promptly initiate and diligently prosecute to completion any action which may be necessary to abate the condition(s) which gave rise to the interference or prohibition.

ARTICLE 8. ALTERATIONS.

8.1 Consent. Tenant shall not make or permit to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant, at its own cost and expense and without Landlord's prior consent, may from time to time erect, replace, remove and relocate such racking systems, shelves, bins (in which event Tenant shall have the right to relocate and/or install additional ceiling hung light fixtures), shelves, bins, material handling equipment, manufacturing equipment and machinery, battery charging systems, emergency generator or UPS, security apparatus to secure Tenant's parking area(s), clean room equipment and appurtenances, communication equipment and data and communication lines, warehouse identification inventory signage, identification signage at each loading door, and such other machinery, furnishings, equipment and trade fixtures used in the ordinary course of its business provided that such items do not materially and adversely alter the basic character of the Premises, do not overload or damage the Premises, and may be removed without material injury to the Premises, and the construction, erection, and installation thereof complies with all applicable laws. Landlord acknowledges and agrees that Tenant's use of the Premises may involve the installation and operation of a clean room (or rooms) and ancillary

equipment relating thereto and removing and replacing, or reinforcing, as the case may be, a portion or portions the floor and slab in order to install Tenant's manufacturing equipment and fixtures. Tenant acknowledges that Landlord shall have no responsibility for the repair or replacement of any of Tenant's specialized improvements, including those improvements made to the slab, walls or structure of the Building.

8.2 Plans. If required in order to obtain the necessary permits and approvals, Tenant shall submit working drawings, prepared or stamped by an architect licensed in the state in which the Park is located, for any such alterations, additions or improvements, to Landlord for Landlord's prior written approval and in accordance with Exhibit "B" attached hereto.

8.3 Performance. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense and selection by Tenant of any contractor or person to construct or install the same shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Such work shall be performed in a good and workmanlike manner, in accordance with the terms set forth in Exhibit "B," and Tenant shall diligently prosecute such construction to completion. Tenant shall have the work performed in such a manner so as not to (a) materially obstruct the access of any other tenant in the Park, (b) interfere with the rights of quiet enjoyment of the premises of the other tenants in the park, or (c) damage any portion of the Building, Park, Common Area or Access Property.

8.4 Liens Not Permitted. Tenant shall keep the Premises, Common Area, Access Property and the Park free from any liens arising out of any work performed by, materials furnished to or obligations incurred by Tenant. In the event a mechanic's or other lien is filed against the Premises, Common Area, Access Property or the Park as a result of a claim arising through Tenant, Landlord may demand that Tenant furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to at least one hundred fifty percent (150%) of the amount of the contested lien, claim or demand, indemnifying Landlord against liability for the same and holding the Premises free from the effect of such lien notice from Landlord. If Tenant fails to so bond or otherwise obtain a discharge of release of any such lien, Landlord may, upon applicable notice and cure period, pay the claim prior to the enforcement thereof, in which event Tenant shall reimburse Landlord in full, including reasonable attorney's fees, for any such expense, as additional rent, within thirty (30) days of invoice therefor.

8.5 Action Upon Expiration. Tenant shall deliver the Premises to Landlord at the expiration or earlier termination of this Lease in the condition of the Premises following any demolition of the office space existing on the date of this Lease and prior to any Tenant specialized improvements upon the date Tenant received possession from the Landlord reasonable wear and tear and damage by casualty and taking excepted, provided, however, Tenant shall not be required to remove or restore any office improvements constructed by or on behalf of Tenant in the Premises or any improvements to the power or fiber supplied to the building, but Tenant will be required to

make safe and patch and repair work to all access points, and provided further that Landlord shall advise Tenant at the time of Landlord's consent thereto whether Tenant's specialized improvements will need to be removed at or prior to the expiration or earlier termination of this Lease. The Tenant shall also deliver the Premises in good and sanitary order, condition and repair, free of rubble and debris, and shall repair all damage to the floors of the Premises arising out of Tenant's use or exiting and vacating the Premises, reasonable wear and tear, damage by casualty and condemnation excepted. Landlord may, not more than sixty (60) business days prior to the expiration of this Lease, assemble a detailed punch list (the "Punch List") setting forth Landlord's expectation of the "scope of work" for the Premises, or any part thereof, to restore the Premises to its required condition hereunder, and shall promptly provide a copy of same to Tenant. Tenant further agrees to participate with Landlord in a final inspection of the Premises within five (5) business days after Tenant has vacated the Premises, at which time the Punch List shall be updated, reviewed and confirmed. Landlord and Tenant shall work in good faith to resolve any disagreement on any of the Punch List items. Tenant shall, prior to the termination or expiration of the Lease, complete the repairs and restore said Premises or the designated portions thereof as the case may be, to the required condition, entirely at Tenant's own expense. All items identified in the original Punch List (absent disagreement among the parties) shall be completed prior to the termination or expiration of the Lease. All items discovered in the final inspection (absent disagreement) shall be completed within five (5) business days after the final inspection. Tenant may negotiate a cash settlement from Tenant based upon the agreed to value of the items involved in the scope of work set forth in the Punch List, or any portion thereof and the cost of such work. In the event the parties agree to a cash settlement option, Tenant shall not be required to perform the remedial work for which the cash settlement relates. Prior to termination of this Lease, Tenant will provide, at Tenant's sole cost and expense a certification of the HVAC system by a contractor reasonably acceptable to Landlord. In the event said certification indicates any deferred maintenance or other conditions other than normal wear and tear, Tenant shall promptly cause any such conditions to be remedied prior to the termination of the Lease at Tenant's sole cost and expense, by a contractor acceptable to Landlord. All damage to the Premises caused by the removal of trade fixtures and other personal property that Tenant is permitted to remove under the terms of this Lease and/or such restoration shall be repaired by Tenant at its sole cost and expense prior to termination, unless otherwise agreed between the parties as a result of the cash settlement. In the event Tenant fails to restore the Premises prior to the termination or expiration date of this Lease, Landlord may (but shall not be obligated to) give Tenant notice to do such acts as are reasonably required to so restore and maintain the Premises. In the event Tenant shall fail to comply with its removal and restoration requirements hereunder prior to the termination or expiration date of this Lease, then upon notice to Tenant, Landlord shall have the right to do such acts and expend such funds, at the expense of Tenant, as are reasonably required to perform such work, and Tenant shall reimburse Landlord for such costs and expenses, together with a supervision and administrative charge of fifteen percent (15%) of all costs and expenses, within thirty (30) days after Landlord's delivery to Tenant of a detailed invoice setting forth the associated charges.

8.6 Roof Rights. Subject to review and approval by Landlord's structural engineers,

Tenant shall have the exclusive right, from time to time, to install, operate and maintain various equipment, including but not limited to, supplemental HVAC and clean room equipment, and antenna and communication equipment, on the roof of the Building ("Roof") in compliance with all of the terms and conditions of this Lease. Any such equipment shall be installed at a location on the Roof reasonably approved by Landlord. Prior to installing such equipment, Tenant shall submit to Landlord plans and specifications for the installation thereof (the "Plans") for approval by Landlord and Landlord's structural engineers, not to be unreasonably withheld, conditioned or delayed. The Plans shall show the location of the equipment on the Roof, the location and type of all cabling and lines, the way the equipment will be placed on the Roof and any other information reasonably requested by Landlord. Prior to installing the equipment, Tenant shall obtain and provide to Landlord any required governmental and quasi-governmental permits, licenses, which Tenant shall obtain at its own cost and expense. Tenant shall repair and restore any damage caused by the installation or maintenance of the equipment.

ARTICLE 9. MAINTENANCE AND REPAIRS.

9.1 Tenant's Obligations.

(a) Tenant shall, at all times during the term hereof, and at Tenant's sole cost and expense, keep, maintain and repair the Premises in good and sanitary order and condition and repair, including, without limitation, interior surfaces of the ceilings, walls and floors located within the Premises, replacement of all broken or damaged glass, replacement of light globes or tubes, doors, window casements, heating, air conditioning and ventilating systems servicing the Premises, plumbing, pipes, electrical wiring conduit, interior partitions, fixtures, leasehold improvements and alterations. With respect to the HVAC systems servicing the Premises, Tenant shall enter into a maintenance service contract for the quarterly inspection, and the ongoing maintenance and repair of the HVAC system at the cost and expense of Tenant.

(b) Tenant agrees to enter into a maintenance service contract with a contractor approved by Landlord, for the quarterly inspection and maintenance of the gas and electrical systems servicing the Premises. Tenant shall cause said contractor to provide Landlord with copies of the quarterly inspection and maintenance reports and invoices.

(c) Except for Landlord's repair and maintenance obligations set forth in Section 9.2 below and subject to Section 15.3, Tenant agrees to repair any damage to the Premises, the Building, the Common Area, the Access Property or the Park, caused by Tenant or any party taking by or through Tenant in connection with (i) the use of the Premises, Common Area, Access Property, or other portions of the Park, (ii) the moving by Tenant or its employees or agents into the Premises, or (iii) the removal of any articles of personal property, business or trade fixtures, machinery, equipment, cabinet work, furniture, movable partition or permanent improvements or additions, including without limitation thereto, repairing the floor and patching and painting the walls where required by Landlord to Landlord's reasonable satisfaction, all at the Tenant's sole cost

and expense.

(d) In the event Tenant fails to maintain the Premises in good order, condition and repair, or to repair damage as provided above, Landlord may (but shall not be obligated to) give Tenant notice to do such acts as are reasonably required to so maintain the Premises. In the event that after such notice Tenant shall fail to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant within thirty (30) days after demand.

9.2 Landlord's Obligations.

(a) Landlord shall, at its sole cost and expense (except as expressly set forth in Subsection (b) below), keep and maintain in good condition and repair, the exterior walls, steel columns, structural girders, bar joists, foundation, slab (except for general floor maintenance such as sealing and caulking floor joints and repairing spalling), and roof (including roof coverings and structural components thereof) of the Building (collectively referred to herein as the "Structural Elements") which obligation(s) shall include repairs and replacements, as reasonably needed. To the best of Landlord's knowledge, as of the date the Tenant receives possession of the Premises, the Structural Elements and all existing building systems, are in good working order condition and have complied with the reasonable requirements of Tenant's insurance carrier. Subject to the terms and conditions of this Lease, by entering into the Premises, Tenant shall be deemed to have accepted the Premises in "as-is" condition and as being in good and sanitary order, condition and repair, and Tenant agrees that on the last day of said term or sooner termination of this Lease to surrender the Premises with appurtenance in the same condition as when received, reasonable use and wear thereof and damage by fire, act of God or by the elements is excepted. Tenant shall be responsible for maintaining in good condition and repair any portion of any of the Structural Elements and building systems which are installed, materially altered or replaced by or under the direction of Tenant.

(b) Landlord shall pay (subject to the right of reimbursement for Operating Costs as provided in this Lease relating to only general maintenance and repair of walls and roofs, such as painting and drain cleaning, as opposed to capital repairs and replacements of these items which are not to be included in Operating Costs, except as expressly provided otherwise in Section 6.2(g)(16)) for maintenance, repair and replacement of the Structural Elements of the Building so long as the need for same does not result from any wrongful or negligent act or omission of Tenant or its employees, invitees or licensees. The cost of any such service which becomes necessary as a result of any such act or omission shall be borne by Tenant. Apart from routine maintenance and inspection, Landlord shall not be required to make any repairs unless and until Tenant has notified Landlord in writing of the need for such repairs and Landlord shall have a reasonable period of time thereafter within which to commence and complete said repairs. Landlord shall act within seventy-two (72) hours after receipt of written notice and shall pursue to completion with due

diligence; provided however, Landlord shall not be liable for any damages, direct, indirect or consequential, or for damages for personal discomfort, illness or inconvenience of Tenant by reason of failure of such equipment facilities or systems or reasonable delays in the performance of such repairs, replacements and maintenance, unless caused by the deliberate act or omission of Landlord, its servants, agents, or employees or anyone permitted by it to be in the Park, or through it in any way, the cost of the necessary repairs, replacements or alterations shall be borne by Tenant who shall pay the same to Landlord on demand. Tenant waives all rights it may have under law to make repairs at Landlord's expense.

(c) Landlord shall also keep and maintain in good order and condition and repair (including replacements as necessary) the Common Areas and Access Property, the retention/detention ponds, the non-public utility lines and conduits, the non-public storm and sanitary sewer systems, asphalt parking areas, alleys, driveways and roadways, lighting facilities and fixtures, serving the Park and Premises, the cost for which shall be included in Operating Costs as and to the extent provided herein.

(d) Landlord acknowledges that as a result of the medical devices and blood management products that may be stored and/or manufactured by Tenant at the Premises, there may be certain quality control and maintenance related requirements imposed by the U.S. Food and Drug Administration and other applicable governmental, quasi-governmental and industry or trade agencies or monitoring organizations. Accordingly, in the event Tenant has provided Landlord written notice of a specific deficiency in the Landlord's maintenance or repair obligations for the Premises and Landlord has failed to remedy the deficiency within 30 days of the date of written notice by Tenant of the specific nature of the deficiency, or in the event the deficiency cannot reasonably be remedied within 30 days and Landlord fails to take action to remedy the deficiency within such 30 days and diligently prosecute it to completion, Tenant may, at its option and its cost, upon not less than sixty (60) days written notice, take over and be responsible for all of the maintenance and repairs of the Premises as provided in this Section 9.2 above in which event Tenant shall no longer be responsible for reimbursing Landlord for the Operating Costs relating thereto. Tenant shall have the right, upon not less than ninety (90) days prior written notice to Landlord, to require Landlord to assume again its obligations under this Section 9.2 with respect to the maintenance and repair of the Premises, and thereafter the applicable provisions of Paragraph 4.1 shall again be in full force and effect. Tenant's option to take over the maintenance and repairs, as provided herein, shall not be assignable and shall not be available to any successor, assign or subtenant of Tenant hereunder except in connection with a transfer under Section 13.1 (b) herein.

(e) Notwithstanding anything in this Lease to the contrary, Tenant shall be entitled to a proportionate abatement of Basic Rent in the event of a Landlord Service Interruption (as defined below). For the purposes hereof, a "Landlord Service Interruption" shall occur in the event (i) the Premises shall lack any service, benefit or utility or there shall be an interruption of same which Landlord is required to provide hereunder thereby rendering the Premises untenantable for the entirety of the Landlord Service Interruption Cure Period (as defined below), (ii) such lack of

service, benefit or utility or interruption was not caused by Tenant, its employees, contractors, invitees or agents; (iii) Tenant in fact ceases to use the entire Premises for the entirety of the Landlord Service Interruption Cure Period; and (iv) such interruption of service was the result of causes, events or circumstances within the Landlord's reasonable control and the cure of such interruption is within the Landlord's reasonable control. For the purposes hereof, the "Landlord Service Interruption Cure Period" shall be defined as fifteen (15) consecutive days after Landlord's receipt of written notice from Tenant of the Landlord Service Interruption. In such case, Tenant shall be entitled to a proportionate abatement of rent as aforesaid. Without limiting the foregoing, if any Landlord Service Interruption continues for a period in excess of one hundred twenty (120) consecutive days, Tenant shall have the option to terminate this Lease upon written notice to Landlord.

ARTICLE 10. RIGHTS RESERVED TO LANDLORD

10.1 Entry. Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times upon reasonable notice to inspect the same or to perform any obligation of Tenant hereunder which Tenant has failed to perform satisfactorily (subject to applicable notice and cure periods), to exhibit the Premises to prospective purchasers or, in the last nine (9) months prior to the expiration of the Lease Term, tenants, to place upon the Premises any usual or ordinary signs advertising the availability of the property for sale or, in the last nine (9) months prior to the expiration of the Lease Term, lease, to post and maintain notices of nonresponsibility, or any other notice, deemed necessary by Landlord for the protection of its interest, to maintain or repair the Premises or to alter, improve, maintain or repair any other portion of the Building, specifically including its mechanical, electrical and telephone systems, all without being deemed guilty of any eviction of Tenant and without abatement of Rent, and may, in order to carry out such purposes, upon reasonable notice to Tenant, erect scaffolding and other necessary structures on the exterior of the Building where reasonably required by the character of the work to be performed as well as keep and store upon the exterior of the Premises all tools, materials and equipment necessary for such purposes, provided that Landlord shall coordinate its efforts with Tenant and use commercially reasonable efforts to minimize such work so that the business, use or operations of Tenant at or about the Premises shall not be unreasonably interfered with or disrupted. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, safes, secure rooms, clean rooms and areas and facilities as may be from time to time designated by Tenant, or as otherwise prohibited or restricted due to US FDA or client requirements, and Landlord shall have the right to use any and all means which Landlord may deem proper to open such doors in an emergency in order to obtain entry to the Premises.

10.2 Relocation. [Intentionally deleted]

10.3 Transfer of Landlord's Interest. In the event Landlord transfers its interest in the

Premises, Landlord shall be relieved of all obligations accruing hereunder after the effective date of such transfer, including any obligations arising out of any act, occurrence or omission relating to the Premises or this Lease which occur after the consummation of such transfer, it being understood and agreed in such event that the person succeeding to Landlord's ownership of said interest shall thereupon and thereafter assume, perform and observe, any and all of such covenants and obligations of Landlord..

10.4 Right to Obtain Estoppel Certificate. The parties hereto each agree at any time and from time to time upon not less than twenty (20) days prior request by the other, to (a) execute, acknowledge and deliver to the requesting party a statement in writing certifying that (i) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Rent and other charges have been paid in advance, if any, (it being intended that any such statement delivered pursuant to this subparagraph may be relied upon by a prospective purchaser, mortgagee or assignee of any mortgage of the Premises), and (iii) acknowledging that to such party's knowledge there are not any uncured defaults on the part of Landlord and/or Tenant hereunder, or specifying such defaults if they are claimed, and/or (b) execute any mutually satisfactory document or provide any statement as reasonably required by such party or its lender provided such document shall not affect the rental, term, benefits, obligations or liabilities of or under this Lease. Either party's failure to deliver such statement within such time shall be a binding agreement of such party (i) that this Lease is in full force and effect, without modification except as may be accurately represented by the requesting party, (ii) that there are no uncured defaults in such party's performance hereunder, and (iii) that not more than one monthly installment of the Basic Rent has been paid in advance.

10.5 Building Name Change. Landlord reserves to itself and shall at any and all times have the right to change the name or street address of the Premises or the Building. In the event Landlord changes the street address of the Premises or Building, Landlord agrees to give Tenant reasonable advance notice and to assist Tenant in the cost of preparing new letterhead, business card, shipping labels, etc. (not to exceed \$500.00).

10.6 Signs. Landlord reserves to itself and shall at any and all times have the right to install and maintain signs on the Land and the exterior of the Building, subject to Tenant's prior approval, not to be unreasonably withheld, delayed or conditioned. Landlord agrees to include Tenant's name in any way finding signage system that Landlord installs and directories for the portion of the Park in which the Building is located.

10.7 Other Tenancies. Landlord reserves to itself and shall at any and all times have the right to effect such other tenancies in the Park as Landlord in the exercise of its sole business judgment shall determine to best promote the interest of the Park. Tenant does not rely on the fact nor does Landlord represent that any specific tenant or number of tenants shall during the term of this Lease occupy any space in the Park.

10.8 Work in or Near Premises. Landlord reserves to itself and shall at any and all times have the right to do or permit to be done any work in or about the exterior of the Building; provided Landlord shall provide reasonable advance notice of same (where practical) and Landlord shall coordinate its efforts with Tenant and use commercially reasonable efforts to minimize such work so that the business, use or operations of Tenant at or about the Premises shall not be unreasonably interfered with or disrupted. Landlord shall also have the right to access the Building for purposes of meeting its obligations pursuant to Section 9.2 above, provided Landlord shall provide reasonable advance notice of same (where practical) and Landlord shall coordinate its efforts with Tenant and use commercially reasonable efforts to minimize such work so that the business, use or operations of Tenant in or about the Building shall not be unreasonably interfered with or disrupted

10.9 Landlord's Use of Ceiling Space. Landlord, Tenant or a utility company shall have the right, subject to Landlord's and Tenant's written approval (not to be unreasonably withheld, conditioned or delayed), to run utility lines, pipes, roof drainage pipes, conduit, wire, duct work and other related facilities where necessary, above ceiling space or in other non-public parts of the Premises, and to maintain same in a manner which does not interfere with Tenant's use thereof.

10.10 Directories. Tenant hereby agrees that Landlord and its affiliates may include the name and logo of Tenant on any directory or listing of tenants and Landlord may include, same in Landlord's marketing and public communications about Landlord's properties or the financing thereof. Landlord agrees to include Tenant in the directories described in Exhibit D attached hereto.

10.11 Non-Recourse. The obligations of Landlord under this Lease do not constitute personal obligations of the individual entities which comprise Landlord nor their respective partners, members, directors, officers or shareholders, and Tenant shall look solely to the real estate that is the subject of this Lease (or the income or proceeds therefrom) and to no other assets of the entities comprising Landlord for satisfaction of any liability in respect of this Lease and will not seek recourse against the individual entities which comprise Landlord nor against their respective partners, members, directors, officers or shareholders nor against any of their personal assets for such satisfaction other than the Park or the Building or any interest they may have in or to the Park or the Building or any portion thereof.

ARTICLE 11. ABANDONMENT. In the event Tenant shall (i) be in default under the terms of this Lease, and abandon, vacate or surrender the Premises, or (ii) be dispossessed by process of law, any personal property belonging to Tenant and left on the Premises thereafter shall be deemed to have been abandoned.

ARTICLE 12. LIENS. Should any mechanic's or other liens be filed against the Premises by reason of Tenant's acts or omissions or because of a claim against Tenant or against Tenant's agents or contractors, Tenant shall cause the same to be canceled and discharged of record and shall

indemnify, defend and hold Landlord harmless from any such lien and shall deal with any such lien in accordance with the terms of Article 8 above.

ARTICLE 13. ASSIGNMENT AND SUBLETTING.

13.1 When Landlord's Consent is Required.

(a) Except as otherwise provided in Section 13.1(b) below, Tenant acknowledges and agrees that it has entered into this Lease in order to acquire the Premises for its own current use and not for the purpose of obtaining the right to convey the leasehold to others. Tenant shall not assign, license, transfer, mortgage, hypothecate, or otherwise encumber all or any part of this Lease or any interest therein, or sublet the Premises or any part thereof to occupy or use the Premises or any portion thereof without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord's consent shall not be deemed unreasonably withheld if the proposed new tenant is anyone with whom Landlord has actively negotiated for a direct lease within the preceding nine (9) months, anyone with whom Landlord is actively negotiating a direct lease at the time of such proposed assignment of sublease, or any current occupant or tenant of the Park, provided Landlord has available space to accommodate such party; or if in Landlord's reasonable opinion the business operation conducted on the Premises, if different from the Use set forth in Section 1.6 above or a use not approved pursuant to the CC&Rs, will materially adversely affect the Premises, the Park or other tenants during the term of the Lease by such proposed assignment, license, transfer, mortgage, encumbrance or subletting. Acceptance of rent by Landlord of Tenant or Assignee shall not be deemed approval or acceptance of assignment or subletting. Tenant shall remain liable for all terms and conditions of this Lease Agreement at all times even upon Lease assignment or subletting. Any assignment or subletting by Tenant without Landlord's consent shall be a default by Tenant hereunder.

(b) Tenant shall have the right to assign this Lease or sublet all or any portion of the Premises, without the consent of Landlord, to (i) any entity resulting from a merger or consolidation, (ii) any entity succeeding in the business and assets of Tenant; (iii) any subsidiary or affiliate of Tenant, or (iv) any entity which controls, is controlled by or is under common control with Haemonetics Corporation, provided that the involvement by Tenant in any of the foregoing will not result in a material reduction of the "Net Worth" of Tenant, as hereinafter defined, from the Net Worth of Tenant at the time of the execution of this Lease, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time said net Worth of Tenant was or is less. "Net Worth" of Tenant for purposes of this section shall be the net worth of Tenant established under generally accepted accounting principles consistently applied at the time of Tenant's most recent audited financial statement. Any transaction related to this Subsection 13.1(b) shall not be subject to recapture as provided in Section 13.3 or profit sharing as provided in Section 13.4.

(c) Tenant shall continue to be liable for all obligations of Tenant hereunder,

notwithstanding any assignment by Tenant.

13.2 Tenant's Application. In the event that Tenant desires at any time to assign this Lease or to sublet the Premises or any portion thereof except as provided in Section 13.1(b) above, Tenant shall submit to Landlord at least fifteen (15) business days prior to the proposed effective date of the assignment of sublease ("Proposed Effective Date"), in writing: (a) a request for permission to assign or sublease, setting forth the Proposed Effective Date, which shall be no less than 15 business days nor more than 90 days after the sending of such notice; (b) the name of the proposed subtenant or assignee; (c) the nature of the proposed subtenant's or assignee's business to be carried on in the Premises; (d) the name of the guarantor, if any, of the proposed subtenant or assignee; (e) the terms and provisions of the proposed sublease or assignment; (f) current financial statements of the proposed subtenant or assignee and the guarantor, if any, audited, if available, otherwise certified by an officer or member thereof, and (g) the fee for review pursuant to Section 13.5 below. Landlord shall respond to such request for consent within fifteen (15) business days following Landlord's receipt of all information required with respect to such proposed sublease or assignment.

13.3 Recapture. If Tenant proposes to assign this Lease, Landlord may, at its option, exercisable upon written notice to Tenant within 15 business days after Landlord's receipt of the notice from Tenant, elect to recapture the Premises and terminate this Lease. If Tenant proposes to sublease all or substantially all of the Premises for all or substantially all of the remaining Lease term, Landlord may, at its option, exercisable upon written notice to Tenant within 15 business days after Landlord's receipt of the notice from Tenant, elect to recapture such portion of the Premises as Tenant proposes to sublease and, upon such election by Landlord, this Lease shall terminate as to the portion of the Premises recaptured. Notwithstanding the foregoing, if Tenant notifies Landlord of its intent to assign this Lease or sublet (or otherwise grant occupancy rights in and to) all or a portion of the Premises prior to marketing the Premises, Landlord shall have the option as aforesaid exercisable by written notice to Tenant given within fifteen (15) business days after Landlord's receipt of Tenant's notice of intent. If Landlord elects not to exercise said option, then Landlord will be deemed to have waived the option with respect to Tenant's request for consent to assign the Lease or sublet the Premises that is the subject of Tenant's notice of intent, but not with respect to subsequent assignments or subleases.

13.4 Payments to Landlord. If Landlord does not elect to recapture the Premises pursuant to Section 13.3 above, and if Tenant effects an assignment or sublease pursuant to this Article 13, then Landlord will have the right to require Tenant to pay to Landlord a sum equal to fifty percent (50%) of: (a) any rent or other consideration paid directly or indirectly to Tenant by any proposed transferee, which, after deducting the costs of Tenant, if any, in effecting the assignment or sublease, including reasonable alteration costs, commissions and legal fees, is in excess of the rent allocable to the transferred space which is then being paid by Tenant to Landlord pursuant to this Lease; and (b) any other profit or gain (after deducting any necessary expenses incurred) realized by Tenant from any such sublease or assignment. Any such sums payable will be

payable to Landlord at the time the next rental payment is due.

13.5 Fee for Review. In the event Tenant shall request to assign, transfer, mortgage, pledge, hypothecate, encumber this Lease or any interest therein, sublet the Premises or any part thereof, or review or consent to any requests by Tenant's lenders, Tenant shall pay to Landlord a non-refundable fee of up to \$1,500.00 for Landlord's time and processing efforts, and for reasonable expenses incurred by Landlord in reviewing such transaction. Tenant shall pay such expenses to Landlord within thirty (30) days after written request therefor and such payment shall be a condition to any approval by Landlord.

13.6 [Intentionally Deleted]

ARTICLE 14. PARKING, COMMON AREA AND ACCESS PROPERTY.

14.1 Parking. Tenant shall have the exclusive right to use parking spaces in the parking area provided by Landlord on the Land at no additional cost throughout the Lease Term, subject to such reasonable written rules and regulations as Landlord may impose from time to time. Nothing contained herein shall be deemed to create any liability or responsibility upon Landlord for any damage to motor vehicles of Tenant, its customers, invitees and employees or for loss of property from within such motor vehicles, unless caused by the gross negligence or willful misconduct of Landlord, its agents or employees. Tenant shall have no right to use any parking spaces in the Park other than on the Land. Notwithstanding anything to the contrary contained in this Lease, the Premises shall always be served, at no additional cost to Tenant, by not less than One Hundred Thirty-Five (135) automobile spaces, as depicted on Exhibit A-1. Tractor trailer parking will be limited to the truck dock area located on the south side of the Building which Tenant has exclusive use thereof.

14.2 Rules and Regulations. Landlord shall have the right, through reasonable rules, regulations and/or restrictive covenants promulgated or modified by it from time to time, to control use and operation of the parking on the Land and the use of the Common Area and Access Property in order that the same may occur in a proper and orderly fashion; provided, however, that any such promulgated or modified rules, regulations and/or restrictive covenants shall not discriminate against Tenant in favor of other tenants or portions of the Park and shall be provided to Tenant in writing; and provided further, that Landlord's rules and regulations shall not materially adversely affect Tenant's use and enjoyment of the Premises pursuant to the Lease or be inconsistent with any provision of this Lease, and that in the event and to the extent of any such inconsistency, the Lease shall control.

14.3 Changes. Landlord reserves the right to change from time to time the dimensions and location of the Common Area and Access Property and to construct additional buildings, modify existing buildings or make other improvements in the Park so long as Tenant's access to, vehicular traffic flow, or use of the Premises is not unreasonably interfered with, altered or restricted

thereby.

ARTICLE 15. INDEMNITY AND WAIVER.

15.1 Assignment of Risk. This Article 15 is written and agreed to in respect of the intent of the parties to assign the risk of loss whether resulting from negligence of the parties or otherwise, to the party who is obligated hereunder to cover the risk of such loss with insurance, except as otherwise expressly provided.

15.2 Release and Waiver. Landlord and Tenant release each other, and their respective authorized representatives, from, and each hereby waives as to the other, any claims for damage to the Premises, the Building, the Park, and to the fixtures, personal property, improvements and alterations of either Landlord or Tenant, in, on or about the Premises, the Building, and the Park, including loss of income, that are caused by or result from risks insured or required under the terms of this Lease to be insured against under any property insurance policies carried or to be carried by either of the parties.

15.3 Waiver of Subrogation. Each party shall cause each such property insurance policy obtained by it (including any self insurance) to provide that the insurance company (or self insured) waives all rights of recovery by way of subrogation against either party in connection with any damage covered by such policy. Neither party shall be liable to the other for any damage caused by fire or any other risks insured against or required to be insured against under any property insurance policy carried or required to be carried under the terms of this Lease. If any such insurance policy cannot be obtained with a waiver of subrogation without payment of an additional premium charge above that charged by the insurance companies issuing such policies without waiver of subrogation, the party obtaining such insurance shall pay such additional premium to its insurance carrier requiring such additional premium. It is understood that subrogation waivers may be operative only as long as such waivers are available in the State of Utah. In the event subrogation waivers are allegedly not operative in such State, notice of such fact shall be promptly given by party obtaining the insurance in question to the other party and the parties shall reasonably cooperate to obtain the comparable benefit of such a waiver.

15.4 Indemnification. Tenant, as a material part of the consideration to be rendered to Landlord, shall indemnify, defend, protect and hold harmless Landlord (together with its officers, directors, stockholders, partners, beneficial owners, trustees, managers, members, employees, agents, contractors, attorneys, and mortgagees) from and against all claims of whatever nature arising from: (a) any accident, injury, damage or loss whatsoever caused to any person or property during the Term, and thereafter, so long as Tenant is in occupancy of any part of the Premises, and occurring in the Premises, or arising out of the use and occupancy of the Premises by Tenant and Tenant's contractors, licensees, invitees, agents, servants or employees ("Tenant's Agents"); or (b) any accident, injury, damage or loss occurring outside of the Premises (i.e., on the Common Areas or Access Property), where such accident, injury, damage or loss results or is claimed to have

resulted from the negligent act or omission of or willful misconduct of Tenant or Tenant's Agents. Landlord, as a material part of the consideration to be rendered to Tenant, shall indemnify, defend, protect and hold harmless Tenant (together with its officers, directors, stockholders, partners, beneficial owners, trustees, managers, members, employees, agents, contractors, attorneys, and mortgagees) from and against all claims of whatever nature arising from: (x) any accident, injury, damage or loss whatsoever caused to any person or property during the Term, and thereafter, so long as Tenant is in occupancy of any part of the Premises, and occurring on or about the Premises, and arising out the negligent act or omission of or willful misconduct of Landlord or Landlord's contractors, licensees, invitees, agents, servants or employees ("Landlord's Agents"); or (y) any accident, injury, damage or loss occurring outside of the Premises, where such accident, injury, damage or loss results or is claimed to have resulted from the negligent act or omission of or willful misconduct of Landlord or Landlord's Agents. Nothing contained herein shall obligate Tenant to indemnify Landlord against the negligence or willful acts of Landlord or Landlord's Agents and nothing contained herein shall obligate Landlord to indemnify Tenant against the negligence or willful acts of Tenant or Tenant's Agents. In the event any action, suit or proceeding is brought against an indemnified party by reason of an indemnified occurrence hereunder, the indemnifying party, upon the indemnified party's request will at the indemnifying party's expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated either by the indemnifying party, and reasonably approved by the indemnified party, or by the insurer whose policy covers the occurrence. Any indemnified party shall provide the indemnifying party with prompt notice of any claim for an indemnified matter, but the omission of such notice shall not relieve the indemnifying party from any liability hereunder, except to the extent the indemnifying party shall have been actually and materially prejudiced as a result of such omission. Such notice shall state the information then available regarding the amount and nature of such indemnified matters. Notwithstanding anything to the contrary contained herein, the indemnified party shall at all times have the right to fully participate in such defense directly at its own expense or through its own counsel. The obligations of the parties under this Article arising by reason of any occurrence taking place during the Lease term shall survive any termination of this Lease.

15.5 Intentionally Omitted.

15.6 Construction. Wherever in this Article the term Landlord or Tenant is used and such party is to receive the benefit of a provision contained in this Article, such term shall refer not only to that party but also to its officers, directors, employees, partners and agents.

ARTICLE 16. INSURANCE.

16.1 Tenant's Insurance.

(a) Tenant agrees to secure and keep in force from and after the date Landlord shall deliver possession of the Premises to Tenant and throughout the term of this Lease, at Tenant's

sole cost and expense commercial general liability insurance on the Premises, Common Area and Access Property, and all areas appurtenant thereto, on an occurrence basis with a minimum limit of liability in an amount of Five Million Dollars (\$5,000,000.00) per occurrence, Five Million Dollars (\$5,000,000.00) aggregate. The commercial general liability policy shall name Landlord as an additional insured; shall not contain the cross liability exclusion; shall contain contractual liability coverage; shall be primary, not contributing with, and not in excess of coverage which Landlord may carry; shall provide for severability of interest; and shall afford coverage after the term of this Lease (by separate policy or extension if necessary) for all claims based on acts, omissions injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the term of this Lease. The limits of said insurance shall not limit any liability of Tenant hereunder. Notwithstanding the amounts of insurance provided for in this Section 16, the original named Tenant hereunder, or any transferee pursuant to Section 13.1(b) above, shall have the right to self-insure its insurance coverages required under this Lease so long as Tenant meets the requirements for self-insurance set forth in Section 16.1(c) below. Any such coverages may be effected directly and/or through the use of commercially reasonable blanket insurance coverage covering more than one location controlled by Tenant and the specified limits of Tenant's insurance may be satisfied by any combination of primary or excess/umbrella liability insurance policies.

(b) At all times during the term hereof, Tenant shall keep in force at its sole cost and expense, fire and extended coverage insurance, and against sprinkler leakage or malfunction and water damage and against vandalism and malicious mischief, Tenant's leasehold improvements, trade fixtures, furnishings, equipment and contents upon the Premises in a commercially reasonable amount as determined by Tenant in connection with its national risk/insurance program. Tenant shall also obtain broad form boiler and machinery insurance on all air-conditioning equipment, boilers and other pressure vessels or systems, whether fired or unfired, which are installed by Tenant or which exclusively serve the Premises. Such boiler and machinery insurance shall cover the replacement value of such items. Tenant shall self-insure plate glass upon the Premises. Landlord shall have no interest in the insurance upon Tenant's furniture, equipment, fixtures of personalty.

(c) Tenant's right to self-insure is subject to the following terms and conditions:

(i) For purposes of this Section 16.1 the term "Self-insure" shall mean that Tenant is itself, or through a captive insurance company, acting as the insurer providing the insurance required under the provisions hereof and Tenant shall pay any amounts due in lieu of insurance proceeds which would have been payable if the insurance policies had been carried, which amounts shall be treated as insurance proceeds for all purposes under this Lease.

(ii) All amounts that Tenant pays or is required to pay and all loss or damages resulting from risks for which Tenant has elected to self-insure shall be subject to the waiver of subrogation provisions of Section 15.3 hereof and shall not limit Tenant's indemnification obligations set forth in Section 15.4 hereof.

(iii) Tenant's right to self-insure and to continue to self-insure is conditioned upon and subject to:

(1) Tenant now having and hereafter having a tangible net worth of at least \$100,000,000; and

(2) Unless Tenant is a public company whose financial statements are available to the public, Tenant providing an audited financial statement for each fiscal year of Tenant (or of the guarantor of Tenant's obligations hereunder), prepared in accordance with generally accepted accounting principles, to Landlord within 90 days of the end of the respective fiscal year, which establishes and confirms that Tenant has the required net worth.

(iv) In the event Tenant fails to fulfill the requirements of Subsection (iii) above, then Tenant shall immediately lose the right to self-insure and shall be required to provide the insurance specified herein as issued by a qualifying insurance company.

(d) In the event that Tenant elects to self-insure and an event or claim occurs for which a defense and/or coverage would have been available had Tenant not elected to self-insure and carried the required coverage(s), Tenant shall:

(i) undertake the defense of any such claim, including a defense of Landlord, at Tenant's sole cost and expense, which would have been covered but for such election by Tenant to self-insure, and

(ii) use its own funds to pay any claim or replace property or otherwise provide the funding which would have been available from insurance proceeds but for such election by Tenant to self-insure.

(e) The obligations of Tenant under this Section 16.1 are independent and shall remain in full force and effect notwithstanding any breach of any provision of this Lease by Landlord.

16.2 Landlord's Insurance. During the term of this Lease Landlord shall obtain and keep in force (a) a policy of commercial general liability insurance providing coverage to Landlord with respect to liability arising out of ownership, operation and management of the Building in an amount of not less than the amount required of Tenant set forth in Section 16.1(a) above combined single limit; (b) a policy or policies of insurance covering loss or damage to the Building, including Landlord's Work and Tenant's Work (in the nature of leasehold improvements rather than furniture, fixtures and equipment), caused by any peril covered under fire, extended coverage and "Special Form" insurance in an amount of not less than the replacement cost value above the foundation walls, as reasonably determined by Landlord from

time to time; the insurance policies evidencing such coverage shall contain appropriate endorsements waiving the insurer's right of subrogation against Tenant; and (c) Workers' Compensation in amounts required by the State in which the Premises are located. Any such coverages may be effected directly and/or through the use of commercially reasonable blanket insurance coverage covering more than one location. The cost of such insurance shall be included in Operating Costs as and to the extent provided in Section 16.2. Landlord shall deliver to Tenant an original certificate of insurance evidencing the insurance required of Tenant hereunder on or prior to the Lease Commencement Date.

16.3 Violations. No use shall be made or permitted to be made on the Premises, nor acts done, which will increase the existing rate of insurance upon the Premises, or cause the cancellation of any insurance policy are located, or cause the cancellation of any insurance policy covering the Premises, Common Area, Access Property, the Park, or any part thereof, nor shall Tenant sell, or permit to be kept, used or sold, in or about the Premises, any article which may be prohibited by the standard form of fire insurance policies. Tenant shall at its sole cost and expense, comply with any and all requirements pertaining to the Premises, of any insurance organization or company, necessary for the maintenance of reasonable property damage and public liability insurance, covering the Premises, Common Area, Access Property or the Park.

16.4 Certificate of Insurance. On or before Tenant enters the Premises for any reason, and again before any insurance policy expires, Tenant shall deliver to Landlord an original certificate of insurance evidencing the insurance required of Tenant hereunder. All insurance policies required to be carried under this Lease by or on behalf of Tenant shall provide (and any certificate evidencing the existence of any insurance policies, shall certify) that the insurance shall not be canceled prior to the expiration date thereof unless the insurer endeavors to provide thirty (30) days written notice to Landlord. If Tenant fails to comply with any of the insurance requirements stated in this Lease, Landlord may obtain such insurance and keep the same in effect and Tenant shall pay to Landlord the premium cost thereof within thirty (30) days.

ARTICLE 17. UTILITIES; JANITORIAL SERVICE.

17.1 Utilities.

(a) Tenant shall be solely responsible for, and shall promptly pay before delinquency, all charges for use or consumption of heat, sewer, water, gas, electricity, telephone or any other utility services supplied to Tenant or to the Premises beginning on the Lease Commencement Date and continuing throughout the term hereof. Tenant shall also be responsible for any fees and charges of South Valley Reclamation Facility for sewer services to the Premises. Should Landlord elect to supply any utility service, Tenant agrees to purchase and pay for the same at the applicable rates then prevailing in the community without mark-up (except to the extent including in the Landlord's management fee). Tenant acknowledges that water servicing the landscaping is drawn from a well and Landlord shall have the right to charge Tenant a pro rata share

of the costs to run the pump, maintain the ditches, maintain the water rights, and operate the system, provided Tenant's pro rata share does not exceed the cost to Tenant if it were to use culinary water for such landscaping purposes.

(b) Except as otherwise expressly provided in this Lease, Landlord shall not be liable in the event of any interruption in the supply of any utility service to the Premises. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall require additional utility facilities, the same shall be installed at Tenant's expense in accordance with plans and specifications first approved in writing by Landlord.

(c) In the event any governmental authority promulgates or revises any statute, ordinance or building, fire or other code, or imposes mandatory controls or guidelines on Landlord or the Premises or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the provision of any other utility or service provided with respect to this Lease, Landlord may, in its commercially reasonable discretion, take any action necessary to comply with such mandatory controls or guidelines, including making alterations to the Premises. So long as such compliance does not materially interfere with Tenant's use and occupancy of the Premises as provided in this Lease, such compliance and the making of such alterations shall in no event entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Rent or to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Tenant.

17.2 Janitorial. Beginning on the Lease Commencement Date and continuing throughout the term hereof, Tenant shall provide, at its sole expense, (a) regular janitorial service for the Premises, which shall include at least ordinary dusting, and (b) cleaning, emptying of waste baskets and vacuuming. In addition, Tenant shall provide an adequate sized dumpster for the storage of refuse in the location reasonably acceptable to Landlord. Tenant shall arrange for the removal of such refuse and periodic cleaning of such dumpster and the areas immediately adjacent thereto.

ARTICLE 18. PERSONAL PROPERTY TAXES. During the term hereof Tenant shall pay prior to delinquency all taxes assessed against and levied upon fixtures, furnishings, equipment and all other personal property of Tenant as well as any alterations or leasehold improvements contained in the Premises and when possible Tenant shall cause said fixtures, furnishings and equipment to be assessed and billed separately from the real property of Landlord.

ARTICLE 19. DEFAULT.

19.1 Action Upon Default. In the event of any failure of Tenant to pay any Rent due hereunder within five (5) business days after the written notice of such delinquency shall have been given to Tenant, or any failure to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Tenant for more than thirty (30) days after written notice of

such default shall have been given to Tenant or if Tenant or any guarantor of the Lease shall become bankrupt or insolvent or file any debtor proceedings or take or have taken against Tenant or any guarantor of this Lease in any court pursuant to any statute either of the United States or of any state a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's or any such guarantor's property or if Tenant or any such guarantor makes an assignment for the benefit of creditors or petitions for or enters into an arrangement or if Tenant shall suffer this Lease to be taken under any writ of execution, Landlord, besides other rights or remedies it may have, shall have, upon due process of law, the immediate right of re-entry and may remove all persons and property from the Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, all without further service of notice or resort to further legal process and without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

19.2 Landlord Options; Reletting. Should Landlord elect to re-enter, as herein provided, or should it take possession, all pursuant to legal proceedings and pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Premises and relet said Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its commercially reasonable discretion may deem advisable, upon such reletting, all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord, second, to the payment of any costs and expenses of such alterations and repairs, third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied toward payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of said Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, in addition to any other remedies it may have, it may recover from Tenant all damages it may actually incur by reason of such breach, including the worth at the time of such termination of the discounted present value of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the stated term over the then reasonable rental value of the Premises for the remainder of the stated term, all of which amounts shall be immediately due and payable from Tenant to Landlord.

19.3 Use of Property. In the event of default (beyond any applicable notice and cure period), all of those Tenant's improvements, additions, and other alterations to be left at the Premises upon Lease expiration or termination shall remain on the subject Premises and in that event and continuing during the length of said default and Landlord's re-entry or termination of this

Lease, Landlord shall have the right to take the exclusive possession of the same and to use the same, rent or charge free, until all defaults are cured, or, at its option, at any time during the term of this Lease, to require Tenant to forthwith remove the same as and to the extent provided in this Lease, and Tenant hereby waives all rights to notice and all common law and statutory claims and causes of actions which it may have against Landlord subsequent to such date as regards to storage, distribution, damage, loss of use and ownership of the property affected by the terms of this Article. Tenant acknowledges Landlord's need to relet the Premises upon termination of this Lease for repossession of the Premises and understands that the forfeitures and waivers provided herein are necessary to said reletting and to prevent Landlord incurring a loss for inability to deliver the Premises to a prospective Tenant. Notwithstanding anything to the contrary contained herein, Landlord shall use commercially reasonable efforts to mitigate its damages and to relet the Premises in the event of an event of default hereunder.

19.4 Additional Rights. If either Tenant or Landlord defaults in making any payment (other than the payment of Basic Rent) to or for the benefit of the other (whether required by this Lease or otherwise) or in the performance of any other obligation imposed on it by this Lease, and shall not cure such default within thirty (30) days after written notice thereof (or, if the default requires more than thirty (30) days to be cured, if the defaulting party does not begin to cure the default within that period and then diligently prosecute the cure to completion), then the aggrieved party (without waiving any claim of breach or for damages) at any time thereafter may make such payment or cure such other default for the account of the defaulting party. Either party may cure a default by the other prior to the expiration of the thirty (30) day period but after a cure period as is reasonable under the circumstances and after such notice to the other party under any of the following circumstances: (a) if necessary to protect the interest of such curing party in the Premises; (b) if necessary to prevent civil or criminal liability of such curing party; (c) if necessary to prevent an imminent and material interruption of the conduct of business in the Premises, or (d) if necessary to prevent injury to persons or damage to property. Any amount paid or contractual liability incurred by a party in the exercise of its rights under this Section shall be reimbursed by the other party, together with interest at the Reference Rate. Tenant's payments hereunder shall be made as a part of the next installment of Basic Rent coming due after Tenant's receipt of Landlord's bill for such payment and the amount due to Tenant hereunder may be offset against Basic Rent payments due to Landlord under this Lease until Tenant has been fully reimbursed, provided, however, in no event shall any monthly payment of Basic Rent be so reduced by more than fifteen percent (15%). Landlord agrees that Tenant's good faith exercise of rights under this Section, including the withholding of payments to reimburse itself for the cost of such exercise, shall never be deemed to be an event of default by Tenant in any of its obligations under this Lease.

19.5 Remedies Cumulative. The remedies given to either party in this section shall be in addition and supplemental to all other rights or remedies which the parties may have under the laws then in force.

ARTICLE 20. DESTRUCTION.

20.1 Damage/Restoration. If the Building (or all or a material portion of the Common Area or Access Property) shall be partially damaged by fire or other casualty insured against under Landlord's property damage insurance policies, Landlord shall, upon receipt of the insurance proceeds, repair the Building to a condition which is substantially similar to the condition in existence prior to such casualty.

20.2 Exceptions to Obligation to Rebuild. Notwithstanding the foregoing, however, if the Building (or other Common Area or Access Property) is damaged as a result of flood, earthquake, nuclear radiation or contamination, act of war or other risk which is not covered by the insurance Landlord is required to carry hereunder, or if the Premises or the Building are damaged to the extent of thirty-three and one third percent (33-1/3%) or more of their then replacement value, or if the repair of the Premises, or the Building, would require more than one hundred eighty (180) days, Landlord shall promptly notify Tenant of any such event, and Landlord or Tenant may terminate this Lease upon written notice given to other within forty-five (45) days following such casualty or notification from Landlord, as the case may be. If neither party terminates as provided herein, Landlord shall commence as soon as is reasonably possible the restoration of the Building. In addition, if neither party terminates this Lease but the Premises is not restored within one hundred eighty (180) days after the occurrence of the casualty, or within such longer period as may be permitted pursuant to Article 27 below, Tenant may at its option terminate this Lease upon thirty (30) days written notice to Landlord whereupon this Lease shall terminate upon such thirtieth (30th) day unless Landlord shall complete such restoration prior to the end of such thirty (30) day period in which event Tenant's termination right shall be void.

20.3 Extent of Landlords Obligations to Repair. Landlords obligations to restore shall in no way include any construction originally performed by Tenant or subsequently undertaken by Tenant, but shall include solely that property constructed by Landlord prior to commencement of the term hereof. The cost of any repairs to be made by Landlord, pursuant to this Article 20 of this Lease, shall be paid by Landlord utilizing available insurance proceeds. Tenant shall reimburse Landlord upon completion of the repairs for any deductible for which no insurance proceeds will be obtained under Landlord's insurance policy, or if other premises are also repaired, a pro rata share based on total costs of the repair equitably apportioned to the Premises. Tenant shall, however, not be responsible to pay any deductible or its share of any deductibles to the extent that Tenant's payment would be in excess of \$10,000.00 if Tenant's consent has not been received by Landlord, unless such denial of consent by Tenant is unreasonable.

20.4 [Intentionally Deleted]

20.5 Abatement of Rent. In the event this Lease is not terminated and Landlord undertakes to repair any portion of the Premises, until such repair is complete, Basic Rent shall abate proportionately as to the portion of the Premises rendered untenable.

20.6 Last Year of Term. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Building or the Premises when the damage resulting from any casualty covered under this Article occurs during the last 12 months of the term of this Lease (unless Tenant timely exercises its renewal option provided below) or any extension or renewal hereof.

ARTICLE 21. EMINENT DOMAIN. If all or more than 33-1/3% of the Premises or all or a material portion of the Common Area or Access Property shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or transfer in lieu thereof, either party hereto shall have the right, at its option, to terminate this Lease as of the date title vests in the condemning entity. Landlord shall be entitled to any award, or other payment made in connection with such condemnation. Tenant, however, shall have the right to pursue a claim in any condemnation proceeding against the condemning authority (but not against Landlord) for compensation for any resulting damages to Tenant's business, trade fixtures and personal property, alterations made by and at Tenant's expense, good will and similar allowed expenses (but not for any diminution or loss of Tenant's leasehold estate). If a part of the Premises or a materially portion of the Common Area or Access Property shall be so taken or appropriated and this Lease is not thereafter terminated, the rental thereafter to be paid shall be reduced in the proportion that the area of the Premises so taken bears to the entire Premises. Notwithstanding the foregoing, however, before Tenant may terminate this Lease by reason of a taking or appropriation as described above, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede or impair Tenant's use of the Premises for a period in excess of ninety (90) days (assuming Landlord shall promptly commence any repairs necessary to restore the remaining Premises to a complete architectural unit). If any material part of the Building shall be so taken or appropriated, either party shall have the right, at its option, to terminate this Lease. Landlord shall be entitled to the entire condemnation award or payment attributable to any such taking of the Building or to any taking of any portion of the Common Area or Access Property, subject to the terms and conditions of this Article 21.

ARTICLE 22. MORTGAGE REQUIREMENTS.

22.1 Tenant's Right Subordinate. This Lease and all rights of Tenant under this Lease are hereby subordinate hereunder to any lien of any mortgage or mortgages or lien or other security interest resulting from any other method of financing or refinancing, now or hereafter in force against the land and/or buildings hereafter placed upon the land of which the Premises are a part and to all advances made or thereafter to be made upon the security thereof; provided that so long as Tenant is not in default hereunder (beyond any applicable notice or cure period), this Lease shall remain in full force and effect for the full term hereof and shall not be terminated as a result of any foreclosure or sale or transfer in lieu of such proceedings pursuant to a mortgage or other instrument to which Tenant has subordinated its rights pursuant hereto.

(a) Building Owner/Mortgagee/Non-Disturbance Agreement. Landlord shall cause its mortgagee to execute a non-disturbance and attornment agreement ("SNDA"). Landlord and Tenant shall mutually agree to a form SNDA. Upon either party's written request to the other party, the requested party shall execute the SNDA and return such to the requesting party within a reasonable time period.

22.2 Attornment. In the event of the sale or assignment of Landlord's interest in the Premises, or in the event of any proceeding, brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage or other security instrument made by Landlord covering the Premises, Tenant shall attorn to the assignee or purchaser and recognize such purchaser as Landlord under this Lease and such purchaser shall recognize Tenant, pursuant to the terms and conditions of this Lease.

22.3 Notice and Cure. Tenant agrees to give any mortgagees (as defined below), by registered mail, a copy of any notice of default served by Tenant upon Landlord, provided that prior to such notice, Tenant has been notified, in writing (by way of a Notice of Assignment of Rents and Leases or otherwise) of the addresses of any such mortgagees. Tenant further agrees that if Landlord shall have failed to cure such default within the time set forth in this Lease, then any such mortgagees shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary, if within such thirty (30) days, any such mortgagee has commenced and is diligently pursuing the remedies necessary, to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated. For purposes of this Lease, "mortgagee" shall mean the holder of any mortgage, the beneficiary under any deed of trust, or the holder of any other security interest which encumbers the Premises, Common Area, Access Property, or any part thereof.

ARTICLE 23. RULES, REGULATIONS AND RESTRICTIVE COVENANTS. Tenant shall faithfully observe and comply with the Rules, Regulations and Restrictive Covenants attached hereto as Exhibit "C" and all reasonable modifications of and additions thereto from time to time put into effect by Landlord and provided in writing to Tenant, provided however, that any such promulgated or modified Rules, Regulations and/or Restrictive Covenants shall not discriminate against Tenant in favor of other lessees of portions of the Park. Landlord shall not be responsible to Tenant for the nonperformance by any other lessee or occupant of the Park of any such Rules, Regulations and Restrictive Covenants, but shall take reasonable steps to secure such other Tenant's compliance. Notwithstanding anything in this Lease to the contrary, Landlord's Rules, Regulations and Restrictive Covenants shall not materially adversely affect Tenant's use and enjoyment of the Premises pursuant to this Lease or be inconsistent with any provision of Lease, and that in the event and to the extent of any such inconsistency, the Lease shall control.

ARTICLE 24. HOLDING OVER. If Tenant holds possession of the Premises after the term of this Lease with Landlord's consent, and Landlord accepts Rent in the amounts hereinafter provided,

Tenant shall become a lessee from month-to-month upon terms equal to the then existing terms hereunder, except that the Basic Rent shall be the then existing Basic Rent then payable hereunder at the end of the term (on a monthly basis) multiplied by one hundred fifty percent (150%). Rent shall be paid in advance on or before the first day of each month and Tenant shall continue in possession until such tenancy shall be terminated by Landlord or until Tenant shall have given to Landlord a written notice at least thirty (30) days prior to the date of termination of such tenancy of its intention to terminate such tenancy.

ARTICLE 25. NOTICES. All notices and demands which may or are required to be given by either party to the other hereunder shall be sent by overnight courier or United States certified or registered mail, postage prepaid, addressed to the parties at the addresses set forth in the Fundamental Lease Provisions, or at such other address as may have been specified by a party giving prior written notice to the other party.

ARTICLE 26. LANDLORD'S RIGHT TO CURE DEFAULTS. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be at its sole cost and expense and, except as otherwise specifically provided herein, without any abatement of Rent. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for five (5) business days after Tenant has received notice thereof by Landlord, Landlord may, but shall not be obligated to do so, and without waiving any rights of Landlord or releasing Tenant from any obligations of Tenant hereunder, make such payment or perform such other act. All sums to be paid by Landlord and all necessary incidental costs together with interest thereon at the rate of one and one-half percent (1-1/2%) per month from the date of such payment by Landlord in connection with the performance of any such act by Landlord shall be considered additional rent hereunder and, except as otherwise in this Lease expressly provided, shall be payable to Landlord on demand or, at the option of Landlord, in such installments as Landlord may elect and may be added to any rent then due or thereafter becoming due under this Lease.

ARTICLE 27. FORCE MAJEURE. Neither Landlord nor Tenant shall be responsible or liable for any delay in the observance or performance of any term or condition of this Lease to be observed or performed thereby to the extent such delay results from action of governmental authorities, civil commotions, strikes, fires, acts of God, whether or not similar to the matters herein specifically enumerated and any such delay shall extend by like time any period of performance by the performing party and shall not be deemed a breach of or failure to perform this Lease or any provision hereof. The foregoing is inapplicable to the payment of Rent and Additional Rent or any other amounts due hereunder.

~~**ARTICLE 28. SECURITY DEPOSIT.** Tenant will deposit with Landlord or its agent the amount set forth in the Fundamental Lease Provisions hereof, as security (and not as rent) for the full and faithful performance by Tenant of all of Tenant's obligations hereunder. In the event Tenant defaults in the performance of any of the terms hereof or abandons the Premises, Landlord~~

~~may use, apply or retain the whole or any part of such security for the payment of any Rent or any other payment to be made by Tenant hereunder which is in default or of any other cost, expense or liability which Landlord may incur by reason of Tenant's default. If all or any portion of the security deposit is so used or applied, Tenant shall, no later than five (5) days after written demand is made therefor, deposit cash with the Landlord in an amount sufficient to restore the security deposit to its original amount. In the event of bankruptcy or other debtor creditor proceedings, either voluntarily or involuntarily instituted by or against Tenant, the security deposit shall be deemed to be applied in the following order: to actual damages, obligations and other charges, including any damages sustained by Landlord, other than unpaid Rent, due to Landlord for all periods prior to the filing of such proceedings; to accrued and unpaid Rent prior to the filing of such proceeding; and thereafter to actual damages, obligations, other charges and damages sustained by Landlord and Rent due the Landlord for all periods subsequent to such filing. If Tenant shall, at the end of the term hereof, including extensions and holdover periods, have fully and faithfully complied with all of the terms and provisions of this Lease (but not otherwise) the security deposit, or any balance thereof shall then be returned to Tenant. Tenant shall not be entitled to interest on any such security deposit, and Landlord shall not be required to maintain the deposit in a segregated account, unless required by applicable law. Tenant shall not assign or encumber the funds deposited by it as security hereunder and neither Landlord nor its successors or assigns shall be bound by any such assignment or encumbrance. In the event of a sale of the Premises or all or a portion of the Building, Landlord shall have the right to transfer the security deposit to the buyer, and Landlord shall thereupon be relieved of all obligations to return the security deposit to Tenant, and Tenant agrees to look solely to the buyer for the return of the security deposit.~~

ARTICLE 29. QUIET ENJOYMENT. Landlord covenants that so long as Tenant performs all of its obligations hereunder it shall peacefully and quietly have, hold and enjoy the Premises for the term hereof.

ARTICLE 30. SIGNS. Tenant shall not place on the Premises, Access Property or in the Park, any exterior signs or advertisements, nor any interior signs or advertisements that are visible from the exterior of the Premises, without Landlord's prior written consent, which Landlord shall not unreasonably withhold, condition or delay. Tenant shall be entitled to place on and about the Premises or Tenant's parking area directional, way-finding, parking, identification and similar signs relating to Tenant's operations at the Premises without Landlord's consent so long as same comply with all applicable legal requirements and Exhibit "D". All signing by Tenant shall be in accordance with the sign criteria set forth in Exhibit "D" attached hereto. The cost of installation and regular maintenance of any such signs approved by Landlord shall be at the sole expense of Tenant. At the termination of this Lease, or any extensions thereof, Tenant shall remove all its signs, and all damage caused by such removal shall be repaired at Tenant's expense.

ARTICLE 31. SURRENDER OF LEASE. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work as a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord,

operate as an assignment to it of any or all such subleases or subtenancies.

ARTICLE 32. [Intentionally Deleted]

ARTICLE 33. MISCELLANEOUS.

33.1 Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs successors, executors, administrators and assigns of all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

33.2 Arbitration. The parties agree that in the event a dispute arises with respect to this Lease, and the parties, after good faith efforts, have failed to resolve the dispute among themselves, that such dispute will be submitted to arbitration pursuant to the rules then in force of the American Arbitration Association, or a mutually acceptable alternative organization. If reasonably necessary, judgment upon an arbitration award may be entered in any court having jurisdiction.

33.3 Attorneys' Fees. In the event that at any time during the term of this Lease either Landlord or Tenant institutes any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, then the unsuccessful party in such action or proceeding agrees to reimburse the prevailing party therein for the reasonable expense of attorneys' fees and disbursements incurred therein by the prevailing party.

33.4 Time. Time is of the essence of this Lease with respect to each and every Article, Section and Subsection hereof, subject to the express time frames, if any, set forth herein.

33.5 Waiver. The waiver by either party of any term, covenant or condition herein contained shall not be deemed to be a waiver of the same or any other term, covenant or condition or any subsequent breach of the same of any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not constitute a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

33.6 Applicable Law. This Lease shall be governed by and construed in accordance with Utah law.

33.7 Separability. The invalidity or enforceability of any provision hereof shall not affect or impair any other provision hereof.

33.8 Entire Agreement. This Lease and the Exhibits, Riders and Addenda, if any, attached hereto and the rules and regulations adopted pursuant to Article 23 above constitute the

entire agreement between the parties. All Exhibits, Riders or Addenda mentioned in this Lease are incorporated herein by reference. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Premises and becomes effective as a Lease only upon execution and delivery thereof by Landlord to Tenant. If any provision contained in a Rider or Addendum is inconsistent with a provision in the body of this Lease, the provision contained in said Rider or Addendum shall control. It is hereby agreed that this Lease contains no restrictive covenants binding on other lessees or exclusive use provisions in favor of Tenant. There are no representations or promises by either party to the other except as are specifically set forth herein. This Lease supersedes and revokes all previous conversations, negotiations, arrangements, letters of intent, writings, brochures, understandings, and information conveyed, whether oral or in writing, between the parties hereto or their respective representatives or any agents of any of them. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any Section or Article.

33.9 Terminology. The term “Landlord” as used herein shall include the agent or agents of Landlord. The term “Tenant” as used herein shall include the plural as well as the singular and shall include the masculine, feminine and neuter. If there is more than one Tenant, the obligations of Tenant hereunder shall be joint and several.

33.10 No Recording by Tenant. Tenant shall not record this Lease without the prior written consent of Landlord. Tenant may record with the Salt Lake County Recorder a Memorandum of Lease in a format approved by Landlord and Tenant, provided Tenant escrows a release of the Memorandum to insure that upon termination of the Lease no lien will remain on the Premises with respect to such Lease. Landlord may file this Lease for record with the Salt Lake County Recorder.

33.11 Authority of Signatories. Each person executing this Lease individually and personally represents and warrants that he is duly authorized to execute and deliver the same on behalf of the entity for which he is signing (whether it be a corporation, general or limited partnership or otherwise) and that this Lease is binding upon said entity in accordance with its terms.

33.12 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of an amount less than is due hereunder shall be deemed to be other than payment towards or on account of the earliest portion of the amount then due, nor shall any endorsement or statement on any check or payment (or any letter accompanying any check or payment) be deemed an “accord and satisfaction” (or payment in full), and Landlord may accept such check or payment without prejudice to Landlord’s right to recover the balance of such amount or pursue any other remedy provided herein. Any statement on any check or instrument or any accompanying written communication tendered by Tenant to Landlord, claiming full satisfaction of a claim, shall be sent to the following designated person and address:

J. Steven Price
Price Logistics Center Draper One, LLC
230 East South Temple
Salt Lake City, Utah 84111

33.13 Financial Information. Upon written request by Landlord, but not more often than annually, Tenant shall submit to Landlord a copy of its most recent financial statement evidencing Tenant's financial condition. In the event Tenant (or Tenant's parent) is not a public company with its shares traded on a nationally recognized public stock exchange, any such financial statements shall be certified by an officer of Tenant to be correct and complete and that they present fairly the financial condition of Tenant. Landlord agrees to maintain the confidentiality of such financial information and will not disclose it to third parties except to Landlord's lender and advisors, or as required by law.

33.14 Renewal Option. Provided Tenant is not in default under any term, condition, or covenant under this Lease (beyond any applicable notice or cure period), Tenant shall have four (4) five (5) year options to renew the term of the Lease upon one hundred eighty (180) days prior written notice to Landlord. During the first year of any renewal option period, Tenant's Basic Rent shall be ninety-five percent (95%) of the then current market rent with two and one half percent (2 ½%) annual increases thereafter. However, in no event shall Tenant's Basic Rent in the first year of any renewal option period be less than two and one half percent (2 ½%) above the Basic Rent paid in the last year of the previous term. All other terms and conditions of this Lease shall remain as set forth herein.

33.15 Option to Purchase. Provided the Tenant is not in default under any term, condition, or covenant under this Lease (beyond any applicable notice and cure period), Tenant shall have three (3) options to purchase the Premises with not less than thirty (30) days prior written notice to Landlord under the terms and conditions set forth herein below and upon not less than one hundred eighty (180) days to close, subject to extension as set forth below. Upon Landlord's receipt of Tenant's written notice to exercise an option to purchase, Landlord and Tenant shall use their best efforts to enter into a formal Purchase and Sale Agreement. Landlord shall proceed to prepare and have delivered to Tenant, within ten (10) business days after receipt of notice from Tenant, a Purchase and Sale Agreement and Tenant and Landlord shall use their best efforts to negotiate and execute such Purchase and Sale Agreement within twenty (20) business days after receipt of the Purchase and Sale Agreement. Landlord and Tenant shall mutually cooperate should either party elect to enter into any like kind exchange governed under United States Internal Revenue Code Section 1031. In the event Tenant has not used all of the Four Hundred Thousand Dollar (\$400,000.00) Tenant Allowance, as set forth in Exhibit B-1 and attached hereto and by reference made a part hereof, and provided Tenant has not taken its unused Tenant Allowance as a credit towards Rent, the purchase price shall be adjusted downward dollar for dollar, including an eight percent (8%) amortized interest rate, for the unused Tenant Allowance. In the event Tenant fails to

timely exercise any of its options to purchase and Landlord, in its sole and absolute discretion, decides to sell the property after the Tenant's third option to purchase has expired, and provided Tenant is not in default under any term, condition, or covenant under this Lease (beyond any applicable notice and cure period), Landlord shall offer to sell the Premises to Tenant at Landlord's designated offering price and Tenant shall have ten (10) business days in which to respond to Landlord's offer. If Tenant fails to timely exercise its option to purchase at the designated offering price, Landlord shall be free to market and sell the Premises for (or above) the designated offering price, at any time within nine (9) months following the expiration of the ten (10) business day period. In the event that Landlord shall not consummate such sale within such nine (9) month period, or if Landlord intends to enter into an agreement to sell the Premises for a reduced purchase price or on terms and conditions more favorable than the designated offer price, then the provisions of this Section 39.15 shall continue in force and effect and Landlord shall thereafter be required to re-offer the Premises upon such different terms and conditions or such new designated offering price. The purchase option obligations of the Landlord hereunder shall run with the Land throughout the term of this Lease provided that upon termination of this Lease, all options to purchase hereunder shall terminate and shall be of no further force or effect. However, Tenant's purchase option rights hereunder are not assignable or transferable.

(a) First Option. Upon thirty (30) days prior written notice, Tenant shall have the right to purchase the Premises during the twelfth (12th) month of the Lease Term. Such purchase shall be closed, and legally recorded, as provided herein. In the event Tenant exercises its first option to purchase, Landlord and Tenant agree that the purchase price shall be Six Million Two Hundred fifty Thousand Dollars (\$6,250,000.00).

(b) Second Option. Upon thirty (30) days prior written notice, Tenant shall have the right to purchase the Premises during the twenty-fourth (24th) month of the Lease Term. Such purchase shall be closed, and legally recorded, as provided herein. In the event Tenant exercises its second option to purchase, Landlord and Tenant agree that the purchase price shall be Six Million Four Hundred Thirty-Seven Thousand Five Hundred Eighty Dollars (\$6,437,500.00).

(c) Third Option. Upon thirty (30) days prior written notice, Tenant shall have the right to purchase the Premises during the thirty-sixth (36th) month of the Lease Term. Such purchase shall be closed, and legally recorded, as provided herein. In the event Tenant exercises its third option to purchase, Landlord and Tenant agree that the purchase price shall be Six Million Six Hundred Thirty Thousand Six Hundred Twenty-five dollars (\$6,630,625.00)

(d) Closing. The closing for the first, second or third options shall take place at a mutually agreeable closing date not less than one hundred eighty (180) following the execution of the Purchase and Sale Agreement. Landlord shall have the right to extend the closing up to ninety days, upon not less than thirty (30) days written notice to Tenant; provided that the Basic Rent applicable to the Premises during the ninety (90) day period shall be applicable to the purchase price.

(e) Roof Replacement. Notwithstanding any other provision herein to the contrary, in the event Landlord replaces the roof on the Building prior to the exercise by Tenant of any of its options to purchase the Premises within in the first thirty-six (36) months of this Lease, the purchase price for the Premises shall be increased by the cost of the new roof multiplied by a fraction, the numerator being the number of years of remaining life of the roof warranty and the denominator being the life of the roof warranty.

33.16 “As-Is”. In the event Tenant exercises any of its options to purchase the Premises hereunder, Tenant shall accept the Premises in its “as-is” condition and “state-of-repair”, except as otherwise provided herein and subject to Landlord’s maintenance, repair and restoration obligations under this Lease prior to the closing. Landlord makes no representations, warranties, promises or guarantees (whether express, implied, statutory or otherwise) with respect to the Premises, except as otherwise provided herein. Notwithstanding the foregoing, if Tenant exercises any of its options to purchase the Premises hereunder, the conveyance shall be made to Tenant or to a nominee designated by Tenant by written notice to Landlord sent not less than four (4) days prior to the specified date for the delivery of the deed. The deed shall be at least the equivalent of a so called “Special Warranty Deed”, and shall convey a good and clear record and marketable title to the Premises, free from all encumbrances and restrictions except (a) this Lease and any subleases of any portions of the demised premises entered into by Tenant or other liens or encumbrances incurred by or on behalf of Tenant; (b) provisions of local building and zoning laws; (c) such real estate taxes for the current tax year as are not yet due and payable on the date of the delivery of the deed; (d) liens for municipal betterments assessed after this Lease; (e) restrictions, reservations, easements, covenants, and rights-of-way of record as of the date hereof; and (f) as set forth in Section 33.18 below.

33.17 Termination Option. Tenant shall have a one (1) time right to terminate this Lease at the end of the seventh (7) year after the Rent Commencement Date, provided (a) Tenant is not in default hereunder (beyond any applicable notice and cure period), (b) Tenant gives nine (9) months prior written notice to Landlord, and (c) Tenant pays Landlord, at the time the written notice is delivered, a termination penalty equal to the sum of (i) the total of all unamortized transaction costs, including Tenant Allowances, leasing commissions, and legal fees, and (ii) an amount equal to four (4) months of Rent.

Easements and Restrictive Covenants. Tenant acknowledges that the Premises is part of the Park and in the event Tenant exercises its option to purchase the Premises, title transfer will be subject to various cross access, utility, drainage, monument, and shared access easements benefiting the properties adjacent to the Premises. The Premises will also be subject to reasonable covenants, conditions and restrictions adopted by the Landlord for the benefit of the Park and recorded on or prior to the closing of the sale of the Premises to Tenant. Notwithstanding the foregoing, Landlord shall provide copies of all such documents, instruments and agreements prior to recording and same shall be commercially reasonable and shall not

materially adversely affect Tenant's use and enjoyment of the Premises either pursuant to this Lease or as purchase, or be inconsistent with any provision of Lease.

ARTICLE 34. LANDLORD'S ACCEPTANCE. Landlord's execution of this Lease is contingent upon Tenant providing current consolidated financial statements of the Tenant and/or Guarantor(s) which are acceptable to the Landlord and Landlord receiving a financing commitment from an institution under terms and conditions acceptable to Landlord.

ARTICLE 35. LIMITATION ON DAMAGES. Other than losses for which the other party is entitled to recover under the policy or policies of insurance required by this Lease (but only to the extent actual recovery is made thereon), neither party shall be liable to the other party under this Lease for any loss of profit(s) or special, indirect, punitive, incidental or consequential damages of any kind.

ARTICLE 36. WAIVER OF DISTRAINT AND LIENS; TENANT FINANCING. Landlord hereby waives any and all right of distraint, landlord's liens, or any other right or remedy it may have at law or equity that would allow Landlord to attaché, lien, seize, impound and/or sell any inventory located in the Premises owned by Tenant or which is owned by a third party (not affiliated with Tenant) and which is being stored by Tenant on behalf of any such third party and Landlord acknowledges that it has no security interest in such property. Landlord covenants and agrees to execute and deliver to Tenant (or Tenant's lender) (at no cost to Landlord) a commercially reasonable document or instrument reasonably requested by Tenant or its lender evidencing such waiver with respect hereto.

ARTICLE 37. GOVERNMENTAL INCENTIVES. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right to apply and/or lobby for, obtain, retain, investigate and prosecute any governmental, quasi-governmental or other incentives, subsidies, seed-money, credits, grants or similar benefits relating to Tenant's use and occupancy of, or operations at, the Premises, but not with respect to Landlord's ownership of the Premises or the Park.

ARTICLE 38. PERMITTED CONTESTS. Tenant, at its expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, any laws, ordinances and regulations and other governmental rules, orders and determinations ("Legal Requirements") presently in effect or hereafter enacted, made or issued, whether or not presently contemplated with which Tenant is required to comply pursuant to this Lease or any Environmental Law, or the amount or validity or application, in whole or in part, of any tax, assessment, payment or charge which Tenant is obligated to pay (or valuation, appraisal or assessment on which same is based) pursuant to this Lease or any lien, encumbrance or charge by any thirty party, provided that unless Tenant has already paid such tax, assessment or charge (a) the commencement of such proceedings shall suspend the enforcement or collection thereof against or from Landlord and against or from the Premises, (b) neither the Premises nor any rent

therefrom nor any part thereof or interest therein would be in any danger of being sold, forfeited, attached or lost and the failure to promptly comply with any applicable Legal Requirements or Environmental Laws does not present a risk to human health or safety of the Premises or the Park, (iii) Tenant shall have furnished such security, if any, as may be required in the proceedings and as may be reasonably required by Landlord, and (iv) if such contest be finally resolved against Tenant, Tenant shall promptly pay the amount required to be paid, together with all interest and penalties accrued thereon. Landlord, at Tenant's expense, shall execute and deliver to Tenant such authorizations and other documents as reasonably may be required in any such contest. Tenant shall indemnify and save the Landlord harmless against any cost or expense of any kind that may be imposed upon the Landlord in connection with any such contest and any loss resulting therefrom. Landlord agrees to reasonably cooperate with Tenant in connection with such contest of any tax, assessment or charge which Tenant is obligated to pay. Notwithstanding the foregoing appointment, if Tenant determines it to be preferable in prosecution of a contest of a tax, assessment or charge, upon Tenant's prior request, and Landlord agrees with Tenant's determination, Landlord shall execute the real estate tax complaint and/or other documents approved by Landlord and reasonably needed by Tenant to prosecute the complaint as to such tax, assessment or charge and return same to Tenant within ten (10) days and shall otherwise reasonably cooperate with Tenant in connection therewith. In such event, Tenant shall pay all of Landlord's actual and reasonable costs and expenses in connection therewith, including, without limitation, reasonable attorneys' fees and Tenant shall arrange for preparation of such documentation at Tenant's sole cost and expense.

ARTICLE 39. CONSENT OF LENDER. This Lease is subject to the consent of Landlord's lender.

~~ARTICLE 35. GUARANTEE. FOR VALUE RECEIVED, the undersigned hereby unconditionally and irrevocably guarantees the prompt and faithful performance by Tenant of all of the obligations of the Tenant as set forth in the aforesaid Lease.~~

~~Dated this _____ day of _____, 2008.~~

Signature

IN WITNESS WHEREOF, Landlord and Tenant executed this Lease as of the date first above written.

Landlord:

**PRICE LOGISTICS CENTER
DRAPER ONE, LLC**

[SIGNATURE APPEARS
HERE]

J. Steven Price, Manager

Tenant:

**HAEMONETICS
CORPORATION**

Attest:

[SIGNATURE APPEARS HERE]

By: _____ [SIGNATURE APPEARS HERE]

Its: _____ CFO

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. does hereby consent to the foregoing Lease this day of , 2009.

MORTGAGE ELECTRONIC
REGISTRATION SYSTEMS,
INC.

By _____
Its_ _____

SEE ATTACHED

[GRAPHICS APPEARS HERE]

Commercial Mortgage Servicing
MAC A0357-030
P.O.Box 4036, Concord, CA 94524
1320 Willow Pass Road, Suite 300 Concord, CA 94520
800 986-9711

September 23, 2009

Price Logistics Center Draper One, LLC
230 East South Temple
Salt Lake City, UT 84111
Attn: J. Stevens Price

Re: Borrower: Price Logistics Center Draper One, LLC
Loan No. 31-0905810
Property: Kimberly Clark Industrial, 12050 S. Lone Peak PKWY, Draper, UT
Inv. No. 586
Lender: Bank of America, National Association, as successor by merger to LaSalle Bank, National Association, as Trustee for the registered holders of Bear Stearns Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, 2007-PWR16.

Dear Mr. price:

Wells Fargo Bank, N.A. ("Wells Fargo"), as Master Servicer for the above-referenced lender ("Lender"), with respect to the above-referenced loan ("Loan"), has received your request for Lender's consent to a Lease Agreement dated August 20, 2009, between Price **Logistics** Center Draper One, LLC ("Landlord") and Haemonetics Corporation. ("Tenant"). Wells Fargo Bank has reviewed your request and hereby consents, on behalf of the Lender.

This consent is strictly limited to its terms and Wells Fargo has no obligation to consent to any similar requests in the future. This consent is solely for the benefit of the above-referenced Borrower and should not be relied upon by any other person or entity.

If you have any questions or comments, please call me at (925) 677-5361.

Sincerely,

Wells Fargo Bank, N.A.,
as Master Servicer
[SIGNATURE APPEARS HERE]
Felipe Sanchez
Asset Administrator

[GRAPHICS APPEARS HERE]

[GRAPHICS APPEARS HERE]

[GRAPHICS APPEARS HERE]

EXHIBIT "B"

LANDLORD'S WORK AND TENANT'S WORK

LONE PEAK BUSINESS PARK

Except as expressly provided herein and in the Lease, Tenant accepts the Premises in its "as-is" condition and state of repair. Tenant, at its sole cost and expense, but subject to the Tenant Allowance provided in Exhibit B-1, shall complete any improvements that may be required for Tenant's use of the Premises. All such work shall be in accordance with this Exhibit "B" and other information contained within the Tenant Package referenced in Section II, Paragraph B below. All work to be performed by Landlord in delivering the Premises to Tenant shall be limited to those items expressly set forth below under Section I ("Landlord's Work")(or as otherwise expressly provided in the Lease), some of which may be performed by Landlord on behalf of, and for the account of Tenant as is more fully described herein. Some of the items identified as Landlord's Work may have already been accomplished. Landlord shall promptly perform those construction items identified under Landlord's Work which have not yet been completed. All other items of work, including the purchase and installation of all materials and equipment necessary for Tenant's use and enjoyment of the Premises shall be provided by Tenant at Tenant's sole cost and expense and shall include, but shall not be limited to, those items set forth below under Section II ("Tenant's Work"). Tenant's Work shall be performed in accordance with the requirements of this Exhibit "B".

I.LANDLORD'S WORK

Landlord, at Landlord's sole cost and expense, shall extend the existing Draper City Street (11950 South), by constructing a road located along the north boundary of the Park. Such road shall be extended west approximately 550 feet and south approximately 440 feet to the center of the cul-de-sac to be constructed by Landlord and brought to the parking area serving the Premises, as shown on the attached Exhibit "A". Landlord, at Landlord's sole cost and expense, shall construct an additional Tenant employee parking area (consisting of 95 regular and 5 handicap passenger vehicle parking spaces) to be located on the north side of the Building along with a paved pedestrian access to the east side of the Building and appropriate handicap ramps, striping and lighting, as shown on the attached Exhibit "A". The existing garage on the east side of the Building is to be demolished to facilitate Tenant access to the property during and after Tenant's construction. Other than as specifically set forth herein and in the Lease, Tenant shall lease the premises in its "as-is" condition and "state-of-repair". Inasmuch as the northerly boundary line of the Land as shown on Exhibit A is slightly north of the northerly boundary line of the 5.45 acre tax parcel used for assessment and property description purposes, Landlord has also agreed to adjust the lot line, in the event Tenant shall exercise any of its options to purchase the Premises. Landlord shall take such action as is necessary to lawfully adjust the lot line to be as shown on Exhibit "A-1", so that all of the parking and other improvements exclusively serving the Building (and any required setback and similar areas) shall be located on the Land and the Land shall constitute a separate and distinct tax parcel **approved by Draper City and in compliance with the** restrictions of record relating to the division (or subdivision) of the land. To insure that the purchase of the Premises is not delayed should Tenant exercise one of its options to purchase hereunder, Landlord agrees to begin the process to adjust the boundary line upon the full execution and delivery of this Lease, and to use its best efforts to consummate the boundary line adjustment within six (6) months thereafter.

Landlord's Work shall be performed at Landlord's sole cost and expense in a first-class workmanlike manner, free from defects, using new, first-quality materials and in a way so as to minimize any material interference with Tenant's use or occupancy of, and access to, the Premises, if Tenant is then occupying or operating in any portion thereof. Landlord shall perform Landlord's Work substantially in accordance with original plans and specifications that are provided to Tenant for Tenant's prior review. Landlord shall not be required to submit any minor changes to the plans and specifications unless they will have a materially adverse effect on Tenant's access to the Premises. Landlord shall provide Tenant with copies of all of the plans and specifications approved by the

applicable municipal authorities. Landlord represents and warrants to Tenant that, upon completion of Landlord's Work the Access Property shall comply with all applicable laws, ordinances, rules, regulations, orders, and permits. Landlord's Work is or shall be warranted to be free from defects in material and workmanship for one (1) year from the Lease Commencement Date (or substantial completion of the applicable aspect of Landlord's Work, if later). Landlord shall promptly correct defects in Landlord's Work discovered within the foregoing one (1) year period at no cost to Tenant. Landlord, after receiving written notice from Tenant of such defect, shall work in good faith to resolve the defect.

Landlord shall use commercially reasonable efforts to promptly and diligently complete Landlord's Work (other than the lot line adjustment which must be completed prior to the purchase of the Premises by Tenant) by November 30, 2009. If Landlord shall not complete Landlord's Work (other than the lot line adjustment) in accordance with the terms and conditions of this Exhibit "B" by December 15, 2009, unless the delay is outside the control of Landlord, then Tenant shall be entitled to a credit against Tenant's obligation to pay Basic Rent equal to one (1) day for every one (1) day beyond December 15, 2009 that Landlord fails to complete Landlord's Work (other than the lot line adjustment) as required hereunder. In addition, if Landlord fails to complete Landlord's Work (other than the lot line adjustment) by June 1, 2010 in accordance with the terms and conditions of this Lease, Tenant may, at Tenant's option, by notice in writing to Landlord terminate this Lease. If Tenant terminates this Lease as provided in the preceding sentence, the parties shall be discharged from all obligations hereunder. Within five (5) days of notice to Tenant that Landlord has completed Landlord's Work (other than the lot line adjustment), Tenant may send Landlord a "punch list" of any items which are incomplete or defective. On receipt of such punch list, Landlord shall have thirty (30) days, weather permitting and subject to Article 27 herein, to complete the items designated therein; and if Landlord shall fail to do so within said thirty (30) day period, then Tenant may complete the items on behalf of Landlord and deduct the cost of completion of such items from Rent (up to an amount not to exceed fifteen percent (15%) of each monthly installment thereof) due hereunder (provided that if Landlord has commenced to complete such items within said thirty (30) days, and thereafter is prosecuting same to completion, said thirty (30) day period shall be extended, where, due to the nature of the particular item(s), it is unable to be completely cured within thirty (30) days). Landlord agrees to provide Tenant with a copy of the performance bond required by Draper City to insure the Landlord's completion of the Landlord's Work. Said copy will be delivered to Tenant within five (5) business days of the date it is provided to Draper City.

II. TENANT'S WORK

A. ESTIMATED COSTS; GENERAL REQUIREMENTS

Tenant's current good faith estimates assess the total cost of Tenant's Work to be Four Hundred Thousand Dollars (\$400,000.00) for build-out of the office area (including restrooms) of approximately 7,444 square feet. Once Tenant has bid or otherwise received reliable third party estimates for the cost of Tenant's Work, which shall be in accordance with the Exhibit "B", "C" and "D" of the Lease Agreement and the Tenant Design Criteria, Tenant will provide Landlord with a revised estimate together with a copy of all the information as required in the Lease. All replacements of existing improvements in the Premises shall be made by Tenant in accordance with the Lease, the Exhibits thereto, and shall be subject to Landlord's review and written approval. Any structural alterations, modifications to the concrete shell/warehouse floor and/or additions and reinforcements to the Building which are required to accommodate Tenant's Work shall be approved by Landlord as provided in the Lease.

Notwithstanding the foregoing, however, as of the date of execution of this Lease Agreement, except as specifically set forth herein, Tenant is not required to do any additional work in the Premises. Provided, however, that if at any time during the term of this Lease Tenant wishes to make improvements to the Premises, such work shall be done in accordance with this Exhibit "B" and at Tenant's sole cost and expense.

B. DRAWINGS PLANS AND SPECIFICATIONS

1. Tenant Package. Landlord shall provide Tenant, a Tenant Package to better identify the Premises and provide details in describing conditions of the shell structure. This package may contain such items as:
 - a. Lease Plan showing Premises in relation to other tenant areas.
 - b. Dimensional floor plans or “record” drawings, if available. Tenant, however, may not rely on such plans or drawings and must verify physical dimensions and existing conditions in the Premises.
 - c. Tenant Design Criteria.
2. Tenant’s Submittal. After receipt of Tenant Package and prior to commencement of construction, Tenant agrees to submit to Landlord for Landlord’s approval, two (2) sets of 1/16” scale fully-dimensioned architectural, mechanical, electrical and structural drawings with one (1) set of reproducible (.PDF format) drawings prepared by Tenant’s architect and/or engineer, as may be applicable given the scope and nature of the contemplated work. Submittals are to be sent to the attention of the Landlord and shall indicate the specific requirements of the Premises, clearly outlining the proposed scope of work as described below. Each set and page of drawings shall be wet stamped, sealed and signed by Tenant’s architect and/or engineer. Mechanical and electrical plans shall set forth all electrical and mechanical requirements of Tenant, all in conformity with this Lease, all Exhibits thereto and the Tenant Design Criteria. Tenant’s architect and engineer shall be licensed in the state where the building Premises is located.
3. Submittal Specifications. Tenant’s submittal and drawings shall incorporate all applicable Landlord requirements and criteria as established by the Lease, Exhibits thereto, and including, but not limited to the following, if applicable to the contemplated work:
 - a. Architectural plans and sample board showing:
 - i. **Demolition plans;**
 - ii. Framing plans and **details** with sections through the storefront;
 - iii. **Separate** sign drawings in accordance with Exhibit “C” of this Lease;
 - iv. Floor **plan** showing flooring material and interior partitions;
 - v. Reflected **ceiling** plan;
 - vi. Material and sample board of all interior finish materials and colors;
 - b. Plumbing plans showing:
 - i. Sewer piping and connection details;
 - ii. Roof penetration and flashing details;
 - iii. Domestic water and sewer riser diagram;
 - iv. Clean-out locations;
 - v. Specifications for materials used;
 - vi. Fixture schedule;
 - vii. Condensate piping detail;
 - viii. Saw cutting and slab repair specifications;
 - c. Electrical plans, calculations and schedules showing:
 - i. Number of circuits;
 - ii. Connected load of each circuit;
 - iii. Number of space circuits;
 - iv. Riser diagram;
 - v. Light fixtures (size and number of each); and All electrical equipment and loads;

- d. Mechanical plans showing:
- i. The heating and cooling loads;
 - ii. Engineered calculations for energy consumption, of HVAC equipment;
 - iii. Duct configuration, type, size, total CFM at each register;
 - iv. The calculations required by applicable energy efficiency codes;
 - i. Location of all roof penetrations with sections for curb installation and structural support details;
 - v. Location, capacity, size and weight of all roof-mounted equipment;
 - vi. Air balance requirements for supply, exhaust and make-up air;
 - vii. Roof walk pads around all equipment;
 - viii. Removal of: all abandoned equipment serving the Premises or located in or directly above the Premises, including conduits, pipes, wiring, curbs, etc. and the repairing of the affected area to original like new condition.
- e. Structural plans, engineer's calculations.
- i. Calculations for all Tenant necessitated loading and modifications to the building structure.
 - ii. Support framing plan for all roof mounted equipment.
 - iii. Support details for: transformers, water heaters, duct shafts, racking, etc.
- f. Fire protection plans, calculations and design.
Tenant shall submit all fire protection drawings to Landlords insurance review consultant. Send to: Liberty Mutual, Senior Loss Prevention Consultant, P.O. Box 35920, Phoenix, AZ 85069-5920.
4. Landlord approval. Landlord or its architect and/or engineer shall review Tenant's plans and specifications for compliance with the provisions contained within the Lease and Exhibits thereto, the Tenant Package, and Tenant Design Criteria. Such drawings will be returned to Tenant marked either "Approved", "Approved as Noted", "Approved as Noted-Resubmit", or "Disapproved-Resubmit" within thirty (30) **five (5) business** days after receipt by Landlord. Tenant will have fifteen (15) days to revise and resubmit for Landlord approval. Tenant must comply with the Landlord notes and comments on any drawings and re-submit for Landlord's approval. Should Landlord's architect/engineer be required to review Tenant's plans and specifications as a result of Tenant's proposed structural modifications or changes, Tenant shall be responsible for the reasonable expense and costs for Landlord's architect or engineers services. The review and approval of Tenant's plans, specifications or calculations by Landlord or its agents or representatives shall not constitute an implication, representation or certification by Landlord that said improvements are in compliance with any statutes, codes, ordinances and other regulations.
5. Changes. Any subsequent material changes, modifications or alterations to Landlord's Work or to Tenant's drawings which are proposed by Tenant or which are requested or made by Tenant, shall be reviewed by Landlord or its architect or engineer, and any additional reasonable charges, expenses or costs so incurred shall be at the sole cost and expense of Tenant. Landlord shall have the right to demand payment for any such approved changes, modifications or alterations to Landlord's Work prior to Tenant's performance of work in the Premises. No changes, modifications or alterations to Landlord's Work or to Tenant's previous approved drawings shall be made without the written consent of Landlord, not to be unreasonably withheld, conditioned or delayed. Tenant shall provide Landlord with copies of any change orders in excess of Five Thousand Dollars (\$5,000.00) prior to the work set forth in such change order being commenced.
6. Drawings Kept On-Site. Tenant shall ensure that it's contractor performs work in strict accordance with, and retains on-site at all times during the course of

construction, the complete set of plans and specifications approved by both the Landlord and the local Building Department.

7. Compliance Responsibility. Tenant shall have the sole responsibility for compliance with all applicable statutes, codes, ordinances and other governmental regulations for all work performed by or on behalf of Tenant. Tenant shall be responsible for any Tenant required structural modifications to the existing building structure resulting from work performed by or on behalf of Tenant. Landlord or Landlord's agents' agents' or representatives' approval of plans, specifications, calculations or of Tenant's Work shall not constitute an implication, representation or certification by Landlord that said improvements are in compliance with any statutes, codes, ordinances and other regulations. In instances where several different standards are applicable, the standard of Landlord's insurance underwriter, the strictest standard shall apply unless prohibited by applicable Codes.
8. Permits. In accordance with the Landlord's agreement with the local building department, Tenant, within fifteen (15) days after receiving Landlord's approval of submitted drawings, shall submit one extra set of the required number of copies to the local building department for permit. The Building Department shall review the plans and issue two approved sets to the Tenant. One of these sets shall be given to the Landlord's representative when the Tenant's contractor checks in with the Landlord and attends the required pre-construction meeting in accordance with Section II Paragraph K of this Exhibit "B".
9. As-built Drawing. After completion of any material build out or modifications to Premises, Tenant will supply Landlord, within thirty (30) days of completion of construction, one (1) full size set of reproducible (.PDF format) "as-built" architectural, mechanical, and structural (if modified) drawings, if such drawings were required in order to obtain permits and approvals.

C. INTERIOR FINISHES

1. Floors

- a. Floor. The Landlord has provided a finished concrete floor slab. Any cutting and patching of this level slab requires written approval by Landlord before work by Tenant can be initiated. Any damage done to existing under-slab utilities caused by Tenant or occurring during Tenant's occupancy of the Premises shall be repaired by Tenant at Tenant's sole cost and expense. The concrete slab shall be patched back in accordance with the Tenant Design Criteria and as set forth in the following criteria.
 - i. Compact backfill and sub-grade work to 95% ASTM D-1557 modified procter at optimum moisture. Tenant to supply soils compaction reports from an approved testing company if requested by Landlord.
 - ii. Verify quantity of granular fill. Provide additional fill as required to bottom of slab. Granular fill to be ¾" to 1" minus gap graded gravel.
 - iii. Replace concrete in trench excavation with 6.5" thick slab on granular fill with #4 rebar doweled to existing slab 12" on center.
- b. Materials. Commercial grade 26 oz. glue down level loop nylon carpet with a minimum density of 6000 with at least 26 oz. weight and/or other quality floor materials, such as glazed or unglazed paver tile or wood parquet shall be used in Tenant's office areas. Raw concrete or vinyl products shall not be used in the Tenant's office areas without prior written approval of Landlord. Commercial grade sheet vinyl in all restrooms.

- c. Expansion Joint. Expansion joints are installed as a necessary function of the building structure. In the unlikely event that such expansion joint occurs within the Premises, such expansion joint shall be clearly identified on Tenant's submitted plans. Tenant shall be responsible to install finish materials adjacent to these joints in a top quality workmanlike manner. Landlord will not accept responsibility for finish materials installed near and/or over the expansion joints.
- d. All penetrations through the floor slab shall be properly sealed and made water tight to prevent liquids and/or odors from leaking through the slab. Tenant shall install a trowel down water proofing membrane system if a mezzanine is installed or existing in the premise over the entire floor area of restrooms, areas containing sinks, food and beverage preparation equipment, service areas and over other similar areas as designated by Landlord.

2. Storefront Work

- a. Plans. All storefront signage and plans shall be in conformance with Exhibit "D" (Signage Criteria) and be first approved by Landlord, which approval shall not be unreasonably withheld.

3. Ceiling

- a. Elevation. Tenant is made aware that ceiling height limitations are created by "as-built" conditions and floor-to-floor heights vary throughout the building. Any relocation of or modification to existing piping, sprinkler systems, gas fired unit heaters, conduit and/or ductwork necessitated by Tenant's installation of a ceiling shall be at the expense of Tenant.
- b. Expansion Joint. Should an expansion joint occur in the Premises, Tenant is responsible for the construction of the floors, walls and ceilings affected by such joint in a manner consistent with prevailing construction and design practices and Landlord's written approval.
- c. Access Panels. Access panels and/or catwalks above the ceilings required to serve Tenant's or Landlord's equipment shall be installed by Tenant at its sole cost and expense.
- d. Materials. All ceiling material must be non-combustible equal to Class "A" installation. Ceiling material finishes are subject to written approval by Landlord. (Refer to Tenant Design Criteria).
 - 1. Office area to receive a standard 2'-0" x 4'-0" metal ceiling grid system with regressed spline tiles in 2'-0" x 2'-0" pattern, comparable to Armstrong® "Dune-second look" tiles.
- e. Bracing. Tenant at its sole cost and expense may be required to install additional bracing predicated by the type of ceiling system approved.

4. Perimeter Work

- a. Service Doors. If not existing, Tenant shall provide service doors and hardware including existing control devices serving the Premises as required by local building codes and Landlord requirements. The primary purpose of the service door is that of an exit, and must swing at least 90 degrees in the direction of travel without causing an obstruction and be equipped with necessary code required hardware. If required by applicable code, Tenant shall furnish and install a minimum 3'-0" x 7'-0" x 1 3/4" warehouse to office area hollow metal service door and welded SDI grade III frame, connecting office to warehouse area or the exterior of the premises as required by code. Tenant is required to provide for the

complete installation and shall include but be limited to: the installation of the cutout and construction of an alcove if required, patching, repairing and matching all existing finishes, necessary headers, proper anchorage of the frame, installation of 4041-H-CUSH-689 LCN closure, kick plates on both sides of service door.

- b. Finishes. When Tenant's Work joins or meets other existing work, Tenant shall be responsible to repair and replace to like new condition, any existing work disturbed by Tenant.
- c. Demising Partitions. All demising partitions shall be constructed with a one-hour fire rating as a minimum. A two-hour rating may be required in some cases. Tenant shall furnish and install a full height wall with 6" 20 gauge metal studs and track, on 16" center with 5/8" (Type X) fire rated gypsum board, taped, and to the roof deck above (minus roof deflection), on it's (the Tenant's) side of all demising walls.
- d. Insulation. Tenant is required to install sound insulation in the demising walls separating tenant spaces, the demise wall separating the office area from the warehouse area, and all bathroom walls. If not already existing, Tenant shall insulate all perimeter-demising walls of the Premises according to Local Building Codes and Landlord requirements.
- e. Equipment Screens. If Tenant is allowed by Landlord to install any equipment located at or near the exterior of the Premises as provided in the Lease, and such equipment is visible, if required by applicable law or the CC&Rs, Landlord or Tenant shall erect screening to shield the equipment from public view at Tenant's sole cost and expense. All rooftop HVAC equipment, pipes, vents, etc. will be located a minimum of 18' back from parapet wall.

D.FIXTURES AND FURNISHINGS

Tenant shall furnish and install all fixtures, furnishings, equipment, shelving, trade fixtures, leasehold improvements, interior decorations, graphics, signs, mirrors, coves and decorative light fixtures and other special effects (all as first approved and permitted by Landlord). Tenant shall provide Landlord with anticipated load and weight calculations for any wall hung fixtures. If Landlord deems necessary, Tenant shall provide backing and bracing support to demising walls to compensate for loading imposed by Tenant's wall-hung fixtures at Tenant's expense.

E.UTILITIES

1. Plumbing

- a. System. Tenant shall provide a complete plumbing system, including fixtures and toilet accessories, minimum one (1) floor drain in each toilet room and in each kitchen with accessible clean-outs. All plumbing work must be installed according to all local, state and national codes, including the Americans with Disabilities Act and Landlord requirements.
- b. Insulation. Tenant shall insulate all domestic water runs and condensate lines serving the Premises downstream of Landlord's valve.
- c. Water Closet. Water closets shall be water conservative tank type or flush valve type. Tenants are encouraged to locate toilets in areas where sewer stubs are provided. Tenant shall excavate and complete plumbing connections, backfill, compact and place concrete floor as required under Section II paragraph C of this Exhibit B. If Tenant's design does not coincide with the location of existing sewer lines, then Tenant shall saw cut existing slab according to accepted

construction practices, install required plumbing, compact backfill material and replace concrete floor of same thickness/doweled with #4 rebar 12" on center.

- d. Water. Water service and distribution exists at the Building. If Tenant requires larger service and/or additional distribution within the Building, if not already existing, large water consumers, in the reasonable judgment of Landlord, shall furnish and install a water meter conforming to the local water utility company. If a larger meter is required, it shall be installed by Tenant, at Tenant's expense.
- e. Grease Interceptor. Food service Tenants shall connect food waste lines to a grease interceptor system designed, furnished, installed and paid for by Tenant in accordance with all local requirements.
- f. Oil - Water Separator - Tenants with uncommon or heavy effluent discharge shall install and pay for, at their sole cost and expense, the necessary and required systems, including design, permits and monitoring charges, in accordance with all Landlord and municipal requirements.

2. Electrical

- a. Current Condition. Upon the Possession Date the Premises shall contain 2,000 amps of 277/480 volts main electrical gear, consisting of meter base and CT cabinet located exterior of the Building, 2,000 amp main breaker and associated distribution and branch panels currently feeding the Premises, located interior of the Building. In order to feed the Premises with a full 2,000 amps of 277/480 volts, the transformer and associated equipment may need to be upgraded by Rocky Mountain Power. In the event there are costs associated with upgrading the power to the Premises, at Tenant's option, Tenant may either pay these costs directly to Rocky Mountain Power or deduct such costs from the Tenant Allowance.
- b. Conduit and Equipment. Tenant shall pull copper conductors in conduit and make final connections at the electrical distribution panel. Conductors shall be continuous with no splices between the switch gear at the distribution area and panels within the Premises. Tenant will furnish all necessary labor, and related electrical equipment to provide a complete approved electrical system serving the Premises. This shall include, panels, transformers circuit breakers, connection to HVAC power supply, temperature controls, connection to necessary smoke detector or smoke evacuation system if required.
- c. Design Load. Tenant's total connected load shall be limited to the maximum allowable load as allowed to the Tenant space and per the local or state energy code plus a reasonable amount of miscellaneous equipment load. Tenant shall provide Landlord with proof of electrical inspection prior to Tenant's occupancy.
- d. Electrical Construction
 - i. Location of the electrical equipment: distribution panels, transformers, panel board, breaker panel, etc, shall be located on the rear/back wall of Premises and not along or on, demise wall wherever possible but subpanels will be allowed within or adjacent to manufacturing and/or clean room areas subject to the Landlord's reasonable approval.
 - ii. Material. All electrical materials shall be new and as a minimum, shall be to International Electrical Code standard and shall bear the Underwriter's Laboratories (U.L.) label.
 - iii. Time Switches. Time clocks shall be provided by Tenant to control signs in accordance with the Lease and shall be mounted next to the electrical panel.
 - iv. Lighting Fixtures. Recessed fixtures shall be connected by means of flexible conduit and "AF" wire run to a branch circuit outlet box, which is independent of the fixture.

- v. Nameplates. The following equipment shall be identified with engraved Bakelite name plates: Distribution panels, motor starters, lighting panels disconnects, switchgear and push-button stations.
- vi. Water Heaters. Electrical water heaters, if needed, shall be provided by Tenant for its domestic hot water requirements. All units shall have a water collection pan with drain and shall be U.L. approved. Heaters will have pressure relief piped to nearest drain in the Premises in accordance with applicable building codes.
- vii. Fluorescent Fixtures. All fluorescent fixtures shall have internal protection devices and conform to Tenant's requirements for clean room and other construction. Prismatic or acrylic lenses will be allowed in the Tenant's office area without Landlord written approval. Fluorescent strip task lighting will be allowed within the clean room spaces. T5 fluorescent and metal halide high bay fixtures will be allowed in the warehouse. Fluorescent ballasts shall be high power factor type with individual non-resetting overload protection.
- viii. Panel Board. Panel boards shall be furnished and installed by Tenant. 277/480-volt panels shall be equal to Square-D Type NQOD with single or multiple pole bolted thermal magnetic breakers. Tenant shall provide type-written panel schedules.
- xi. Transformers. All necessary transformers shall be furnished and installed by Tenant and shall be dry type and floor mounted unless otherwise approved by Landlord in writing.
- x. Fuses. Fuses are to be U.L. rated and sized per the NEC requirements.
- xi. Meter. If required, Tenant shall be responsible for contracting directly with the local Water/Power Utility providers for installation of service and meter as required.

3. Telephone/Data

Tenant shall provide all necessary equipment and shall pull wires in conduit and terminate at a punch block provided in Landlord's distribution area. Any special equipment required by Tenant, shall be installed within the Tenant's Premises. The local telephone utility shall make final interconnect to trunk lines.

F. HEATING, VENTILATION AND AIR CONDITIONING (HVAC)

1. Standards

The HVAC system serving the Premises must be designed to cool and heat air automatically as to maintain conditioning inside the Premises as follows:

- a. Heating equipment shall be capable of maintaining the office area with an inside dry bulb temperature of 70 degrees Fahrenheit with an outside temperature of 3 degrees Fahrenheit.
- b. The cooling system shall be capable of maintaining the office area with an inside temperature of 72 degrees Fahrenheit with an outside condition of 105 degrees Fahrenheit by bulb and 70 degrees Fahrenheit wet bulb.
- c. The HVAC will be sized to provide one (1) ton of cooling per 300 square feet of office area and will have an economizer on each roof top unit.
- d. SMOKE EVACUATION: At Tenant's sole cost and expense, the design of Tenant's HVAC system shall incorporate all code-required smoke control/exhausts as required by the governing authorities. All costs for construction, installation, and connection shall be at Tenant's sole cost and expense.

e. Clean Room, Manufacturing and Production Areas shall be constructed to meet the requirements of the Tenant's criteria.

2. Installation, Repairs and Maintenance

The HVAC systems shall be installed, repaired, maintained and replaced in accordance with the provisions of the Lease, all Exhibits thereto and as follows:

- a. Tenant shall design and install its own HVAC system, unless designed and installed by Landlord, and paid for by Tenant. All HVAC work required by Tenant in addition to that, if any, which may have been provided by Landlord pursuant to this Exhibit B, shall be approved by Landlord, and designed and installed by Tenant at Tenant's expense. This work shall include without limitation, additional gas fired unit heaters, and/or HVAC, connection to supply and return lines, duct work, and any controls or circuitry required for the operations of said air-conditioning systems per the Tenant Design Criteria. Tenant shall provide all necessary structural modifications to the existing Building structure including, but not limited to, structural engineering plans, calculations, etc., prepared and stamped by a structural engineer licensed in the state the Building is located, for the installation of all rooftop equipment and Building systems.
- b. A one-year unit warranty with a five-year compressor and ten-year heat exchanger guarantee shall be provided to Landlord.
- c. At Landlord's option, Tenant or Landlord, at Tenant's expense, shall supply and install roof supports for roof mounted equipment units as well as any roofing, additional curbs, counter-flashing, roof repairs, etc., as required. Roofing work shall be performed by Landlord's approved roofing contractor.
- d. Tenant shall install a 110 volt 20amp GFI circuit with weather proof cover at its roof top HVAC unit, provided same is required by code.
- e. Tenant shall provide, when required by applicable code, condensate piping from fan-coil into the sanitary sewer or roof drainage system and in accordance with the Landlord requirements and local code requirements.

3. HVAC System

- a. Duct Work. Tenant shall provide at its expense all duct work and accessories for air distribution. All duct work shall be designed and installed in accordance with the procedures described in the ASHRAE Guide and in accordance with the latest methods recommended in the Sheet Metal and Air Conditioning Contractor's National Associations (SMACNA) Low Velocity Duct Manual, latest edition.
- b. Diffusers. Ceiling diffusers shall be white and similar in quality to the Tuttle & Bailey DSLA with #6 controls, which is as opposed blade volume control and separate extractor.
- c. Ceiling Access Panels. Tenant shall provide 24" x 24" access panels in the ceiling as required to provide access to equipment, dampers, etc.
- d. Balance. Tenant shall have the HVAC system balanced by an independent balancing contractor and submit balance reports of Landlord.
- e. Duct Shafts. Fire rated duct shafts shall be supported from the floor of the building structure.

4. Automatic Temperature Control System. Tenant shall furnish and install thermostat(s) which control the temperature in the Premises during operating hours. It is the Tenant's responsibility to operate the system properly at all times. Odor producing tenants must maintain a negative air pressure to ensure odors do not disturb other Tenants in the building (see Special Exhaust Systems, Section II Paragraph F-6).
5. Toilet Exhaust Systems. Toilet exhaust fan must be connected and controlled by the toilet room light switch and shall be vented above roof. Tenant shall be responsible for installing and maintaining all exhaust ducts serving the Premises.
6. Special Exhaust Systems
 - a. As determined by Tenant's design criteria special exhaust systems may be require at certain equipment and lab hoods. Odors from kitchens, dining rooms, cafeterias, warehouse equipment or areas, must be exhausted to the atmosphere through a Tenant-furnished and installed exhaust system as directed by Landlord and as set forth in the Lease, Exhibits and the Tenant Design Criteria.
 - b. Maximum exhaust air levels shall be based on applicable codes and special Tenant requirements. Grease fans shall be provided with a drainage area at the bottom of the unit complete with a residue trough equipped to be cleaned quarterly. The location of the exhaust fan shall be not less than 15'-0" from any air in-takes so as to avoid contaminating air supplied to the Building.
 - c. Tenant shall install, at its sole cost and expense, on all roof-mounted grease producing equipment, a grease containment system manufactured by Facilitec®. No substitutions will be allowed. The Tenant must contact Facilitec® at 180 Corporate Drive, Elgin, IL 60123; phone: (800)284-8273; fax: (847)931-9629.
7. Discharge Dampers. Exhaust fan discharge dampers shall be parallel blade, white in color, neoprene lined edge, reasonably air-tight when closed, located close to outdoor outlet with damper control operator to keep same closed when fan is off and open as required when fan is on.
8. Rooftop Equipment. Exhaust discharge outlets and relief air outlets shall be roof mushroom type with roof locations and projections above roof approved by Landlord and to comply with governing codes. Projection above 3'0" require special approval. (See Section II Paragraph F(6) above for special requirements for odor handling exhaust units). All equipment, pipes, etc. to be set back a minimum of 18' from parapet wall. If required by applicable code, Tenant shall provide additional screening of rooftop equipment at Tenant's expense. All rooftop mounted HVAC equipment shall be installed and mounted a minimum of 18' from parapet wall.
9. Damper Controls and Interlock. The necessary damper controls and interlock to maintain the original design air balance shall be provided by Tenant at Tenant's expense and approved by Landlord. Exhaust and make up air equipment controls must be interlocked to ensure simultaneous operation.
10. Food Preparation System (if installed in the future)
 - a. Equipment and systems for food preparation areas shall be installed in accordance with the National Fire Protection Association Standard, latest edition.
 - b. The fire extinguishing systems shall be Underwriters' Laboratory approved CO2 or dry chemical pre-engineered system as required by the local governing authority with the following features as a minimum:
 - i. Protection of the hood and dust;
 - ii. Surface Protection for deep fat fryer, griddle, broiler and range;

- iii. Automatic devices for shut down of fuel or power to the appliances with surface protection. It should be noted that these devices must be of the manual reset type and not automatic reset.
- iv. A readily accessible means to manually actuate the fire extinguishing equipment shall be provided in the exit path and shall be clearly identified. Actuation shall be mechanical.

10. Contractor Qualifications. The installation of all HVAC equipment and systems shall be made only by persons properly trained and qualified by the manufacturer of the equipment or system to be installed.
12. Maintenance. Tenant shall contract directly with a Landlord approved HVAC company to provide any replacement and regular quarterly maintenance for the air-conditioning system.

G. ROOF

Tenant shall make no roof penetrations or install any type of equipment on the roof or within the roof area etc. without prior written approval of Landlord and subject to the provisions of Section 8.6 of the Lease. Any and all roof penetrations desired by Tenant and approved by Landlord shall be at Tenant's sole cost and expense. Roof walk pads shall be installed around all roof-mounted equipment by Landlord's approved roofing contractor. All equipment curbs shall be counter flashed and sealed in a water tight manner. All abandoned equipment, curbs, pipes, conduits vents etc. serving the Premises and not being used by Tenant shall be entirely removed and the affected area(s) returned to original condition. All roofing work must be performed by Landlord's approved roofing contractor at Tenant's expense.

Landlord shall provide Tenant (and/or its architect) with a list of Landlord's approved contractors to be used by Tenant to bid roofing work.

H. FIRE SPRINKLERS

If not already existing and required by code and/or Landlord's insurance carrier, Tenant at Tenant's sole cost and expense shall provide for the installation and modification of the fire sprinkler system in accordance with the requirements of the local building codes and fire marshal and as approved by the Landlord and the Landlord's Insurance Carrier. Tenant shall contract with a Landlord approved fire sprinkler contractor to provide the necessary design and installation of the Tenant's system. Tenant shall reimburse Landlord for Landlord's work if required. (See Section II of paragraph F 10 for requirements kitchen hood extinguishing systems).

I. SIGNS

All signs shall be designed, constructed and located in accordance with Landlord's Exhibit "D" (Sign Criteria) attached hereto.

J. CONNECTIONS

Tenant shall provide electrical and mechanical hook-up and connections of all fixtures and equipment controls, telephone systems, warehouse located equipment, computer systems, kitchen and food service equipment and other equipment utilized by Tenant.

K. CONSTRUCTION PROCEDURES

1. Commencement of construction. Landlord shall notify Tenant of the time when Tenant can commence Tenant's Work and Tenant agrees to commence such work forthwith and thereafter diligently prosecute such work to completion.

2. Commencement Requirements. Tenant's construction may not commence until each of the following conditions are satisfied:
 - a. The Lease agreement is fully executed or the Tenant has delivered to Landlord a signed letter of indemnity on Landlord's form.
 - b. Tenant has obtained Landlord approved plans.
 - c. Tenant has obtained all necessary permits from the Landlord approved plans and provided evidence to Landlord that all required building permits, connection fees, impact fees and other permits in connection with Tenant's construction have been obtained and paid for by Tenant.
 - d. Tenant's contractor has attended a pre-construction meeting with Landlord's representative.
 - e. Tenant or Tenant's contractor has provided to Landlord a certificate of insurance as required in Exhibit "B" Section II Paragraph L of this Lease Agreement.
 - f. Tenant or Tenant's contractor submits to Landlord payment of the required construction security deposits and fees.
 - g. Tenant submits to Landlord the names, addresses and phone numbers of the general contractor and all subcontractors, material suppliers, fixture suppliers and installers engaged in the construction of Tenant's work.
 - h. Tenant provides to Landlord a copy of each and every contract with any and all contractors, suppliers (if typically available), and providers (if typically available) and written acknowledgements in the form attached hereto as Form 1 from the general contractor, and from each subcontractor and material supplier providing in excess of Two Thousand Dollars (\$2,000.00) in work or materials to the Premises, that such entity is not entitled to and will not assert a mechanic's lien or any other interest in the Landlord's fee interest in the Building/Park, and that such entity shall look solely to Tenant and Tenant's interest in the Premises under this Lease for payment.
 - i. Tenant or Tenant's contractor provides to Landlord a copy of the contractor's license for the state in which the Building is located.
 - j. Tenant or Tenant's contractor provides to Landlord a construction schedule showing anticipated beginning and completion dates of each phase of Tenant's construction, including fixturing and stocking.

L. INSURANCE

1. Coverages. Tenant shall not permit its contractor(s) to commence any work until all required insurance has been obtained and certified copies of policies or certificates naming Tenant's general contractor as the primary insured and naming Landlord as additional insured have been delivered to Landlord. Tenant shall secure, pay for and maintain or cause its contractor(s) to secure, pay for and maintain during the continuance of construction and fixturing work within the Premises the following insurance in the following amounts:
 - a. Worker's compensation insurance with limits in accordance with the statutory requirements of the state in which the work is being performed and employer's liability insurance with limits of at least \$500,000.00 per person, \$500,000.00 per accident and \$500,000.00 for occupational diseases (including "stop gap" and "all states" endorsements).

- b. Comprehensive commercial general liability insurance including contractor's protective liability coverage, contractual liability coverage, explosion and collapse coverage, underground hazard coverage, and completed operations coverage insuring against bodily and personal injury and property damage in the combined single limit amount of not less than \$1,000,000, \$2,000,000 aggregate.
 - c. Comprehensive automobile liability insurance with a non-owned and hired liability endorsement covering bodily injury and property damage in the combined single limit amount of not less than \$1,000,000, \$2,000,000 aggregate.
 - d. Builders' Risk Completed Value Form affording "all risks of physical loss or damage" on its work in the Premises as it relates to the building in which the Premises are located, naming the interests of Landlord, Tenant's general contractor and all subcontractors as their respective interests may appear, within a radius of 100 feet of the Premises.
 - e. Tenant agrees to indemnify, defend, and hold harmless Landlord, Landlord's affiliates and its trustees, beneficiaries, partners, officers, agents and employees from and against all claims, liabilities, losses, damages, and expenses of whatever nature including those to the person and property of Tenant, its employees, agents, invitees, licensees, and others arising out of or in conjunction with the performance of Tenant's Work except to the extent same may arise out of Landlord's or its trustees', beneficiaries', partners', officers', agents' or employees' direct negligence, it being understood and agreed that the foregoing indemnity shall be in addition to the insurance requirements set forth above and shall not be in discharge of or in the substitution for same. All such policies shall be appropriately endorsed to name as additional insureds, Landlord and any other party so indicated by Landlord, for itself and other lenders as insured parties and to provide that Landlord shall be given thirty (30) days prior written notice of any alteration or termination of coverage.
2. Compliance. The above-described insurance shall comply in all respects with the provisions contained in the Lease. Such insurance shall cover injury to persons and damage to property arising out of the construction activities and operations of Tenant, the Tenant's General Contractor, the prime subcontractors or their respective subcontractors and material men or the employees of any of them.
 3. Scope. Such liability insurance shall insure the Tenant's General Contractor and/or subcontractors against any and all claims for bodily injury, including death resulting therefrom and damage to the property of others arising from its operations under the contract, whether such operations are performed by the general contractor, subcontractors, or any of their respective subcontractors or by anyone directly or indirectly employed by any of them.

M. ADDITIONAL ITEMS/REQUIREMENTS

1. Contractor Requirements. All contractors engaged by Tenant shall be bondable, licensed in the state where the Building is located, having good labor relations, capable of performing quality workmanship and working in harmony with other contractors and subcontractors on the job. Tenant's Work shall be coordinated with Landlord's general construction work, if any.
2. Evidence of Payment Capability. If required by Landlord, Tenant shall furnish Landlord satisfactory evidence that it has funds or financing to cover its anticipated construction obligations before commencing, or from time to time thereafter before proceeding further, with such construction.

3. Intentionally Omitted.
4. Inspection. During the course of construction, Tenant's Work shall be subject to inspection by Landlord. Tenant shall require its general contractor to cooperate with Landlord and to correct any deficiency noted by Landlord during construction. Prior to the installation of any ceiling or concrete floor-slab work in the Premises, Tenant's contractor shall contact Landlord's representative to arrange for an inspection of all work in the Premises. The Premises shall be inspected by Landlord for the purpose of determining the quality of the workmanship and adherence to Landlord approved drawings and the provisions of this Exhibit "B". Landlord shall notify Tenant in writing of any unacceptable items and Tenant shall have thirty (30) days to complete such items. Landlord or Landlord's agent shall, upon written notification to Tenant, complete any item still outstanding at the end of the thirty (30) day period.
5. Warranties. Upon completion of Tenant's Work, warranties (one [1] year minimum) on all work and equipment shall be assigned to Landlord by Tenant.
6. Work Rules. Tenant or Tenant's general contractor, shall not commence any work without checking in with Landlord's representative and satisfying all requirements of Section II, paragraph K, of this Exhibit "B". All work performed by Tenant during the term of the Lease shall be performed in accordance with this Lease Agreement, all Exhibits thereto, the Tenant Design Criteria and as directed by Landlord's representative and shall be performed so as not to cause interference with other tenants and the operation of the Building/Park. Tenant will take all precautionary steps to protect its facilities and the facilities of others affected by Tenant's Work. Construction equipment and materials are to be located in confined areas and truck traffic is to be routed in and from the site as directed by Landlord. Tenant shall require its General Contractor and all Subcontractors to comply with Landlord's Construction Job Rules which shall be issued to Tenant's General Contractor at the time of the per-construction meeting as described in Section II K.
7. State Sales Tax. Contractor must provide evidence of payment of all applicable state Sales Tax at the completion of the project.
8. Waste Storage. Tenants must store and contain all bi-products and waste within Tenant's premises (to include grease, oils and all other potentially hazardous materials). No waste may accumulate for longer than a 24 hour period and must be legally disposed.

N. TENANT CLOSE-OUT AND PROJECT COMPLETION

Upon completion of Tenant's construction, Landlord will deliver to Tenant a project close out package. Tenant shall promptly and diligently complete all requirements and forms within thirty (30) days of receipt of close out package as set forth below. (See Section III of this Exhibit)

1. Letter of Acceptance. Upon the completion of Tenant's construction, fixturing, and satisfaction of the conditions set forth below, Landlord shall inspect the Premises, and if such Premises are acceptable, Landlord shall issue a Letter of Acceptance to Tenant. Tenant's Work shall not be deemed to be in compliance with the terms of this Lease or Exhibits thereto until such Letter of Acceptance has been issued by Landlord to Tenant. The issuance of such a Letter of Acceptance shall be contingent upon all of the following:
 - a. Tenant shall have satisfactorily completed the work to be performed by Tenant as required in this Lease Agreement and Exhibits thereto in accordance with the working drawings and specifications thereof, and as approved by Landlord.

- b. Tenant shall have furnished Landlord with final unconditional waivers of lien and contractor's affidavits, substantially in the form attached hereto, from all parties performing labor or supplying equipment and/or materials in connection with Tenant's Work, including Tenant's architect. Such waivers and affidavits shall establish that all of said parties have been compensated in full, shall be in the form of sworn statements and "long form" affidavits, and shall establish that payment has been made for all labor and materials, all equipment and fixtures, all architectural and engineering fees and all other contractor services, and shall certify that all work has been performed in accordance with Landlord-approved plans and specifications. In addition, Tenant shall have furnished a Tenant affidavit substantially in the form of Form C attached hereto stating that Tenant has paid for all work performed and for all fixtures, equipment and materials supplied on its behalf. (See Section III for close out forms).
- c. Tenant shall submit to Landlord a cost breakdown attached hereto in the form of Form D, stating Tenant's final and total construction costs, together with received invoices showing payment thereof, evidence of payment of any state Sales Tax, or such evidence of payment as is satisfactory to Landlord (see Section III).
- d. Tenant shall secure and deliver to Landlord a copy of a Certificate of Occupancy property issued by the governmental entity having jurisdiction.
- e. Tenant shall deliver to Landlord one (1) set of "as-built" construction drawings of the Premises.
- f. Tenant shall have reimbursed Landlord for the work and related items performed by Landlord within and for the Premises in accordance with the Lease, and this Exhibit B.
- g. Tenant shall furnish Landlord with an HVAC air balance report performed by an independent air-balancing contractor.
- h. Tenant shall have completed all Landlord required punch-list items as Landlord shall detail as part of Form E.
- i. Tenant shall have requested in writing to Landlord that a Letter of Acceptance be issued to Tenant.

O. FAILURE TO PAY SUMS DUE LANDLORD

- 1. Remedies. Should Tenant fail to timely pay the sums which are due Landlord, or should Tenant fail to pay Landlord or any of Landlord's affiliates for any work performed by Landlord or such affiliate on Tenant's behalf under this Exhibit, or as a contractor or subcontractor for Tenant, or otherwise, such failure shall constitute a breach of this Lease, subject to the applicable notice and cure periods and entitle Landlord to exercise any or all available remedies contained in the Lease.
- 2. Interest. All sums which are required to be paid hereunder and which are not paid when due shall bear interest as and to the extent described in the Lease.

P. GENERAL REQUIREMENTS

- 1. Intentionally Omitted.
- 2. Intentionally Omitted.
- 3. OSHA. Tenant shall comply with all current provisions of the Occupational Safety and Health Act (OSHA), that may apply to Tenant's operations.

4. Environment. Tenant shall comply with the latest Environmental Protection Agency (EPA) requirements covering Tenant's operations from the Premises. In addition, Tenant shall comply with all other existing or future City, County, State or Federal regulations or legislation regarding environmental hazards as such applies to Tenant's operations.
5. Intentionally Omitted.
6. Exterior Conduit. Tenant shall not install conduit, pipes, wires or other lines of any type on any exterior portion of the Building/Park without Landlord written approval or as shown on the approved Tenant's construction documents.
7. Trash Removal. Landlord does not provide and is not responsible for Tenant's construction or move-in trash removal. It is Tenant's responsibility to contain and remove all construction debris, packaging and move-in debris from its Premises prior to opening. Unless other arrangements are approved in advance by Landlord, Tenant or Tenant's contractor shall provide an open-top dumpster for the containment of Tenant's construction and move in debris. Tenant is not to use the Building/Park dumpsters or trash receptacles at any time during its construction. Trash removal for Tenant's construction shall be approved by and coordinated through the Landlord's representative with all costs being Tenant's responsibility. Trash accumulation will not be permitted overnight in the Premises, Common Area or truck dock areas. Tenant shall not allow excessive trash to accumulate within the Premises or allow any trash to accumulate in the Common Areas. The Premises and adjacent Common Areas must be "broom clean" at the end of each construction shift. Tenant shall pay any costs incurred by Landlord in removing Tenant or Tenant's contractors trash from areas in and around the Premises (plus a 15% surcharge for overhead).
8. Portable Bathroom. If applicable, Tenant's contractor to provide, at their cost, a portable bathroom during the construction time period.
9. Landlord's Approval and Consent. Wherever Landlord's approval or consent is required (or that of its Architect, Engineer or other agent or representative) under this Exhibit "B" (or any riders, attachments or exhibits hereto), such consent or approval shall not be unreasonably withheld, conditioned or delayed and shall be provided within ten (10) working days of Landlord's receipt of request therefor.

III. FORMS (attached)

A. PROJECT PRE-COMMENCEMENT FORMS

1. FORM 1-CONTRACTOR'S ACKNOWLEDGEMENT: Each contractor and material supplier providing in excess of two thousand dollars (\$2,000) in work or materials shall execute Form 1 prior to performing any work or supplying any materials.

B. PROJECT CLOSE OUT FORMS

1. Form A- General Contractor's Lien Wavier and Affidavit: Must be completed and signed by Tenant's General Contractor, notarized and returned to Landlord. Use of an alternative form must be approved by the Landlord.
2. Form B- Subcontractors, Lower Tier Contractor and Material-Men Lien Wavier: Must be completed by each party who performed work or provided materials, valued in excess of \$500.00. Follow same instructions per Form "A" above. (Tenant must make copies as required)

3. Form C – Tenant’s Affidavit: Must be completed and signed by the appropriate officer of Tenant, notarized and returned to Landlord.
4. Form D – Cost Breakdown: Must be completed and signed by the appropriate officer of Tenant and returned to Landlord along with copies of receipts showing payment, canceled checks or other evidence of payment.
5. Form E – PUNCH LIST ITEMS: Tenant’s work will be inspected by the Landlord for the purpose of determining the quality of work done and the adherence to the plans approved by the Landlord. Items and comments pertaining to Landlord’s inspection will be forwarded to Tenant on Form E.

Approved as to form by
Landlord’s Representative
[SIGNATURE APPEARS HERE]
Date _____

Approved as to form by
Tenant’s Representative
[SIGNATURE APPEARS HERE]
Date _____

FORM 1

CONTRACTOR'S ACKNOWLEDGMENT FORM

Owner Information

230 East South Temple
Salt Lake City, Utah 84111

Phone (801) 478-8000 Fax (801) 478-8001

Contractor Information

Company

Name

Address

Phone

Fax

Tenant

Space #

Project Information:

Property

Contractor understands that as a condition of Tenant's Lease, Contractor must have and maintain in force at all times valid policies of workers compensation insurance, comprehensive general liability insurance and comprehensive automobile liability insurance, providing certain coverage's as detailed in the Lease.

Attached are current certificates from Contractor's workers compensation, general liability insurance companies, and comprehensive automobile liability insurance, verifying that Contractor has the coverages required by the Lease.

Contractor acknowledges and agrees that it is not entitled to and will not assert a mechanic's lien or any other interest in the Landlord's fee interest in the Building/Park, and that Contractor shall look solely to Tenant and Tenant's interest in the premises under the Lease for payment.

Name

Title

Date

Any questions regarding the completion or distribution of this form should be directed to:
The Landlord's Representative . 230 East South Temple . Salt Lake City . Utah . 84111
Ph. (801) 478-8000 . Fax(801) 478-8001

FORM A

GENERAL CONTRACTOR
AFFIDAVIT, LIEN WAIVER, WARRANTY, AND FINAL RELEASE OF CLAIMS

Owner Information

Contractor Information

230 East South Temple
Salt Lake City, Utah 84111
Phone (801) 478-8000

Fax (801) 478-8001

Company
Name

Address

Phone

Fax

Project Information

Tenant

Space #

Property

KNOW ALL MEN BY THESE PRESENT that _____ (the "General Contractor"), for and in consideration of the receipt of the sum of \$ _____ by General Contractor from construction contract (the "Agreement") between the parties dated the _____ day of _____, 200____, hereby release and forever discharges the Tenant and Owner(s) collectively, and their respective successors, affiliates, agents, and assigns, and the property of any of them from all claims and demands whatsoever, including but not limited to lien rights, in any manner arising out of or related to said Agreement including labor performed and materials, supplies, equipment, and work furnished by or through General Contractor in connection with, or incidental to, the construction project indicated above.

In consideration of and for the purpose of inducing tenant to make the aforesaid final payment, General Contractor hereby represents, warrants, and agrees that: (1) all sums due or to become due and all debts, accounts, damages, obligations, claims, and demands of every nature and kind whatsoever in any manner arising out of or related to labor performed or materials, supplies, equipment, and work furnished in connection with, or incidental to, said construction have been paid and satisfied; (2) there are no unsettled claims for injuries to or death of any persons or damage to or destruction of property in any manner arising out of, or related to, the aforesaid construction performed on behalf of Tenant was done so and performed in strict accordance with plans and specifications as provided by Tenant and approved by the local governing jurisdiction, and stamped "Approved as Noted" by owner or its representative; and (3) it shall indemnify and hold harmless Tenant and Owner and their respective successors, affiliates, agents, and assigns from and against any claims, demands, liens, claims of liens, judgments, attachments, and costs related thereto, including attorney's fees, in any manner arising out of, or related to, the aforesaid construction.

The undersigned does hereby further acknowledge that it has no claims or rights of lien of any kind or nature with respect to the Project or the Agreement against Tenant or Owner or their respective successors, affiliates, agents, and assigns, including their respective subsidiaries, general partners, lenders, and employees.

The provisions hereof shall inure to the benefit of and shall release and indemnify Tenant and Owner and their respective successors, affiliates, agents, and assigns, including without limitation, their respective subsidiaries, general partners, lenders and employees, as fully and completely as if each of said persons and entities were specifically named or referred to herein as Owner.

Name Title Date

A duly authorized and constituted agent and representative

Subscribed and sworn to before me

My Commission Expires

this _____ day of _____ 200 _____

Notary Public:

Any questions regarding the completion or distribution of this form should be directed to:
The Landlord's Representative . 230 East South Temple . Salt Lake City . Utah . 84111
Ph. (801) 478-8000 . Fax(801) 478-8001

FORM B
SUBCONTRACTOR, LOWER-TIER SUBCONTRACTOR, OR MATERIAL MEN
LIEN WAIVER, WARRANTY, AND FINAL RELEASE OF CLAIMS

Owner Information:

Sub-Contractor/Supplier Information:

230 East South Temple
Salt Lake City, Utah 84111
Phone (801) 478-8000

Company
Name

Address

Fax (801) 478-8001

Phone

Fax

Project Information:

Tenant
Property

Sapce #

KNOW ALL MEN BY THESE PRESENT that (the "Payee"), in consideration of the sum of \$ receipt of which is hereby acknowledged from (Contractor) and/or collectively, (the Payor), representing the final payment under that certain contract between Payer and Payee dated the day of ,200 (the "Contract"). Hereby releases and forever discharges Payer and Owner(s) collectively, and their respective successors, affiliates, agents, and assigns, and the property of any of them from all claims and demands whatsoever, including but not limited to lien rights, in any manner arising out of or related to said Contract or labor performed or materials, supplies, equipments, and work furnished by or through payee in connection with, or incidental to, the construction project indicate above.

In consideration of and for the purposes of inducing Payer to make the aforesaid final payment, Payee hereby represents, warrants, and agrees that: (1) all sums due or to become due and all debts, accounts, damages, obligations, claims, and demands of every nature and kind whatsoever in any manner arising out of or related to labor performed or incidental to, said construction have been paid and satisfied; (2) there are no unsettled claims for injuries to or death of any persons or damage to or destruction of property in any manner arising out of, or related to, the aforesaid construction; and (3) it shall indemnify and hold harmless Owner and Payer, and their respective successors, affiliates, agents, and assigns from and against any claims, demands, liens, claims of liens, judgments, attachments, and costs related thereto, including attorney's fees, in any manner arising out of, or related to, the aforesaid construction.

The undersigned Payee does hereby further acknowledge that it has no claims or rights of lien of any kind or nature with respect to the Project or the Contract or any claims or rights against Owner or Payer, or their respective successors, affiliates, agents, and assigns.

The provisions hereof shall inure to the benefit of and shall release, indemnify, and otherwise apply to Owner and Payer, and their respective successors, affiliates, agents and assigns, including without limitations, their respective general partners, lenders, subsidiaries, and employees, as fully and completely as if each of said persons and entities were specifically named or referred to herein as Owner.

Name Title Date

A duly authorized and constituted agent and representative

Subscribed and sworn to before me

this day of 200

Notary Public:

My Commission Expires:

TENANT AFFIDAVIT

Owner Information:

Tenant Information:

230 East South Temple
Salt Lake City, Utah 84111
Phone (801) 478-8000

Fax (801) 478-8001

Company
Name

Address

Phone

Fax

Project Information:

Tenant
Property

Space #

The undersigned hereby certifies that the Tenant, has otherwise satisfied all obligations for all materials and equipment furnished, for all work, labor, and services performed, and for all known indebtedness and claims against the Tenant for damages arising in any manner in connection with the construction project indicated above, for which the Owner(s) collectively, and their respective successors, affiliates, agents, or their property might in any way be held responsible.

In addition, the Tenant hereby warrants that the improvements made and construction performed on behalf of the Tenant at the aforementioned location was done so and performed in strict accordance with plans and specifications as provided by the local governing jurisdiction and stamped "Approved as Noted" by Price Logistics Center Draper One, LLC.

Name Title Date

A duly authorized and constituted agent and representative

Subscribed and sworn to before me

this _____ day of _____ 200_____

Notary Public:

My Commission Expires:

Any questions regarding the completion or distribution of this form should be directed to:
The Landlord's Representative . 230 East South Temple . Salt Lake City . Utah . 84111
Ph. (801) 478-8000 . Fax(801) 478-8001

FORM D
COST BREAKDOWN

General Contractor Information:

Tenant Information:

Company
Name
Contract
Amount

d.b.a
Space #

GENERAL CONTRACT BREAKDOWN:

Amount:

Carpentry, Drywall, and Framing
Acoustical Ceilings
Plumbing
Mechanical
Electrical
Paint/Wall covering
Flooring

OTHER COSTS BORNE BY TENANT:

Signage
Store Fixtures
Architectural/Engineering Fees

TOTAL COST OF IMPROVEMENTS

I certify that the above amounts comprise the total and correct cost breakdown of "Tenant's Work" as described in Exhibit B-1 (Tenant Allowance) to the Lease Agreement between Tenant and Landlord.

Name Title Date

A duly authorized and constituted agent and representative

Subscribed and sworn to before me

this ___ day of ___ 200___

Notary Public:

My Commission Expires:

Any questions regarding the completion or distribution of this form should be directed to:
The Landlord's Representative . 230 East South Temple . Salt Lake City . Utah . 84111
Ph. (801) 478-8000 . Fax(801) 478-8001

Any questions regarding the completion or distribution of this form should be directed to:
The Landlord's Representative . 230 East South Temple . Salt Lake City . Utah . 84111
Ph. (801) 478-8000 . Fax(801) 478-8001

FORM E

PUNCH-LIST

Tenant Information:

d.b.a. Space #

Tenant space was inspected on _____ and the following punch list items were noted. A follow-up inspection will be made within 30 days of his date to verify satisfactory completion of such items. Tenant shall insure that a copy of this punch list is received by Tenant's contractor(s). Please retain a copy for your record.

I hereby certify that the above punch list item(s) have been completed or rectified to the Landlord's satisfaction.

Name Title Date

The Landlord's Authorized Representative

**OCCUPANCY CHARGE SCHEDULE
ATTACHMENT VI.1**

To be completed by Landlord's Representatives

EXHIBIT "B-1"

TENANT ALLOWANCE

Notwithstanding anything to the contrary contained in this Exhibit "B-1" and Exhibit "B", Landlord agrees to contribute to Tenant a tenant allowance in the amount of four hundred thousand dollars (\$400,000.00) which sum shall apply towards the work to be done by Tenant as set forth in the Section of Exhibit "B" entitled "Tenant's Work", except that such sum shall not in any event apply towards Tenant's trade fixtures, signs or architectural fees. Said sum is hereinafter referred to as the "Tenant Allowance". Tenant's current, good faith estimates assess the total cost of Tenant's Work to be Four Hundred Thousand Dollars (\$400,000.00). Once Tenant has bid or otherwise received reliable third party estimates for the cost of Tenant's Work, Tenant will provide Landlord with a revised estimate. **Notwithstanding the foregoing to the contrary, the Tenant Allowance set forth herein above, is amortized over the term of the lease at a rate of eight percent (8%). Such amortization is reflected in the Base Rent as shown in Section 1.1 of the Lease. Such Tenant Allowance shall be used for the construction of up to approximately six thousand square feet of office space, installation of Tenant's required dock equipment, power distribution and lighting, all of which shall meet Landlord's Standard Criteria. In no event shall Tenant utilize any of the Tenant Allowance for personal property, furniture, fixtures, equipment, moving expenses or any other item(s) beyond base building improvements, as described herein above. Provided Tenant provides written notice to Landlord of its completion of Tenant Improvements, any allowance dollars which are unused by Tenant within 12 months from the date of lease execution shall be credited dollar for dollar, including the eight percent (8%) amortized interest rate, in the form of free rent.**

Additional Items/Requirements.

1. Contractor Requirements. All contractors engaged by Tenant shall be State of Utah licensed contractors, having good labor relations, capable of performing quality workmanship and working in harmony with other contractors and subcontractors on the job. Tenant shall coordinate Tenant's work with Landlord's general construction work. All of Tenant's contractors and subcontractors shall be under written obligation to comply with the provisions of Article 7 of the Lease. All of Tenant's contractors, subcontractors, and material suppliers providing in excess of Two Thousand Dollars (\$2,000.00) in work or materials to the Premises shall, prior to providing any work or material to the Premises, provide Landlord with a written acknowledgment in the form attached hereto as "Contractor's Acknowledgement" that such entity is and shall not be entitled to and will not assert a mechanic's lien or any other interest in the Landlord's fee interest in the Park and that such entity will look solely to Tenant and Tenant's interest in the Premises under this Lease for payment.
2. [Intentionally deleted]
3. Tenant Work By Landlord. Landlord shall have the right to perform on behalf of and for the account of Tenant, subject to prompt reimbursement by Tenant, any of Tenant's work which Landlord determines shall be so performed. Such work shall be limited only to work which Landlord reasonably believes is required because of an emergency situation, to work pertaining to structural components or requiring roof penetrations, and to work which pertains to the general utility systems for the Business Park. Reimbursement shall also be limited to the reasonable costs incurred in performing the work.
4. Inspection. During the course of construction, Tenant's Work shall be subject to the inspection and approval by Landlord and Landlord's Architect. Tenant shall require its general contractor to cooperate with Landlord and to correct any deficiency noted by Landlord during construction. Upon completion of Tenant's Work, the Premises shall be inspected by Landlord for the purpose of determining the quality of the workmanship and adherence to Landlord approved drawings and the provisions of this Exhibit "B-1" and Exhibit "B". Landlord shall notify Tenant in writing of any unacceptable items and Tenant shall have thirty (30) days to complete such items.

Landlord or Landlord's agent shall, upon written notification to Tenant, complete any item still outstanding at the end of the thirty (30) day period.

[Intentionally Deleted]

5. Work Rules. Tenant shall insure that its contractor(s) shall not commence work without checking in with Landlord's on-site representative, holds a pre-construction meeting, provides a copy of the building permit, its State contractors license number, and certificate of insurance and executes an Acceptance of Premises form. All work performed by Tenant during the term of the Lease shall be performed so as to cause a minimum of interference with other tenants and the operation of the Park. Tenant will take all precautionary steps to protect its facilities and the facilities of others affected by Tenant's Work and to police the same properly. Construction equipment and materials are to be located in confined areas and truck traffic is to be routed in and from the site as directed by Landlord so as not to burden the construction or operation of the Park. In addition to the foregoing, Tenant shall require its General Contractor and all subcontractors to comply with Landlord's Construction Work Rules [Please forward as soon as possible so they can be provided to Tenant's design team] which shall be issued to Tenant's General Contractor at the time of the project check-in and its acceptance of Premises. Such Work Rules will generally describe, but not be limited to, access, hours of work, trash removal, conduct of workers, parking, material delivery, storage of material, etc.
6. Pay Applications. Tenant shall forward to Landlord copies of each and every pay application ("Certified Pay Application") received by Tenant respecting Tenant's Work on a monthly basis until the Tenant Allowance has been fully expended. All such pay applications shall be certified by Tenant's architect.
7. Procedures and schedules for the construction of the Premises by Tenant.
 - A. Commencement of Construction. Tenant agrees that once commenced, such work shall thereafter be diligently prosecuted to completion.
 - B. Commencement Requirements. Tenant shall submit to Landlord, prior to the commencement of construction the following information and items:
 - a. The names, addresses, and phone numbers, of the general contractor and all the subcontractors and material suppliers, including fixture suppliers, and installers, engaged in the construction of Tenant's Work.
 - b. The actual commencement date of construction and the estimated date of completion of Tenant's Work, including its fixturing and stocking.
 - c. Evidence that all required building, connection fees, impact fees and other related permits in connection with the construction and completion of Tenant's Work have been obtained and paid for by Tenant.
 - d. Certificates of Insurance as required in the Lease and elsewhere in Exhibit "B" and this Exhibit "B-1".
 - e. Tenant provides to Landlord a copy of each and every contract with any and all contractors, suppliers (if typically available), and providers (if typically available) and written acknowledgments in the form attached hereto as Form 1 from the general contractor, and form each subcontractor and material supplier Providing in excess of Two Thousand Dollars (\$2,000.00) in work or materials to the Premises, that such entity is not entitled to and will not assert a mechanic's lien or any other interest in the Landlord's fee interest in the Building/Park, and that such entity shall look solely to Tenant and Tenant's interest in the Premises under this Lease for payment. [Taken from Exhibit B, Section II, K(h)]

8. Changes. Any material changes, modifications or alterations to Tenant's Work or to Tenant's drawings which are proposed by Tenant or which are requested or made by Tenant, shall be reviewed by Landlord or its Architect/Engineer. No material changes, modifications or alterations to Landlord's Work or to Tenant's previous approved drawings shall be made without the written consent of Landlord. Tenant shall provide Landlord with copies of any change orders in excess of Five Thousand Dollars (\$5,000.00) prior to the work set forth in such change order being commenced and Landlord shall complete and notify Tenant of its review within five (5) working days of Landlord's receipt.
9. The Tenant Allowance shall be paid by Landlord to Tenant in a single payment upon (i) the performance by Tenant of all of its obligations pursuant to the Exhibit "B", and (ii) the occurrence of each of the following conditions:
 - (a) The filing of a Notice of Completion and the expiration of applicable lien periods, provided that no mechanics' or materialmens' liens are asserted or filed within such lien period; or in the alternative, presentation to Landlord of full and complete releases of mechanics', materialmens' and laborers' liens respecting Tenant's Work;
 - (b) Issuance of final Certificate of Occupancy with respect to the Premises by the City in which the Park is located;
 - (c) Delivery to Landlord not later than thirty (30) days after completion of Tenant's Work as described in this Exhibit "B-1" and Exhibit "B" a written statement of the cost breakdown and a copy of the general contract for the performance of Tenant's Work. Such cost breakdown shall be certified to be correct by Tenant or by the managing general partner of Tenant if Tenant is a partnership or by the President or a Vice President of Tenant if Tenant is a corporation;
 - (d) Tenant is current with all obligations under the Lease or under this Exhibit "B-1" and Exhibit "B"; and
 - (e) Delivery to Landlord of a certificate of Tenant's architect certifying that Tenant's Work has been completed in accordance with plans and specifications approved by Landlord and certifying the correctness of the final billing of Tenant's contractor to Tenant;
 - (f) Delivery to Landlord no later than thirty (30) days after completion of Tenant's work as described in this Exhibit "B-1" and Exhibit "B" of a notarized statement certifying that Tenant's obligations for all materials and equipment furnished for all work, labor and services performed have been satisfied which shall include a statement certifying that all known indebtedness and claims against the Tenant for damages arising in any manner in connection with the construction of the Premises have been satisfied; and
 - (g) Tenant has completed to Landlord's reasonable satisfaction (i) those items specifically found by Landlord (or its architect, engineer, or other representative) or any governmental building inspector, to be (A) incomplete or of unacceptable workmanship, (B) deficient because of inadequate or inferior materials, or (C) not in compliance with the approved plans and specifications and (ii) any other "punch list" items.

10. Landlord's Approval and Consent. Wherever Landlord's approval or consent is required (or that of its Architect, Engineer or other agent or representative) under this Exhibit "B-1" (or any riders, attachments or exhibits hereto), such consent or approval shall not be unreasonably withheld, conditioned or delayed and shall be provided within five (5) working days of Landlord's receipt of request therefore.

Approved as to form by
 Landlord's Representative
 [Signature appears here]

Approved as to form by
 Tenant's Representative
 [Signature appears here]

Date 8/18/09

Date August 20, 2009

CONTRACTOR'S ACKNOWLEDGMENT

To:

From: ("Contractor")

RE: Lease by ("Tenant") of Premises at ("Park")

1. Contractor understands that as a condition of Tenant's Lease, Contractor must have and maintain in force at all times valid policies of workers compensation insurance, comprehensive general liability insurance and comprehensive automobile liability insurance, providing certain coverages as detailed in the Lease.
2. Attached are current certificates from Contractor's workers compensation, general liability insurance companies, and comprehensive automobile liability insurance, which show that Contractor has the coverages required by the Lease.
3. Contractor acknowledges and agrees that it is not entitled to and will not assert a mechanic's lien or any other interest in the Landlord's fee interest in the Park, and that Contractor shall look solely to Tenant and Tenant's interest in the Premises under the Lease for payment.

Date: _____

Contractor

EXHIBIT "C"

RULES, REGULATIONS AND RESTRICTIVE COVENANTS

LONE PEAK BUSINESS PARK

The Lease authorizes the Landlord to adopt reasonable rules and regulations for the Premises, Building and the Park. Failure to comply with such rules and regulations constitutes an event of default under the Lease beyond any applicable notice and cure period and so long as same is not inconsistent with the terms and conditions of the Lease. The following rules and regulations have been adopted and shall be binding upon Tenant, its employees, agents, contractors, invitees, licensees, customers, guests and visitors:

1. For purposes hereof, the terms "Landlord," "Tenant," "Building," "Park," and "Premises" are defined in the Lease to which these Rules and Regulations are attached. Wherever Tenant is obligated under these Rules and Regulations to do or refrain from doing an act or thing, such obligation shall include the exercise by Tenant of its commercially reasonable efforts to secure compliance with such obligation by the servants, employees, contractors, jobbers, agents, invitees, licensees, guests and visitors of Tenant. The term "Building" shall include the Premises, any obligations of Tenant hereunder with regard to the Building shall apply with equal force to the Premises and to other parts of the Building.
2. Intentionally Omitted
3. Tenant shall comply with and use its commercially reasonable efforts to cause all persons and vehicles serving or making deliveries to Tenant to use the service areas and facilities provided by Landlord in accordance with any and all rules and regulations governing the use of truck or vehicle access, parking, loading and unloading, deliveries, and permissible hours and places therefor, as the same may be from time to time reasonably established, modified, or amended by Landlord.
4. Tenant shall comply with all rules, orders, regulations and requirements of the governing Fire Department, the applicable Fire Rating Bureau, or any other similar body.
5. The Building shall be maintained as a "smoke free" environment. No smoking shall be permitted anywhere within the Building including, without limitation, any corridors, hallways, entry ways, restrooms, elevators, stairwells of the Building. Landlord may, but shall not be obligated to, post "no smoking" signs at various locations on the exterior of the Building. Tenant shall be responsible to assure that there is no smoking in the Building by its employees, and make reasonable efforts to assure that there is no smoking by its agents, contractors, and licensees.
6. All office equipment and any other device of any electrical or mechanical nature shall be placed by Tenant in the Premises in such a way as to absorb or prevent any vibration, noise, or annoyance.
7. Tenant shall be permitted to go upon the roof of the Building to perform maintenance and repairs without prior written consent of Landlord, but with prior notice to Landlord (which notice may be oral), except in the event of an emergency when no prior notice is required.
8. Tenant shall not deposit any trash, refuse, cigarettes, or other substances of any kind within or out of the Building, except in the refuse containers provided therefor.
9. Intentionally Omitted.
10. Tenant shall use the Common Areas only as a means of ingress and egress. Landlord shall in all cases retain the right to control or prevent access thereto by all persons whose presence, in the reasonable judgment of Landlord, shall be detrimental to the safety, character, reputation or interest of the Park and its tenants.

11. Tenant shall not use the washrooms, restrooms and plumbing fixtures of the Building, and appurtenances thereto, for any other purpose than the purposes for which they were constructed, and Tenant shall not deposit any sweepings, rubbish, rags, toxic materials or other improper substances therein. Tenant shall not waste water by interfering or tampering with the faucets or outlets or otherwise. If Tenant or Tenant's servants, employees, agents contractors, jobbers or licensees cause damage to such washrooms, restrooms, plumbing fixtures or appurtenances, such damage shall be repaired at Tenant's expense and Landlord shall not be responsible therefor.
12. Upon removal of any wall decorations or installations or floor coverings by Tenant, any damage to the walls or floors shall be repaired by Tenant and Tenant's sole cost and expense. Tenant shall refer all contractors' representatives, installation technicians, janitorial workers and other mechanics, artisans and laborers rendering any service in connection with the repair, maintenance or improvement of the Premises to Landlord for Landlord's approval before performance of any such service as and to the extent required by the Lease. The provisions of this paragraph shall apply to all work performed in the Building, including without limitation installation of telephones, transmission lines, equipment, electrical devices and attachments and installations of any nature any other portion of the Building. Plans and specifications for such work, prepared at Tenants' sole expense, shall be submitted to Landlord and shall be subject to Landlord's prior written approval in each instance before the commencement of work as and to the extent required by the Lease. All installations, alterations and additions shall be constructed by Tenant in a good and workmanlike manner and good grades of materials shall be used in connection therewith as provided in the Lease. The means by which telephone, transmission lines and similar wires are to be introduced to the Premises and the location of telephone, servers, call boxes, and other office equipment affixed to the Premises shall be subject to prior written approval of Landlord, not to be unreasonably withheld, conditioned or delayed.
13. Landlord shall have the right to prohibit any publicity, advertising or use of the name of the Park by Tenant which, in Landlord's opinion, tends to impair the reputation of the Park, and upon written notice from Landlord, Tenant shall refrain from or discontinue any such publicity, advertising or use of the Park name.
14. Tenant shall not obstruct, alter or in any way impair the efficient operation of Landlord's heating, ventilating, air conditioning, electrical, fire, safety or lighting systems. No heating, ventilating, air conditioning, electrical, or other equipment shall be installed on the roof of any building or structure unless the same is installed in a manner which shall have first been approved in writing by Landlord and, if required by code, properly screened.
15. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building without Landlord's prior written consent, except as provided in the Lease. Tenant shall not interfere with radio or television broadcasting or wireless communications or reception, from or in the Building or elsewhere in the Park.
16. Employees or agents of Landlord shall not contract with nor render free or paid services to Tenant or Tenant's servants, employees, contractors, jobbers, agents, invitees, licensees, guests or visitors. In the event that any of Landlord's employees perform any such services, such employees shall be deemed to be the agents of Tenant regardless of whether or how payment is arranged for such services, and Tenant hereby indemnifies and holds Landlord harmless from any and all liability in connection with any such services and any associated injury or damage to property or injury or death to persons resulting therefrom.
17. No land or buildings within the Park shall be used so as to permit the keeping of articles, goods or materials in the open or exposed to public view. No storage units, buildings, huts, etc. are permitted outside of the Building. No overnight storage of pallets, shipping materials, boxes or other materials shall be allowed within the Park. Landlord reserves the right to remove any materials prohibited hereunder at Tenant's expense.

18. No storage of vehicles shall be allowed other than those directly used in the operation of normal business.
19. No maintenance or repairs of vehicles shall be allowed in any Common Area or areas reserved for customer or employee parking.
20. Tenant shall not leave vehicles in the customer/office parking areas overnight nor park any vehicles in the customer/office parking areas other than automobiles, motorcycles, bicycles or light (four wheeled) trucks. All other vans, trucks, tractors, semi-trailers and delivery vehicles must be parked in the rear of the Building in the truck court areas. There shall be no parking of any vehicles in the Common Areas.
21. No Common Areas or areas reserved for customer or employee parking shall be used for motorcycle traffic or off highway vehicles similar to mini-bikes, motorcycles, dune buggies, snowmobiles or any other vehicle not normally used on streets, or subject to regulated legal registration.
22. Tenant shall not use, or permit any other person to use the Premises or any part thereof, or adjacent sidewalks or common areas for conducting thereon a second hand store or any auction, distress, fire, bankruptcy, moving, liquidation or going out of business sale.
23. No portion of the Park shall be used to distribute handbills, circulars or other political, charitable or similar material or to seek members for any organization, or to solicit contributions, or for lodging purposes, or for any parade or demonstration or other conduct which may tend to interfere with or impede the use of the Common Areas by Landlord or other tenants of the Park, or their respective employees, customers or invitees.
24. Tenant shall not produce, release, use, store, transport, handle or dispose of any Hazardous Material within the Park or otherwise knowingly permit the presence of any Hazardous Material on, under or about the Park, except in accordance with all Environmental Laws and as provided in the Lease. Tenant shall immediately notify the Landlord if Tenant acquires knowledge that Tenant is in breach of any of the Environmental Laws. In the event Tenant shall breach the foregoing prohibition, Landlord shall have the right, but not the obligation, to cure Tenant's failure in that regard after Landlord shall have given Tenant reasonable notice and an opportunity to cure such failure as and to the extent provided in the Lease. If Tenant's acts or omissions shall give rise to a violation of this section, then Tenant shall indemnify, defend, hold harmless and protect the Landlord from any and all Environmental Damages arising from such violation as and to the extent provided in the Lease. Nothing contained in this section shall be deemed a limitation on, or a waiver of, any rights or remedies available to Landlord. As used in this section, the term "Hazardous Material" means any hazardous substance, pollutant, or contaminant regulated under any applicable Environmental Laws. As used in this section, the term "Environmental Laws" means all federal, state, regional, county, municipal, or other local laws, regulations, and ordinances regulating any substance, waste or material determined by any environmental authority or agency to be capable of imposing a risk of injury to health, safety or property. As used in this section, the term "Environmental Damages" means all claims, demands, orders, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs and expenses of investigation and defense of any claim related to Environmental Laws, whether or not such claim is ultimately defeated, a good faith settlement or judgement, and attorneys' fees, including without limitation, damages for personal injury, injury to property or natural resources, and consultant and contractor fees.
25. Landlord may waive any one or more of these rules and regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such rules and regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such rules and regulations against any or all of the tenants of the Building.
26. No portion of the Premises may be occupied by any of the following uses:

- (1) Residential purposes except for the dwelling of watchmen or other employees attached to a particular enterprise authorized in the area.
 - (2) Exterior storage in bulk of any junk, wrecked autos or materials of any nature in or adjacent to the Premises.
 - (3) No portion of the Premises or any building or structure thereon at any time shall be used for the manufacture, storage, distribution, or sale of any products or items which shall increase the fire hazard of adjoining property; or for any business which constitutes a nuisance or causes the emission of odors of a gas injurious to products manufactured or stored on adjoining property or which emit undue noise or for any purpose which will injure the reputation of the Premises or the neighboring property or for any use which is in violation of any of the laws of **Drapeer City** or the State of Utah.
27. Sign Criteria has been established for the purpose of assuring an outstanding development and for the mutual benefit of all property owners. Signs installed as nonconforming or unapproved must be brought into conformance at the expense of Tenant. All signage must be repaired immediately when damaged. No Banner or other advertising signage will be allowed on the Premises unless approved in advance in writing by Landlord.
 28. Each Tenant is provided with a dumpster area. All waste, garbage, cardboard, and rubbish materials shall be disposed of in a Tenant supplied dumpster to be located in Landlord designed dumpster area. Tenant will contract with a licensed waste disposal contractor and dispose of all waste materials. Tenant will remove and dispose of waste materials as frequently as necessary to maintain a clean dumpster area.
 29. Trucks and tractor-trailers must be parked in Loading Dock areas adjacent to Tenant's Premise. The Landlord will consider, on a case by case basis, alternative and/or additional parking areas for Tenants.
 30. All roof top equipment and exterior roof top mechanical equipment will be set back at least eighteen (18) feet from parapet wall.
 31. If a court of competent jurisdiction should hold any provision of this instrument, or the application thereof to any person or circumstance, to be invalid, void or illegal, the remaining provisions hereof and the application of such provision to any person or circumstance other than those as to which it is held to be invalid, void or illegal, shall nevertheless remain in full force and effect to the maximum extent permitted by law and shall not be affected thereby.
 32. Landlord reserves the right at any time to change or rescind anyone or more of these Rules and Regulations or to make any additional reasonable Rules and Regulations that, in Landlord's reasonable judgment, may be necessary or helpful for the management, safety or cleanliness of the Premises, Building or Park; the preservation of good order; or the convenience of occupants and Tenants of the Building generally. Landlord will notify Tenant of said change. Tenant shall be considered to have read these Rules and Regulations and to have agreed to abide by them as a condition of Tenant's occupancy of the Premises. Landlord agrees to enforce these Rules and Regulations in a non-discriminatory manner.

Landlord's Signature : [Signature Appears Here]

Date

J. Steven Price, Manager

Tenant's Signature : [Signature Appears Here]

Date August 20, 2009

EXHIBIT "D"
SIGN CRITERIA
Lone Peak Business Park
Office/Warehouse

GENERAL REQUIREMENTS

1. The purpose of these criteria is to establish a unified sign program and the standards necessary to insure coordinated proportional exposure for all Tenants. Conformance shall be strictly enforced and the Tenant shall remove any non-conforming signs.
2. No signage, lettering or graphics will be permitted except as expressly allowed by these sign criteria. Without limiting the general statement in any way, signage will be permitted only as provided for in the Allowable Signage section below. In no case will signage be permitted on the roof, exterior walls, overhead doors, dock high doors, columns, or service doors, nor shall any freestanding monument, parking lot or pole sign be permitted - other than Landlord-provided tenant directory. Notwithstanding the foregoing, Tenant shall be entitled to place on and about the Premises or Tenant's parking area directional, way-finding, parking, identification and similar signs relating to Tenant's operations at the Premises without Landlord's consent so long as same comply with all applicable legal requirements and Exhibit "D"
3. Tenant shall submit to the Landlord for approval four (4) copies of a detailed shop drawing of all proposed signage in conformance with these criteria. Each submittal shall include, but not be limited to, pertinent dimensions, installation details and color call-outs. The Landlord must approve sign contractors prior to any design work or fabrication.
4. Styles or Tenant logos are encouraged and may be permitted subject to approval by the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord's design approval will be based upon compatibility with storefront design, and with regard for the character intended of the overall Business Park.
5. Tenant shall submit Landlord-approved drawings to all agencies requiring approval, and shall pay for required permits.
6. Tenant will be responsible for supplying Landlord with copy of sign permit prior to sign installation. Tenant shall pay for all signs, their installation maintenance, removal, and after removal, restoration of the sign surface to a new and "as-built" condition.
7. All signs will be of excellent quality and workmanship. Work will be performed by contractor licensed to do business in Utah. Landlord reserves the right to reject any work reasonably determined to be of substandard quality. This applies to manufacturing and installation of all signs. Tenant will be fully responsible for the actions of Tenant's sign contractor. The sign company will carry workers compensation and public liability insurance in an amount required by Landlord. No sign manufacturers' names or logos are allowed on sign/display.
8. All signs and their installation must comply with the Draper City Sign Ordinance, as well as local building and electrical codes.
9. Signs built and/or installed without Landlord or governmental approvals and permit, or contrary to corrections made by Landlord or any governmental entity, will be altered to conform to these standards at Tenant's expense. If Tenant's sign has not been brought into conformance within fifteen (15) days after written notice from Landlord, Landlord shall have the right to remove and/or correct said sign at the expense of Tenant.
10. Within five (5) days of vacating the premises, Tenant will remove all signage and repair all surfaces in accordance with Landlord's standards and to the condition when Premises was leased. If Tenant has not removed the sign and repaired the fascia to Landlord's satisfaction, Landlord may exercise any of the right and remedies as set forth in the lease.
11. Banners, advertising placards, pennants, posters, promotional or seasonal signage, temporary fixtures for the display of goods or merchandise, or other descriptive material are not permitted and shall not be affixed or maintained upon the first or second surface of the store front windows, the entrance door, the exterior walls, canopy signage area, or Common Areas.

Grand Opening banners and promotional banners or signage are permitted with the Landlords prior written permission. Banners, signage, location, method of attachment and duration of display must be approved in writing by the Landlord.

12. Permanent advertising devices such as attraction boards, posters, cardboard signs, stickers/decals, banners and flags will not be permitted.
13. All Tenant signs installed in the Tenant I.D. signage area (above canopy) will be vertically and horizontally centered within the fascia band fronting the Premises. No projections above or below designated sign area will be permitted.
14. All signs will bear the Underwriters Laboratories (U.L.) label. U.L. labels must be placed on top of the sign and no portion of the labels shall be seen from below. Manufacturer's labels and logos are not allowed on the sign.

ALLOWABLE SIGNAGE AREAS (see attached Diagram, DW-1)

1. Tenant I.D. Sign Area (Above Canopy). Tenant will provide its own I.D. sign. Tenant I.D. signs will be individual, non-illuminated, ½" thick laser cut aluminum letters & logo. Each letter will be 12" high, painted automotive finish, semi-gloss black and mounted with minimal non-corrosive studs and silicone. Where the tenant's name and logo are too long to fit within the signage area, due to the 12" letter height, the Landlord will work with Tenant to make accommodations to the letter height. Signage is limited to Tenant name and logo only.
2. Tenant Directory (if existing). Landlord will include Tenant in the Tenant Directories in the Park located north of the canal. Tenant will install and pay the cost of an identification sign on the Tenant Directory, which will be maintained by the Landlord. Signage is limited to Tenant's name and logo only.
3. Window Graphics. Tenant may also apply silver vinyl signage on front entry door and main entrance windows. These signs will be limited to first surface (outside of window) and be limited to Tenant's name, logo, address numerals, and business hours of operation. Location of signage on main entrance windows must be approved in writing by the Landlord prior to installation.
4. Loading Dock Service/Man Door. Each Tenant has a rear entry service door and may have, as approved by Landlord, uniformly applied silver colored vinyl, three inch (3") high letters and logo, centered on door, with Tenant's name and logo. Tenant will maintain letters in a new condition and remove when premise is vacated and repair and repaint door if necessary.
5. Loading Dock Overhead Door. Tenant may install numbers or other identification relating to its warehouse management system above each overhead door. No additional signage will be permitted on or above overhead doors without Landlord's consent, not to be unreasonably withheld, conditioned or delayed.

SIGN INSTALLATION

1. Each letter and logo will be attached flush to the wall within the signage area. A combination of pins and adhesive will be permitted.
2. Where a tenant is the sole occupant of any building over 50,000 sf, tenant may use signage painted directly to exterior tilt panel. Tenant is responsible for patching, repairing, painting, and cleaning the sign band area to a like-new and "as-built" condition and must remove all evidence of the prior signs existence. When re-painting the signage area, the paint must match the existing color and wall and will be re-painted from score joint to score joint. If the location is not bordered by score joints, the entire tilt panel must be re-painted to match the existing color(s).
3. When removing signage in the Tenant I.D. Sign Area (above canopy), Tenant is responsible for patching, repairing, painting, and cleaning the sign band area to a like-new and "as-built" condition and must remove all evidence of the prior signs existence. When re-painting the signage area, the paint must match the existing color and wall and will be re-painted from score joint to score joint. If the location is not bordered by score joints, the entire tilt panel must be re-painted to match the existing color(s).

4. All signs, permits and related electrical hookup and installation costs shall be Tenant's responsibility. Tenant shall repair any damage to the Premises caused by the work of Tenant's sign contractor. All signs must conform to any applicable EPA requirements or other governmental regulations.
5. Sign installers shall be licensed sign contractors in accordance with the regulations of all applicable governmental agencies. Sign installers shall obtain all required permits prior to fabrication and installation of signage.
6. All signage must be installed no later than the date Tenant opens for business.

PROHIBITED SIGNS. The following types of signs or sign components are prohibited:

1. Animated, flashing, audible or revolving signs, or signs emitting smoke, odors or other material.
2. Window signage, other than that specifically outlined under the Window Graphics criteria.
3. No exposed conduits, wires, housings, transformers, lamps, tubing, crossover, or fastening clips will be permitted.
4. Painted lettering, mass manufactured temporary signage, or window signage other than specifically outlined in Allowable Signage Areas - window graphics.

Approved by Tenant: [Signature Appears Here]

Date:

Approved by Landlord: [Signature Appears Here]

Date:

Approved as to form

Landlord's Representative: [Signature Appears Here]

Date:

EXHIBIT "E"

**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR LONE PEAK BUSINESS PARK**

AFTER RECORDING RETURN TO:

David J. Castleton
Blackburn & Stoll, LC
257 East 200 South, #800
Salt Lake City, Utah 84111

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR LONE PEAK BUSINESS PARK

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made this ___ day of ____ 2009, by PRICE LOGISTICS CENTER DRAPER, LLC, a Utah limited liability company, PRICE LOGISTICS CENTER DRAPER ONE, LLC, a Utah limited liability company, PRICE LONE PEAK WEST, LLC, a Utah limited liability company, PRICE LONE PEAK RETAIL, LLC, a Utah limited liability company, and PRICE LONE PEAK COMPANY, LLC, a Utah limited liability company (hereinafter individually referred to as "Grantor" and collectively referred to as "Grantors").

WITNESSETH:

- A. Whereas, Grantors are the fee simple owners of certain real property commonly known and identified as Lone Peak Business Park, Salt Lake County, Utah, as more particularly described on Schedule A attached hereto (hereinafter defined as the "Property");
- B. Whereas, Grantors intend to own and develop portions of the Property and/or to convey portions of the Property to other persons or entities for development, all in accordance with certain covenants, agreements, easements, conditions and restrictions as are contained in this Declaration (together the "Protective Covenants") pertaining to the ownership and development of the Property;
- C. Whereas, Grantors are desirous of subjecting the Property to the Protective Covenants hereinafter set forth, each and all of which is and are for the benefit of said Property and for the Grantors and each subsequent owner and occupant of any portion of the Property; and
- D. Whereas, Grantors have deemed it advisable that they should create a Committee (the "Committee"), consisting of representatives chosen by the Grantors until such time as the earlier of 40 years from the date hereof or the sale by Grantors of 95 % or more of the overall acreage of the Property, which Committee shall have overall responsibility for implementation and enforcement of such Protective Covenants by declaring itself the entity to provide for the power of, and responsibility for, administering the terms of the Protective Covenants by approving the prospective plans of an owner to develop portions of the Property and for appointing a Management Company to maintain and repair all common areas and equipment located on the Property.

DECLARATION:

NOW, THEREFORE, Grantors do hereby proclaim, publish and declare that the Property is and shall be held, owned, transferred, sold, conveyed, hypothecated, leased, subleased, occupied and improved in accordance with and subject to the Protective Covenants hereinafter set forth, which Protective Covenants shall run with the land and be binding upon the Grantors and upon all parties having or acquiring any right, title or interest in and to any part of the Property, and shall inure to the benefit of each and every owner or owners of all or any part of the Property.

ARTICLE 1 DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Declaration, the following words, unless the context otherwise requires, shall have the following meanings:

"Affiliate" shall mean, when used with reference to a specified person or entity, any person that directly or indirectly controls, is controlled by or is under common control with the specified person or entity.

"Back of Curb" shall mean the farthest edge of a Street curb adjacent to a Street, which in some cases will be ten (10) feet from the boundary line of a Building Site depending upon applicable governmental regulation.

"Building" shall mean and include, but not be limited to, any structure built for permanent use on a Building Site, and all projections or extensions thereof, including but not limited to garages, outside platforms and docks, storage tanks, carports, canopies, enclosed malls and porches, sheds, tents, mailboxes, radios or TV antenna, fences, signboards or any other temporary or permanent improvement to such Building Site.

"Building Site" shall mean a tract of real property, or any subdivision thereof, within the Property that may as allowed by this Declaration and existing and applicable zoning and land use regulations, have built thereon a building or buildings. If fee simple title to two (2) or more adjacent Building Sites, as defined hereinabove, is acquired by the same Owner, such commonly owned Building Sites may, at the option of said Owner, be combined and treated as a single Building Site for the purposes of this Declaration, provided that the location of the Improvements on such combined Building Site shall be subject to the-prior written approval of the Committee.

"Committee" shall mean the committee created pursuant to the terms of Article IX hereof to perform the various tasks set forth under the terms of this Declaration.

"Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions, together with all of the provisions provided herein, which shall be recorded in the office of the

Salt Lake County Recorder, State of Utah, as the same may from time to time be supplemented or amended in the manner described herein.

“Deed” shall mean any deed, assignment, lease or other instrument conveying fee title or a leasehold interest in any part of the Property.

“Grantors” shall mean the entities described in the first paragraph of this Declaration, or their successors or assigns.

“Improvements” shall mean and include, but not be limited to, Buildings, out buildings, driveways, exterior lighting, fences, landscaping, lawns, loading areas, parking areas, railroad trackage, retaining walls, roads, screening walls, Signs, utilities, and walkways located on a Building Site.

“Landscaping” shall mean a space of ground covered with lawn and/or ground cover, combined with shrubbery, trees and the like, which may be complemented with earth berms, masonry or similar materials.

“Lawn” Shall mean a space of ground covered principally with grass.

“Management Company” shall mean such person or entity designated by the Committee from time to time to maintain and repair all common areas and equipment located on the Property pursuant to Article VI hereof. The Management Company may include an Affiliate of the Committee or any of the Grantors.

“Occupant” and/or “Tenant”, which may be referred to interchangeably, shall mean a person or entity, including but not limited to a corporation, joint venture, partnership, limited liability company, trust, or unincorporated organization or association, that, through receipt of a Deed or otherwise, has purchased, leased, rented or has otherwise legally acquired the right to occupy and use a Building, Building Site or any portion of any Building or Building Site, whether or not such right is exercised.

“Owner” shall mean a person or entity, including but not limited to a corporation, joint venture, partnership, limited liability company, trust, or unincorporated organization or association, that is the record owner of any fee simple estate, or that has an equity of redemption, in all or any portion of the Building Site.

“Property” shall mean the property described in the first Whereas clause above and as more fully described on Exhibit A attached hereto.

“Protective Covenants” shall have the meaning as set forth in the second Whereas clause of this Declaration.

“Sign” shall mean and include every advertising message, announcement, declaration, demonstration, display, illustration, insignia, surface or space erected or maintained in view of the observer thereof for the identification, advertisement, or promotion of the interests of any

person, entity, product or service. The term "Sign" shall also include the sign structure, supports, lighting systems and any attachments, ornaments or other features used to draw the attention of observers. This definition does not include any flag, badge, or ensign of any government or governmental agency erected for and used to identify said government or governmental agency.

"Street" shall mean any public or private street or highway, whether presently constructed, dedicated by plat map or contemplated in the future, under a site plan approved by any public authority.

ARTICLE II PURPOSES OF DECLARATION; MUTUALITY OF BENEFITS AND OBLIGATIONS

2.1 Purposes. The purposes of this Declaration are:

- (a) to insure proper use and appropriate, adequate and reasonable development of the Property and each Building Site located thereon;
- (b) to preserve and enhance the value to each Owner and Occupant of all Buildings and Building Sites;
- (c) to protect against the erection of Improvements constructed of improper, unsuitable or undesirable material;
- (d) to encourage the construction and maintenance of attractive, permanent Improvements that are compatible and harmonious as to appearance, function and location with Improvements situated on or planned for other Building Sites;
- (e) to ensure adequate off-street parking space and off-street truck loading and maneuvering facilities on the Property; and
- (f) in general to provide for the orderly, aesthetic and high quality architectural and engineering development, improvement and design of the Property and each Building thereon so as to promote the general welfare of the then current and future Owners and Occupants and to enhance the property value of the Property and Improvements.

2.2 Mutuality. The Protective Covenants set forth herein are made for the mutual benefit of each and every Owner and are intended to create reciprocal rights and obligations between the respective Owners and future Owners of all or any portion of the Property; and to create a privity of contract and estate between the grantees of said properties, their heirs, successors and assigns.

All Deeds, and any Buildings located on the land represented by the Deeds, shall be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all the terms, conditions and provisions contained in this Declaration. Every person who is or becomes an Owner of any portion of the Property does by reason of taking such title, by Deed or otherwise, agree to all of the terms, conditions and provisions of this Declaration.

ARTICLE III
POWERS, DUTIES, AND RESPONSIBILITIES OF GRANTORS

To the extent Grantors are Owners of any portion of the Property, Grantors shall be entitled to all of the same rights and privileges as accorded to each and every Owner pursuant to the terms and provisions of this Declaration. In addition, Grantors, their successors and assigns, shall have the following powers, duties and privileges that shall pertain only to Grantors, their successors and assigns, and not to any other Owner: (i) the right to appoint the members of the Committee as described in Article VIII below; (ii) the right with respect to sales of various portions of the Property as described in Section 9.5 below; and (iii) any and all other rights specifically granted to Grantors, as opposed to an Owner, pursuant to the provisions of the Declaration.

ARTICLE IV
GENERAL RESTRICTIONS, COVENANTS AND REQUIREMENTS

The following restrictions, covenants and requirements are imposed on the Property, and on all Buildings, Improvements and Building Sites located thereon, and are binding upon all Owners and Occupants, and may be enforced against such Owners and Occupants, jointly and/or severally:

4.1 Use. Each Building and Building Site shall be used for industrial, commercial, office, distribution, warehouse, manufacturing-limited, and/or retail purposes, and such other commercial purposes that are allowed by applicable zoning regulations and approved in advance by the Committee. In so using the Building and Building Site, the Owner or Occupant, as the case may be, shall at all times comply with all present and future safety, health, environmental or other laws, ordinances, orders, rules, regulations and requirements of all federal, state, county and municipal governments, departments, commissions, boards and officers, and all order, rules and regulations of the National Board of Fire Underwriters or any other body exercising similar functions, which may be applicable to the Building and Building Site. Grantor, Owner, Occupant, Management Company and the Committee, as the case may be and as to which such person has control over the particular property, shall (a) comply with all federal, state and local statutes, rules and regulations governing substances or materials identified as toxic, hazardous or otherwise damaging to person or property by reason of its chemical nature (the "Environmental Laws") and (b) promptly notify the Committee and any other affected Owner or Occupant in the event of any discharge, spillage, uncontrolled loss, seepage, release or filtration of oil or petroleum or chemical liquids or solids, particles, liquids or gaseous products, hazardous waste or any product of byproduct of such Owner's or Occupant's operations that may constitute an environmental hazard upon, on or under the Building or Building Site or any other matter relating to the Environmental Laws as they may affect the Property.

4.2 Restrictions on Use. No Owner or Occupant shall use or permit the use of the Property which is, in the reasonable opinion of the Committee, substantially inconsistent with or materially detrimental to the operation of the Park. The following uses and operations shall not be allowed without the prior written consent of the Committee:

- (a) Any use which emits or results in an obnoxious odor, noise, or sound which may constitute a public or private nuisance;
- (b) Any use which is physically damaging to other portions of the Project or which creates dangerous hazards;
- (c) Any assembly or manufacturing operation which would be permitted only in a heavy manufacturing or heavy industrial zone; or any distillation, refining, smelting, drilling or mining operation;
- (d) Any residential use or use involving animals;
- (e) Any incineration of garbage or refuse;
- (f) Any distribution of handbills, circulars or other political, charitable or similar material or to seek members for any organization, or to solicit contributions; or
- (g) Any parade or demonstration or other conduct which may tend to interfere with or impede the use of the Common Areas by other Owners and Occupants, or their respective employees, customers or invitees.

4.3 Location of Buildings. All Buildings shall be set back from the back of curb on their respective Building Sites by at least twenty (20) feet from the Back of Curb in the case of any frontage boundaries on 12200 South and 11950 South, by at least eighty (80) feet in the case of any frontage boundaries on 12300 South, by at least thirty (30) feet in the case of any frontage boundaries on Lone Peak Parkway, and at least twenty (20) feet from each interior (non-street frontage) property line, except for underground Improvements such as storage tanks, which may be placed within those portions of setback areas that are not included in the twenty (20) foot landscaped areas identified in Section 4.5.

The above minimum setbacks have been established to create and preserve an attractive setting for all Buildings. However, total uniformity of setback is not necessarily desired, and accordingly the Committee is authorized, in its sole discretion, to authorize variations from the minimums on an ad hoc basis. Any such variation must be expressly approved in writing by the Committee.

4.4 Parking and Parking Areas. No parking shall be permitted on any street or drive, or any place other than parking areas located upon Building Sites. All driveways and areas for parking, maneuvering, loading and unloading shall be paved with asphalt, concrete or similar materials, curbed with concrete and screened to the extent practical with Landscaping materials. Each Owner or Occupant shall be responsible for compliance by its employees and visitors.

4.5 Landscaping. Landscaping and irrigation shall be installed for a minimum depth of twenty (20) feet, beginning at the applicable back of curb on that portion of any building site that abuts any Streets. Owner shall also provide Landscaping and irrigation in the areas between its boundary lines and its adjacent Back of Curb. All other unimproved areas (i.e., areas that are

either unpaved, un-built or un-tracked and not within the setback areas described above) shall have either Landscaping and be maintained with an irrigation system or, at the discretion of the Committee, graveled areas that are regularly maintained. Every Building Site shall be landscaped in accordance with plans submitted and approved in writing by the Committee. Landscaping, including Landscaping between such Owner's boundary line and adjacent Back of Curb shall be installed within ninety (90) days after completion of Building construction, or as soon thereafter as weather will permit, and shall be maintained in the manner as outlined below in Section 4.21.

4.6 Fences. Fences, if allowed, will only be erected in the truck dock areas and used for the exclusive purpose of security. If approved by the Committee, all fencing will have to also be approved by Draper City and any site plan amendments will be the responsibility of the applicant to obtain.

4.7 Curb Cuts. Curb cuts for Driveways shall be a minimum of twenty (20) feet from adjacent property lines, except for any driveway that is shared by adjacent Owners in which case the curb cut will be centered on property line.

4.8 Signs.

(a) Subject to approval of the Committee, all Signs shall conform to the following general requirements:

(i) Only a company name and/or company logo shall be permitted, along with such other identifying features and information as the Committee may permit.

(ii) All illumination shall be provided by a concealed source and all back-lighting shall be contained within the area of the Sign.

(iii) No neon, traveling, flashing, intermittent or similar illumination of any kind shall be permitted.

(iv) All wiring and all appurtenant electrical equipment shall be installed inside the Building, underground or within the Sign.

(v) All signage will comply with the Draper City Sign ordinance and the then current signage criteria established by the Committee.

(b) During the period of development and prior to the completion of the principal building on each Building Site, the Building Site shall have only one temporary construction sign. After the completion of the principal Building on each Building Site, the availability for sale or lease of all or any part of the principle Building may be advertised by only one temporary marketing sign. Each temporary sign shall conform to the standards set forth in Section 4.8(a) with respect to all signs generally and as set forth in Section 4.8(c) with respect to "Single Tenant Roadway Signs" as shown in Exhibit B.

(c) Each single-tenant Building may have (1) one sign located in proximity to the Building Site's curb-cut that is within a reasonable distance of the intersection of its principal access driveway and the abutting public street ("Roadway Sign"), and (1) one on the front surface of such Building ("Building Mounted Sign"). Any such Roadway Signs shall conform to the format and specification set forth in Exhibit B hereto. The Committee shall approve the number and locations of such signs and at its discretion may allow for more than one location of any such signs particularly where the Owner may have exposure to more than one public street. Each Multi-tenant Building shall have a Roadway Sign which conforms with Exhibit C hereto.

(d) Each Building Site may have directional signs designating parking areas, off-street loading areas, entrances and exits and conveying similar information. All such signs shall conform to the format and specifications set forth in Exhibit B hereto, and if more than one principle Building is located on a Building Site, additional building identification signs may be used which conform with Exhibit B hereto. Two such signs that are visible from the street or from adjacent Building Sites, and a reasonable number of additional signs that are not visible, shall be permitted on such Building Site.

(e) The Committee may from time to time make changes or modification to the above requirements to take into account changes in technology or other considerations deemed by the Committee to be in the best interests of the Property and the Owners.

4.9 Exterior Construction, Materials and Colors. All exterior walls of any Building or other Improvement must be finished with architectural masonry units, natural stone, precast concrete (including cast in place concrete tilt-up panels), aluminum or glass materials, or their equivalent, along with such other architecturally and aesthetically suitable building materials as shall be approved in writing by the Committee. All finish material shall be maintainable and sealed as appropriate against the effects of weather and soiling. Color shall be harmonious and compatible with colors of the natural surroundings and adjacent Buildings.

4.10 Temporary Structures. No temporary Buildings or other temporary structures shall be permitted on any Building Site; provided, however, trailer, temporary buildings and the like shall be permitted for construction purposes during the construction period of a permanent Building. The location and nature of such structures must be submitted to and approved by the Committee and shall be placed as inconspicuously as practicable, shall cause no inconvenience to Owners or Occupants of other Building Sites, and shall be removed not later than thirty (30) days after the date of substantial completion for beneficial occupancy of the Building(s) in conjunction with which the temporary structure was used.

4.11 Antennas, Aerials and Dishes. No antenna or device for transmission or reception of any signals, including but not limited to telephone, radio or television antenna, aerial, dish or similar facility, shall be erected or maintained on any Building or Building Site in a manner such that it is visible from five (5) feet above the ground or ground floor level at a distance of five hundred (500) feet in any direction, without the prior approval of the Committee. Occupant shall not interfere with radio or television broadcasting or wireless communications or reception, from or in the Building or elsewhere in the Park.

4.12 Utility's; Mechanical Equipment; Roof Projections; etc.

(a) Except as may otherwise be required under applicable laws or utility company guidelines, all electrical, gas, telephone, data and water services shall be installed and maintained underground.

(b) Transformers that may be visible from any primary visual exposure area shall be screened with either plantings or a durable non-combustible enclosure (of a design configuration acceptable to Rocky Mountain Power). Where possible, trash enclosures shall be screened in a similar fashion for continuity.

(c) Transformer enclosures shall be designed of durable materials with finishes and colors which are unified and harmonious with the overall architectural theme.

(d) Exterior-mounted electrical and gas equipment shall be mounted on exposed surfaces only when an interior mounting is impractical. When mounted on the exterior, electrical equipment shall be mounted in a location that is substantially screened from public view. In no case shall electrical equipment be mounted on the street side or significant exposure side of any Building without the approval of the Committee. In no event will any roof top equipment and exterior roof top mechanical equipment be set back less than eighteen (18) feet from parapet wall.

(e) Exterior-mounted electrical equipment and conduits shall be kept to a visible minimum. Where visible, they shall be installed in a neat and orderly fashion and shall be painted to blend with their mounting backgrounds.

(f) Water towers, storage tanks, processing equipment, skylights, cooling towers, communication towers, vents and any other similar structures or equipment placed upon any Building Site shall be adequately screened from public view and from the view of other Building Sites by a screening method approved in writing by the Committee prior to the construction or erection of said structures or equipment. Physical features customary to light industrial facilities shall be identified by Owner for consideration by the Committee and shall not require screening if, at the discretion of the Committee, exposure of such features is acceptable.

4.13 Loading and Servicing Areas. Loading doors, docks, material hauling facilities, accessory structures and serving areas shall be screened, as much as reasonably practical at the discretion of the Committee, to minimize the effect of their appearance from public areas or neighboring sites. Moreover, loading and servicing areas shall be designed as an integral part of the Building architecture, so that the entire loading and servicing operation can be conducted within the confines of any such area. Loading areas shall not encroach into setback areas along street frontages. Off Street loading spaces shall be designed to include an additional area or means of ingress and egress which shall be adequate for maneuvering. Trucks and tractor-trailers must be parked in loading dock areas. The Committee will consider, on a case by case basis, alternative and/or additional parking areas for Occupants. No land or buildings within the Park shall be used so as to permit the keeping of articles, goods or materials in the open or exposed to public view. No storage units, buildings, huts, etc. are permitted outside of the Building.

4.14 Garbage and Debris. No refuse, garbage, trash, grass, shrub or tree clippings, plant waste, compost, bulk materials or debris of any kind shall be kept, stored or allowed to accumulate on any Building Site except within an enclosed structure or container approved by the Committee or unless appropriately screened from view in a manner acceptable to the Committee, except that any refuse or storage container containing such materials and approved by the Committee, may be located outside at such time as may be reasonably necessary to permit garbage or trash pickup or materials storage. The Committee, in its discretion, may adopt and promulgate reasonable rules and regulations relating to the type and appearance of permitted trash receptacles, the screening thereof by fences or otherwise, and the manner of locating the same on the Property. Occupants shall remove and dispose of waste materials as frequently as necessary to maintain a clean dumpster area.

4.15 Accumulation of Materials; Storage Areas. Materials, supplies, merchandise, equipment, company-owned vehicles or similar items shall be stored in a location that shall be adequately screened as much as reasonably practical, at the discretion of the Committee, from the view of adjacent Buildings, public streets and pedestrian walkways by either a fence, wall, landscaping screen or similar manner, but then only if approved in writing by the Committee. Subject to the consent of the Committee, fuel and other storage tanks and coal bins shall be installed underground wherever practicable and in any event screened from public view. No overnight storage of pallets, junk, wrecked autos, shipping materials, boxes or other materials shall be allowed within the Park. The Committee reserve the right to remove any materials prohibited hereunder at the violating party's expense. No outside storage of vehicles shall be allowed other than those directly used in the operation of normal business.

4.16 Utilities. Other than for street lighting, all pipes, lines and other facilities for utilities, including water, gas, sewer and drainage, and all lines and conduits of any type hereafter installed for the transmission of audio and visual signals or electricity shall be located beneath the ground or within an enclosed structure or adequately screened, except that overhead lighting and utility appurtenances may be located above ground if they are adequately screened by Landscaping or by suitable Building materials that are harmonious with the surrounding structures, so as not to be visible from adjacent Buildings, public streets and pedestrian walkways. Each Owner and Occupant shall use the shared or common utility lines for the purposes for which they were constructed and shall not overload or use the same to excess.

4.17 Maintenance of Property. Each Owner or Occupant shall at its own expense keep each Building Site owned by it, as well as the land between its boundary line and adjacent Back of Curb, and all Improvements located thereon, as well as all property from the back of the street curb to such Owner's or Occupant's property, in a clean, safe, attractive and aesthetically pleasing condition, in good order and repair, including without limitation, (a) painting and repairing and generally maintaining the exterior of all Buildings and other Improvements at such times as necessary to maintain the appearance of a first class industrial facility, (b) maintaining (including snow removal) and repairing any parking lot and truck dock areas, road, driveway, storm sewer, utilities, or similar Improvement located within the perimeter of all such Building Sites in a manner and with such frequency as is consistent with good property management, (c) maintaining and landscaping all Lawns, trees, grass, shrubs, flowers and other Landscaping in

accordance with the requirements of Section 5.20 hereof and (d) maintaining or repairing any utility lines that service such Owner's or Occupant's Building or Improvements to the extent such lines are not required to be maintained or repaired by Draper City or any applicable utility company. The expense of any maintenance, repairs or landscaping required in this section shall be the sole expense of each individual Owner or Occupant, and the Grantors and the Committee shall in no way be responsible for any expenses related to any maintenance, repair, landscaping or improvement on any Building Site.

4.18 Sounds. No exterior speakers, horns, whistles, bells or other sound devices, other than devices used exclusively for safety, security, fire prevention or fire control purposes, shall be located or used on any Building Site except to the extent permitted by the Committee.

4.19 Maintenance of Drainage. Each Building Site shall have appropriate provision for water retainage/detention as may be necessary to appropriate for the Property's overall drainage system, as determined in the reasonable judgment of the Committee. The established drainage pattern over any Building Site may not be altered except as approved in writing by the Committee. Each site shall be designed to the current standards of any applicable governmental authority having jurisdiction.

4.20 Water Systems. No individual water supply system shall be installed or maintained for any Building or Building Site unless such system is approved by the Committee and is designed, located constructed and equipped in accordance with the requirements, standards and recommendations of any applicable governmental authority having jurisdiction.

4.21 Maintenance. Any Lawn and all Landscaping shall be maintained by the Owners and Occupants of the Building Site in substantially the following manner:

| | |
|---------------|--|
| Cut | Cut all Lawn areas on a regular basis with mowers so as to maintain a manicured appearance. |
| Trim | Trim around all Buildings, trees, poles, fences and other obstacles during such servicing. |
| Edge | Edge all walks, curbs, driveways, and similar areas upon such servicing. |
| Weed | Remove all weeds from areas as needed. |
| Clean Up | Remove all grass clippings from walks, drives, and parking areas after such servicing. |
| Shrub Pruning | Prune all shrubbery as needed to maintain and promote a manicured and healthy appearance. |
| Tree Pruning | Prune all trees as required to remove damaged branches, sucker growth, dead wood, and similar matters. |
| Leaf Removal | Collect and remove all fallen leaves. |

4.22 Application of Restrictions. All real property within the Property shall be held, used and enjoyed subject to the limitations, restrictions and other provisions set forth in this Declaration. However, reasonable variations from the strict application of the limitations and restrictions in this Article IV in any specific case may be granted by the Committee in

accordance with Article VII if such strict application would be unreasonable or unduly harsh under the circumstances or otherwise not in the best interests of, or harmful to, the other Owners and Occupants. Any such variance shall not constitute a waiver or estoppel with respect to any of the provisions of this declaration on any future action by the Committee.

ARTICLE V COMMON AREA MAINTENANCE AND CHARGES

5.1 Management of Common Areas. The Committee shall from time to time appoint a Management Company to maintain and repair all common areas and equipment located on the Property. Such common areas or equipment shall include, by way of example and without limitation, the area designated as common area on any plat map of the Property on any part thereof, water detention areas, any open drainage areas, irrigation systems, common access or roadways, park signs and street lighting, but shall not include yard areas between Back of Curb and Owner's or Occupant's property lines that are contiguous with their respective front or side yards. Such maintenance and repair shall include, without limitation:

- (a) Cleaning, maintaining and re-lamping of any lighting fixtures and signage, except such fixtures or signage that are the property of any utility or governmental body or are part of a property, or signage of, a separate Owner.
- (b) Performance of necessary repair and maintenance on all Landscaping within common areas, including trimming, watering, and fertilization of all grass, ground cover, shrubs and trees; removal of dead or waste material; and replacement of any dead or diseased grass, ground cover, shrubs, or trees.
- (c) The removal of trash, rubbish, snow and other debris or obstructions, where reasonably necessary, within the common areas.
- (d) Maintenance of general public liability insurance for the benefit of Grantors and all Owners and Occupants against claims for bodily injury, death, or property damage occurring on, in, or about the common areas and the adjoining streets, sidewalks, and passageways, but not within any Building Site or and Building or other Improvements thereon or within any other area within the exclusive control of and Owner or Occupant; such insurance to afford protection of not less than \$1,000,000.00 with respect to bodily injury or death to any one person, not less than \$5,000,000.00 with respect of any one accident, and not less than \$1,000,000.00 with respect to property damage.
- (e) Payment or reimbursement of any legal or related costs incurred by or on behalf of the Grantors, the Management Company or the Committee in enforcing, defending, complying with, interpreting or otherwise acting within the terms of, the provisions of this Declaration, including without limitation, the Protective Covenants.
- (f) Payment of any property taxes on the common areas that are not otherwise owned by a particular Owner.

5.2 Allocation of Maintenance Costs. The costs and expenses of maintaining the common areas and facilities and all real property taxes attributable to the common areas pursuant to Section 6.1 shall be allocated pro rata among all of the Owners. Each Owner shall bear its pro rata share of all such costs and real property taxes, based on the ratio of the acreage size of the Building Site of such Owner to the acreage size of the Building Sites of all Owners.

5.3 Computation of Maintenance Costs. All of the costs and expenses incurred, or otherwise paid, by the Management Company in connection with the maintenance and repair of the common areas of the Property, pursuant to Section 5.1, shall be paid or reimbursed to the Management Company, including without limitation all of the Managements Company's actual out of pocket expenses to perform such services; a reasonable amount for the administration thereof, including accounting for the computation and collection of maintenance costs and real property taxes; a reasonable reserve for delinquent accounts; any costs incurred to provide security to the subject property, if necessary; and any other costs or expenses reasonably related to or arising out of the above.

5.4 Assessment of Maintenance Costs. All estimated costs and expenses of maintenance may at the discretion of the Management Company be assessed in advance and billed to each Owner monthly, quarterly or annually. Such assessments shall be paid by each Owner promptly upon receipt thereof. The amount, if any, by which any assessments received in advance from any Owner exceed such Owner's actual share of maintenance expenses for the billing period shall be credited against the estimated costs and expenses for the ensuing billing period. Owners and Occupants shall have the right, upon reasonable notice and during normal office hours, to audit the costs and expenses comprising the assessments.

ARTICLE VI ZONING AND OTHER RESTRICTIONS

The Protective Covenants shall not be taken as permitting any action or thing prohibited by zoning laws, or the laws, rules or regulations of any governmental authority, or by specific restrictions imposed by and deed or lease, that are applicable to the Property. In the event of any conflict, the most restrictive provision of such laws, rules, regulations, deeds, leases or the Protective Covenants shall be taken to govern and control. Any approval of the Committee required in this Declaration does not in any way relieve Owners and Occupants from obtaining approvals or otherwise complying with any laws, rules or regulations required by and governmental body or other person having jurisdiction or other legal rights thereunder.

ARTICLE VII APPROVAL OF PLANS; CONSTRUCTION

7.1 Plans. No exterior construction, exterior reconstruction, or exterior alterations of any Building or other exterior Improvements, including Signs, may be commenced without written approval by the Committee of the plans or such construction or alteration, which approval shall

be sought in accordance with the provisions of Article VIII below. The plans submitted for approval of the Committee shall include all plans, specifications, drawing, studies, reports and other materials, both written and otherwise, as the Committee may reasonably request in order to grant an informed approval or disapproval in compliance with the terms and provisions of this Declaration. Approval of plans by the Committee may be secured prior to acquisition of a Building Site pursuant to the terms of a sales contract.

7.2 Construction. Upon receipt of approval of plans, Owner or Occupant shall diligently proceed with the commencement and completion of all approved construction. Unless work on the approved construction shall be commenced within one (1) year from the date of such approval and diligently pursued to completion thereafter, the approval shall automatically expire unless the Committee has given a written extension of time.

7.3 Arbitration. If, after the initial construction of a Building upon a Building Site, the Owner or Occupant submits plans for exterior alteration, addition or exterior reconstruction, and have receive a decision of the Committee, feels that said decision is not consistent with the provision of this Declaration, such Owner or Occupant may submit the decision to determination by arbitration in the following manner:

The party desiring arbitration shall serve upon the Committee a written notice naming an arbitrator. Within ten (10) days after the delivery of said notice, the Committee shall likewise appoint an arbitrator and notify the party desiring arbitration of such appointment, and if the Committee fails within said ten (10) days so to do, the arbitrator appointed by the party desiring arbitration shall proceed in the determination of plan approval and his/her decision as to such approval shall be final. If the Committee appoints an arbitrator within the prescribed time, the two arbitrators so appointed shall choose a third arbitrator. If the two arbitrators so chosen shall fail to agree upon the selection of a third arbitrator within a reasonable time, such arbitrator shall be appointed, upon application of either party, by and judge of the District Court of the United States for the district which shall then include the locality in which the Building Site is situated, but such application shall not be made until such party shall have given ten (10) days written notice to the other party of its intention to do so. The board of arbitrators, constituted as aforesaid, shall proceed to determine whether or not he proposed plans shall be approved and the decision of the board, or of any two members thereof, as to such shall be binding upon the parties hereto. All expenses of such arbitration shall be apportioned equally between the parties to the arbitration.

ARTICLE VIII THE COMMITTEE

8.1 The Committee.

(a) Duties. The Committee is hereby created pursuant to this Declaration the functions of which shall be to (i) enforce the provisions of this Declaration, (ii) grant approvals of construction, reconstruction and development of Building Sites and Improvements in accordance with the restrictions, requirements and provisions contained in the Declaration,

including without limitation the right to insure that all Improvements on the Property harmonize with existing surroundings and structures on the Property, and (iii) grant such other approvals or variances and perform such other functions and duties as may be required by the terms of the Declaration.

(b) Organization and Operation. The Committee shall consist of three persons. Until the sooner to occur of 40 years from the date of this Declaration or the date upon which Grantors have sold and conveyed to third parties (as opposed to transferred to another entity or entities controlled by Grantors or Affiliates of Grantors) more than ninety-five percent (95%) of the total acreage contained in the Property (hereinafter the "Turnover Date"), Grantors shall have the right and privilege to appoint all members of the Committee. After the Turnover Date, the members of the Committee shall be appointed and elected by majority vote of the Owners in the Property. Each Owner shall have votes equal to the number of whole acres existing in the Owner's Building Site, and the majority vote of all votes attributable to all Owners shall elect each member. Votes shall not be accumulated for the election of members of the Committee. Members shall serve for three year periods, unless earlier removed pursuant to a vote of the Owners. Any person may serve as a member of the Committee, and need not be an Owner, or a representative or employee or other associate of an Owner. Meetings of the Owners for the purpose of electing the Committee shall be called by the existing Committee in September of every three years. In the absence or failure of the existing Committee members to call such meetings, or in a special meeting is desired by the Owners, Owners owning at least 10 percent of the total votes in the Property may call a meeting of the Owners for the purpose of electing a new Committee at any time. Notice of any meeting of Owners, whether given by the Committee or Owners having at least 10% of the total votes, shall be give at least 20 days prior to any such meeting by written notice to all Owners at the then address of each Owner on its Building Site, unless the Owner gives another address to the Committee or the Owners for purposes of receiving notice. Said meetings may be held in any location in Salt Lake County, Utah.

8.2 Approval Procedure. Any Plans and specifications, or any other matter required by this Declaration to be, submitted to the Committee shall be approved or disapproved by it in writing no later than thirty (30) days after submission. A majority vote of the Committee shall be required to approve or disapprove any plans or specifications or other matter submitted to the Committee. If the Committee fails to respond to a properly submitted application for approval of plans and specifications within sixty (60) days of the proper submission of such application, such application shall be deemed approved.

8.3 Standards. In deciding whether to approve or disapprove plans and specifications submitted to it, the Committee shall use its best judgment to insure that all improvements within the Property conform to and harmonize with the requirements and restrictions of this Declaration.

8.4 Development Guidelines. The Committee may from time to time adopt such "Development Guidelines" as it deems necessary to clarify, amplify upon and further develop the restrictions, guidelines and requirements of the Declaration, and to inform Owners and Occupants of the standards that will be applied in approving or disapproving matters submitted to the Committee pursuant to the provisions of this Declaration. Such Development Guidelines

may amplify but may not be less restrictive than the regulations and restrictions stated in this Declaration, and shall be binding upon all Owners and Occupants. Such Development Guidelines may state more specifically the rules and regulations of the Committee with respect to the submission of plans and specifications for approval, the time or times within which such plans or specifications must be submitted, and may state such other rules, regulations, policies and recommendations that the Committee will consider in approving or disapproving proposed construction of or alterations to Buildings and Improvements, or other matters submitted to the Committee pursuant to this Declaration.

8.5 No Liability for Damages. Neither the Committee nor the Grantors, or any of its or their agents, assigns, owners, manages or otherwise, shall be liable for damages by reason of any action, inaction, approval, or disapproval by the Committee with respect to any request made pursuant to this Declaration.

8.6 Payment. Before any application shall be approved by the Committee, the Owner or Occupant who submits the plans and specifications for approval shall provide assurance, in such forms as the Committee shall determine, for the payment or reimbursement to the Committee for its reasonable professional costs (including architectural or legal costs, whether or not such costs are incurred with respect to members of the Committee) incurred as part of the review by the Committee of such plans and specifications.

ARTICLE IX GENERAL EASEMENTS

9.1 Drainage. Grantors hereby reserve easements over each Building Site for drainage of surface water wherever and whenever reasonably necessary in order to maintain reasonable standards of health, safety and appearance; provided, however, that such easements shall terminate as to any particular Building Site when the initial principal Building and Landscaping approved for such Building Site has been completed. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health and appearance. Grantors shall promptly restore any area affected by the exercise of such easements and rights, and shall indemnify the Owner of such Building Site, its lessees and sub-lessees, from all costs incurred as a result of any damage to such Building Site due to the negligence or misconduct of Grantors in the exercise of such easement and rights.

9.2 Grading. Grantors may at any time make such cuts and fills upon the Property and do such grading and moving of earth as, in its judgment, maybe necessary to improve or maintain the streets in or adjacent to the Property and to drain surface waters there from; and may assign such rights to Salt Lake County or to any municipal or public authority; provided, however, that after plans for the initial principle Building upon a Building Site shall have been approved by the Committee as provided herein, the rights of the Grantors under this section shall terminate with respect to all parts of such Building Site other than the easement area thereof, except that Grantors or any such municipal or public authority shall thereafter have the right to maintain existing streets and drainage structures.

9.3 Utilities and Signs. Grantors hereby reserve unto themselves an easement and right of way, including but not limited to rights of ingress and egress, within a ten (10) foot right of way around the perimeter of any property, for the limited purpose of constructing, erecting, operating, replacing and/or maintaining utilities and similar public or quasi-public improvements on the Property as necessary to complete, constrict, develop, expand and improve the Property and the Building Sites and also to construct and maintain one or mores Signs indicating the name and location of the Property. Any use of such easement shall be performed in such a reasonable manner as to minimize the impact of such construction, maintenance, or use, upon the Property. Each Owner or Occupant shall also dedicate, from time to time, if requested, on its Building Site, to the respective utility company or governing body, one or more easements for any utility from the property line to the Building. In the event of necessity, and only in the event of necessity, the Owner of each parcel of the Property agrees to the location of common utility facilities across and under such Owner's parcel in locations other than those designated herein, so long as such location does not unreasonably interfere with the use and operation of such parcel and so long as the common utility facilities concerned are located underground and do not cross within ten (10) feet of any Building erected or to be erected upon such parcel.

9.4 Maintenance and Interference. Grantors, Owners and Occupants, whichever the case may be, hereby agree to use their best efforts to minimize interference with Owners, Occupants and their guest and/or invitees in connection with the Grantors' use of the easements described in this Article IX.

9.5 Exception for Grantor. Notwithstanding any restrictions or provisions contained in this Declaration to the contrary, until the expiration of Grantors' right to appoint the members of the Committee as described in Article VIII above, a Grantor shall have the right to use any Building Site owned by such Grantor in furtherance of any marketing or sales effort, or to facilitate construction or improvements of any Building or of the Property.

ARTICLE X GENERAL

10.1 Owners Acceptance. The Owner or Occupant of any Building Site on the Property by acceptance of a Deed or other instrument conveying an interest in or title to, or the execution of a contract for the purchase thereof, whether from a Grantor or subsequent Owner or Occupant of such Building Site, shall accept such Deed or other contract upon and subject to each and all of the terms of this Declaration, including without limitation the Protective Covenants, and is required to deliver a copy of this Declaration any subsequent Owner or Occupant taking a Deed under such Owner. Owner agrees to cause any occupant of its Building or Building Site to agree to be bound by the terms of this Declaration including, without limitation, the Protective Covenants and payment of common maintenance charges.

10.2 Indemnity for Damages. Each and every Owner or Occupant and future Owner or Occupant in accepting a Deed or contract for any Building Site agrees to indemnify Grantors, the Committee and the Management Company for any damage caused by such Owner or Occupant, or the contractor, agent, or employees of such Owner or Occupant, to roads, streets, gutters, walkways or other aspects of public ways, including all surfacing thereon, or to water, drainage or storm sewer lines or sanitary sewer lines owned by a Grantor, the Committee or the Management Company or for which a Grantor, the Committee or the Management Company has responsibility at the time of such damage.

10.3 Limitation of Liability. Each and every Owner or Occupant or future Owner or Occupant in accepting a Deed or contract for any Building Site acknowledges and agrees that neither the Grantors, the Committee, the Management Company nor any of their respective partners, owners, managers, officers, directors, employees, agents or Affiliate, shall be liable to the Owner or Occupant or any person acting by, through or under such Owner or Occupant (any on such person or entity herein called "Aggrieved Person") for any injury or damage, including monetary damage, to the Business, equipment, merchandise or other property of the Aggrieved Person resulting from any cause, including, but not limited to claims of breach of fiduciary duty, losses due to mistakes or the negligence of any of the employees, brokers or other agents, of the Grantors, the Committee or the Management Company or otherwise, except if and to the extent that such act or omission constitutes gross negligence or willful misconduct and except the actions of a Grantor in its capacity as an Owner.

10.4 Enforcement. Enforcement of the provisions of this Declaration may be made by Grantors, the Committee or the Management Company or any Owner or Occupant affected thereby, and shall be by any appropriate proceeding at law or in equity against any Owner or Occupant, person, corporation, trust or other entity violating or attempting to violate said provisions, either to restrain such violation, to enforce liability, or to recover damages, or by and appropriate proceeding at law or in equity against the land to enforce any lien or charge arising by virtue thereof. Neither Grantors, the Committee nor the Management Company shall be liable for the enforcement of, or failure to enforce, said provisions, and failure of Grantor, the Committee or the Management Company or any Owner or Occupant to enforce any of the provisions of the Declaration shall in no event be deemed a waiver of the right to do so thereafter.

10.5 Severability. Every one of the provisions of this Declaration, including the Protective Covenants, is hereby declared to be independent of, and severable from the rest of such provisions and of and from every combination of such provisions. Invalidation by any court of any provision or restriction in this declaration shall in no way affect any of the other provisions or Protective Covenants, which shall remain in full force and effect.

10.6 Captions. The captions preceding the various sections, paragraphs and subparagraphs of this Declaration are for the convenience of reference only, and none of them shall be used as an aid to the construction of any provision of the Declaration. Wherever and whenever applicable, the singular form of a word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean or apply to the feminine or the neuter.

10.7 Mortgages; Deeds of Trust. Breach of any of the provisions of this Declaration or any of the foregoing Protective Covenants shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for the value and covering any portion of the Property; but this Declaration and said Protective Covenants shall be binding upon and effective against any Owner or Occupant of said property whose title thereto is acquired by foreclosure, trustee's sale or otherwise.

10.8 Duration, Modification and Termination. The conditions, restrictions, covenants, easements and reservations set forth in this Declaration shall run with and bind the land within the Property and shall be and remain in effect, and shall inure to the benefit of, and be enforceable by, through and under Grantors or the Owner of any portion of the Property, subject to and pursuant to the terms of the Declaration, their heirs, successors and assigns for a term of forty (40) years from the date this Declaration is recorded with the Salt Lake County Recorder after which time these Protective Covenants shall expire and terminate. Any modification, amendment or early termination of this Declaration shall take place only by the affirmative vote of two thirds (2/3) of all votes entitle to be voted. Each Owner, except Grantors, shall have one vote for each acre of land, or any fraction thereof, owned by it. Grantors shall have the greater of (a) votes equal to the total votes of all Owners other than Grantors, or (b) one vote per acre or any fraction thereof owned by Grantors in the Property.

10.9 Assignability. A Grantor may assign all of its rights and obligations herein to any person or entity to which a Grantor simultaneously conveys its interest in all or substantially all of the Property owned by such Grantor as of the date of such assignment and conveyance. The foregoing assignment and assumption shall be evidenced by a signed and acknowledged written declaration recorded in the office of the Recorder of Salt Lake County. By such assignment and assumption, the grantee thereof shall be conclusively deemed to have accepted such assignment and shall thereafter have the same rights and be subject to the same obligations as are given the assumed by Grantors herein. Upon such assignment, the Grantor shall be released from all obligations which shall arise thereafter, but not from obligations arising prior to such assignment.

10.10 Law Governing. This Declaration shall be governed by and construed in accordance with the laws of the State of Utah.

IN WITNESS WHEREOF, Grantors have caused this instrument to be signed by their duly authorized persons on the date first above written.

PRICE LOGISTICS CENTER DRAPER, LLC

By [SIGNATURE APPEARS HERE]

J. Steven Price, Manager

PRICE LOGISTICS CENTER DRAPER ONE, LLC

By [SIGNATURE APPEARS HERE]

J. Steven Price, Manager

PRICE LONE PEAK WEST, LLC

By [SIGNATURE APPEARS HERE]

J. Steven Price, Manager

PRICE LONE PEAK COMPANY, LLC

By [SIGNATURE APPEARS HERE]

J. Steven Price, Manager

PRICE LONE PEAK RETAIL, LLC

[SIGNATURE APPEARS HERE]

By

J. Steven Price, Manager

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

On the day of , 2009, personally appeared before me J. Steven Price, a signer of the foregoing instrument who duly acknowledged to me that he executed the same, for and in behalf of Price Logistics Center Draper, LLC.

NOTARY PUBLIC

Residing at _____

My Commission Expires:

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

On the day of , 2009, personally appeared before me J. Steven Price, a signer of the foregoing instrument who duly acknowledged to me that he executed the same, for and in behalf of Price Logistics Center Draper, LLC.

NOTARY PUBLIC

Residing at _____

My Commission Expires:

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

On the ___day of , 2009, personally appeared before me J. Steven Price, a signer of the foregoing instrument who duly acknowledged to me that he executed the same, for and in behalf of Price Lone Peak West, LLC.

NOTARY PUBLIC
Residing at _____

My Commission Expires:

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

On the ___day of , 2009, personally appeared before me J. Steven Price, a signer of the foregoing instrument who duly acknowledged to me that he executed the same, for and in behalf of Price Lone Peak Company, LLC.

NOTARY PUBLIC
Residing at _____

My Commission Expires:

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

On the ___day of , 2009, personally appeared before me J. Steven Price, a signer of the foregoing instrument who duly acknowledged to me that he executed the same, for and in behalf of Price Lone Peak Retail, LLC.

NOTARY PUBLIC
Residing at _____

My Commission Expires:

EXHIBIT A

DESCRIPTION OF PROPERTY

Property located in Salt Lake County, Utah, more particularly described as follows:

PARCEL 1

A Parcel of land located in the East Half of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

Beginning at a point on the Southerly line of the Jordan and Salt Lake Canal and the West right-of-way line of Lone Peak Parkway, said point being North 89°32'42" West 1,365.42 feet along the North line of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian and South 2,339.07 feet from the Northeast Corner of said Section 25, and thence along said West right-of-way line the following two courses: 1) South 08°55'39" East 386.32 feet and 2) South 00°46'54" East 113.55 feet to the North line of Lone Peak Business Park, a subdivision recorded in Book 2000P at Page 180 of the Salt Lake County records; thence along said North line South 89°13'06" West 1,069.80 feet; thence North 00°07'27" East 546.28 feet to said Southerly line of the Jordan and Salt Lake Canal and a point on the arc of a 717.00 foot radius non-tangent curve to the right, the center of which bears South 02°10'19" West; thence along said Southerly line the following four courses: 1) Easterly 108.94 feet along said curve through a central angle of 08°42'21" and a long chord of South 83°28'30" East 108.84 feet, 2) South 79°07'20" East 374.63 feet, 3) South 76°10'06" East 272.30 feet and 4) North 67°16'25" East 289.01 feet to the point of beginning.

PARCEL 2

A Parcel of land located Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

Beginning at a point on the Southerly line of the Jordan and Salt Lake Canal and the Northerly extension of the West line of Lone Peak Business Park, a subdivision recorded in Book 2000P at Page 180 of the Salt Lake County records, said point being North 89°32'42" West 2,372.46 feet along the North line of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian and South 2,310.56 feet from the Northeast Corner of said Section 25 and thence along said West line and its extension South 00°07'27" West 895.63 feet to the North line of property described in that certain Quit Claim Deed recorded November 30, 1981, as Entry No. 3627200, in Book 5317 at Page 1210 of said records; thence along said North line North 89°53'00" West 285.51 feet to the East line of the Southwest Quarter of said Section 25; thence along said East line South 00°07'00" West 26.09 feet to a point South 00°07'00" West 565.51 feet from the Center Quarter Corner of said Section 25 and the South line of property described in that certain Warranty Deed recorded January 18, 1965 as Entry No. 2055164 in Book 2282 at Page 559 of said records; thence along said South line North 84°51'00" West 1,043.33 feet to the Easterly right-of-way of the Denver and Rio Grande Western Railroad and a point on the arc of a 5,321.42 foot radius non-tangent curve to the right, the center of which bears South 89°13'28" East; thence along said Easterly right-of-way line the following two courses: 1) Northerly 444.46 feet along said curve through a central angle of 04°47'08" and a long chord of North 03°10'06"

East 444.33 feet and 2) North 05°33'40" East 300.99 feet to the South line of Property described in that certain Special Warranty Deed recorded May 02, 2003 as Entry No. 8637429 in Book 8791 at Page 891 of said records; thence along the boundary of said property the following three courses: 1) South 84°26'20" East 10.00 feet, 2) North 05°33'40" East 188.00 feet and 3) North 84°26'20" West 10.00 feet to said Easterly railroad right-of-way line; thence along said Easterly right-of-way line North 05°33'40" East 384.73 feet to said Southerly line of the Jordan and Salt Lake Canal and a point on the arc of a 108.00 foot radius non-tangent curve to the left, the center of which bears North 55°02'29" East; thence along said Southerly line the following nine courses: 1) Southeasterly 57.97 feet along said curve through a central angle of 30°45'17" and a long chord of South 50°20'10" East 57.28 feet, 2) South 65°42'48" East 402.40 feet to a point of tangency of a 267.00 foot radius curve to the right, 3) Southeasterly 66.80 feet along said curve through a central angle of 14°20'05" and a long chord of South 58°32'45" East 66.63 feet, 4) South 51°22'52" East 211.19 feet to a point on the arc of a 833.00 foot radius non-tangent curve to the left, the center of which bears North 37°12'57" East 5) Southeasterly 255.70 feet along said curve through a central angle of 17°35'15" and a long chord of South 61°34'40" East 254.69 feet to a point of compound curvature of a 200.00 foot radius curve to the left, 6) Easterly 76.93 feet along said curve through a central angle of 22°02'20" and a long chord of South 81°23'28" East 76.46 feet, 7) North 87°35'22" East 120.78 feet, 8) North 83°31'17" East 56.69 feet to a point of tangency of a 717.00 foot radius curve to the right, and 9) Easterly 108.25 feet along said curve through a central angle of 08°39'02" and a long chord of North 87°50'48" East 108.15 to the point of beginning.

PARCEL 3

A parcel of land located in the Northeast Quarter of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

BEGINNING at a point on the northerly line of the Jordan and Salt Lake Canal, said point being South 00°12'10" West 2,259.13 feet (South 2,276.21 feet by record) along the east line of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian and West 1,363.20 feet (1358.11 feet by record) from the Northeast Corner of said Section 25, and thence along said northerly line the following four courses: 1) South 67°16'25" West 288.55 feet, 2) North 76°10'06" West 252.20 feet, 3) North 79°07'20" West 376.33 feet to a point on the arc of a 783.00 foot radius non-tangent curve to the left, the center of which bears South 10°52'40" West and Westerly 115.25 feet along said curve through a central angle of 08°25'59" and a long chord of North 83°20'19" West 115.14 feet; thence North 00°18'32" East 836.90 feet to the south right-of-way line of the 72.00 foot wide road dedication described in that certain Special Warranty Deed recorded June 12, 1990 as Entry No. 4927653 in Book 6227 at Page 2839 of the Salt Lake County records; thence along said south right-of-way line the following two courses: 1) South 89°41'28" East 827.34 feet to a point of tangency of a 30.00 foot radius curve to the right, 2) Southeasterly 42.23 feet along said curve through a central angle of 80°39'15" and a long chord of South 49°21'50" East 38.83 feet to the westerly right-of-way line of Lone Peak Parkway; thence along said westerly right-of-way line South 09°02'13" East 850.90 feet to the POINT OF BEGINNING. Said parcel contains 838,862 square feet or 19.26 acres, more or less.

PARCEL 4

A parcel of land located in the Northeast Quarter of Section 25, Township 3, South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

Beginning at a point on the North line of the Southwest Quarter of the Northeast Quarter of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, said point being South 00°12'10" West 1,327.06 feet (South 1,319.79 feet by record) along the East line of said Section 25 to said North line and North 89°41'58" West 1,510.87 feet (West 1,515.73 feet by record) along said North line from the Northeast Corner of said Section 25, and thence along the West line of property described in that certain Quit Claim Deed recorded April 27, 1995 as Entry No. 6068786 in Book 7140 at Page 1641 of the Salt Lake County records South, 10°07'51" East 2.51 feet to the North right-of-way line of the 72.00 foot wide road dedication described in that certain Special Warranty Deed recorded June 12, 1990 as Entry No. 4927653 in Book 6227 at Page 2839 of said records; thence North 89°41'28" West 846.17 feet; thence North 00°18'32" East 2.34 feet to said North line of the Southwest Quarter of the Northeast Quarter; thence South 89°41'58" East 845.71 feet to the point of beginning.

PARCEL 5 [THIS LEGAL DESCRIPTION WILL NEED TO BE CORRECTED TO INCLUDE BOUNDARY LINE CHANGE]

A parcel of land located in the North Half of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

BEGINNING at a point on the northerly line of the Jordan and Salt Lake Canal, said point being South 00°12'10" West 2,225.93 feet (South 2,238.81 feet by record) along the east line of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian and West 2,358.28 feet (2,371.11 feet by record) from the Northeast Corner of said Section 25, said point also being on the arc of a 783.00 foot radius curve to the left, the center of which bears South 02°26'41" West; thence along said northerly line the following five courses: 1) Westerly 121.95 feet along said curve through a central angle of 08°55'24" and a long chord of South 87°58'59" West 121.82 feet, 2) South 83°31'17" West 54.35 feet, 3) South 87°35'22" West 118.56 feet to a point of tangency of a 134.00 foot radius curve to the right, 4) Westerly 51.61 feet along said curve through a central angle of 22°03'59" and a long chord of North 81°22'38" West 51.29 feet to a point of compound curvature of a 767.00 foot radius curve to the right and 5) Northwesterly 216.35 feet along said curve through a central angle of 16°09'43" and a long chord of North 62°15'47" West 215.64 feet; thence North 00°24'36" East 360.25 feet; thence South 89°35'24" East 535.64 feet; thence South 00°18'32" West 449.06 feet to the POINT OF BEGINNING. Said parcel contains 237,367 square feet or 5.45 acres, more or less.

PARCEL 6 [THIS LEGAL DESCRIPTION WILL NEED TO BE CORRECTED TO INCLUDE BOUNDARY LINE CHANGE]

A parcel of land located in the North Half of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah, described as follows:

BEGINNING at a point on the north line of the Southwest Quarter of the Northeast Quarter of Section 25, Township 3 South, Range 1 West, Salt Lake Base and Meridian, said point being South 00°12'10" West 1,327.06 feet along the east line of said Section 25 to said north line and along said north line North 89°41'58" West 2,356.58 feet from the Northeast Corner of said Section 25, and thence South 00°18'32" West 462.19 feet; thence North 89°35'24" West 535.64 feet; thence South 00°24'36" West 360.25 feet to the northerly line of the Jordan and Salt Lake City Canal and a point on the arc of a 767.00 foot radius non-tangent curve to the right, the center of which bears North 35°49'04" East; thence along the northerly and westerly line of said canal the following nine courses: 1) Northwesterly 18.11 feet along said curve through a central angle of 01°21'10" and a long chord of North 53°30'21" West 18.11 feet, 2) North 51°22'52" West 210.35 feet to a point of tangency of a 333.00 foot radius curve to the left, 3)

Northwesterly 83.30 feet along said curve through a central angle of 14°19'56" and a long chord of North 58°32'50" West 83.08 feet, 4) North 65°42'48" West 399.70 feet to a point of tangency of a 42.00 foot radius curve to the right, 5) Northwesterly 53.40 feet along said curve through a central angle of 72°50'30" and a long chord of North 29°17'33" West 49.87 feet, 6) North 07°07'42" East 261.01 feet, 7) North 33°28'35" East 88.98 feet to a point of tangency of a 53.00 foot radius curve to the left, 8) Northerly 45.35 feet along said curve through a central angle of 49°01'51" and a long chord of North 08°57'40" East 43.98 feet and 9) North 15°33'16" West 54.23 feet to the north line of the Southeast Quarter of the Northwest Quarter of said Section 25; thence South 89°51'16" East 810.65 feet to the Northwest Corner of said Southwest Quarter of the Northeast Quarter; thence South 89°41'58" East 294.78 feet to the POINT OF BEGINNING. Said parcel contains 626,867 square feet or 14.39 acres, more or less.

PARCEL 7

Lots 2, LONE PEAK BUSINESS PARK, according to the official plat thereof recorded in the office of the County Recorder of Salt Lake County, Utah.

PARCEL 8

Lots 101, 102 and 103, LONE PEAK BUSINESS PARK, LOT 3 AMENDED, according to the official plat thereof recorded in the office of the County Recorder of Salt Lake County, Utah.

**Haemonetics Corporation
2005 Long-Term Incentive
Compensation Plan**

Effective July 27, 2005

As Amended:

July 31, 2008

July 29, 2009

July 21, 2011

November 30, 2012

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Article 1. Establishment, Objectives, and Duration

1.1 Establishment of the Plan. Haemonetics Corporation, a Massachusetts corporation, hereby adopts the “Haemonetics Corporation 2005 Long-Term Incentive Compensation Plan” (hereinafter referred to as the “Plan”), as set forth in this document. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Deferred Stock/Restricted Stock Units, Other Stock Units and Performance Shares.

Subject to approval by the Company’s stockholders, this Plan shall become effective as of July 27, 2005 (the “Effective Date”). Awards may be granted under this Plan prior to such stockholder approval; provided, the effectiveness of such Awards shall be contingent on such stockholder approval being obtained.

1.2 Objectives of the Plan. The objectives of the Plan are to optimize the profitability and growth of the Company through incentives that are consistent with the Company’s goals and that link the personal interests of Participants to those of the Company’s stockholders, to provide Participants with an incentive for excellence in individual performance, and to promote teamwork among Participants.

The Plan is further intended to provide flexibility to the Company and its Subsidiaries in their ability to motivate, attract, and retain the services of Participants who make significant contributions to the Company’s success and to allow Participants to share in that success.

1.3 Duration of the Plan. The Plan shall remain in effect, subject to the right of the Committee to amend or terminate the Plan at any time pursuant to Article 16 hereof, until the earlier of when (a) all Shares subject to it shall have been purchased or acquired according to the Plan’s provisions or (b) the tenth (10th) anniversary of the Effective Date. In no event may an Award of an Incentive Stock Option be granted under the Plan on or after the tenth (10th) anniversary of the Effective Date.

Article 2. Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 “Award” means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Deferred Stock/Restricted Stock Units, Other Stock Units or Performance Shares.

2.2 “Award Agreement” means a written or electronic agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan.

2.3 “Beneficial Owner” or **“Beneficial Ownership”** shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.4 “Board” or **“Board of Directors”** means the Board of Directors of the Company.

2.5 “Change in Control” shall be deemed to have occurred if any person or any two or more persons acting as a group, and all affiliates of such person or persons, who prior to such time owned less than thirty-five percent (35%) of the then outstanding common stock of the Company, shall acquire such additional shares of the Company’s common stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own thirty-five percent (35%) or more of the Company’s common stock outstanding.

2.6 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.7 “Committee” means the committee appointed from time to time by the Company's Board of Directors to administer the Plan. The full Board of Directors, in its discretion, may act as the Committee under the Plan, whether or not a Committee has been appointed, and shall do so with respect to grants of Awards to non-employee Directors. The Committee may delegate to one or more members of the Committee or officers of the Company, individually or acting as a committee, any portion of its authority, except as otherwise expressly provided in the Plan. In the event of a delegation to a member of the Committee, officer or a committee thereof, the term "Committee" as used herein shall include the member of the Committee, officer or committee with respect to the delegated authority. Notwithstanding any such delegation of authority, the Committee comprised of members of the Board of Directors and appointed by the Board of Directors shall retain overall responsibility for the operation of the Plan.

2.8 “Company” means Haemonetics Corporation, a Massachusetts corporation, and any successor thereto as provided in Article 18 hereof.

2.9 “Covered Employee” means a Participant who, as of the date of vesting and/or payout of an Award, or the date the Company or any of its Subsidiaries is entitled to a tax deduction as a result of the Award, as applicable, is one of the group of “covered employees,” as defined in the regulations promulgated under Code Section 162(m), or any successor statute.

2.10 “Deferred Stock Unit” means an Award granted to a Participant pursuant to Article 9 hereof.

2.11 “Director” means any individual who is a member of the Board of Directors of the Company; provided, however, that any Director who is employed by the Company shall be treated as an Employee under the Plan.

2.12 “Disability” shall mean a condition whereby the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical impairment which can be expected to result in death or which is or can be expected to last for a continuous period of not less than twelve months, all as verified by a physician acceptable to, or selected by, the Company.

2.13 “Effective Date” shall have the meaning ascribed to such term in Section 1.1 hereof.

2.14 “Employee” means any employee of the Company or its Subsidiaries.

2.15 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.16 “Fair Market Value” as of any date and in respect of any Share means the average of the high and low trading prices for the Shares as reported on the New York Stock Exchange for that date, or if no such prices are reported for that date, the average of the high and low trading prices on the next preceding date for which such prices were reported, unless otherwise determined by the Committee. In no event shall the fair market value of any Share be less than its par value.

2.17 “Incentive Stock Option” or “ISO” means an option to purchase Shares granted under Article 6 hereof and that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422.

2.18 “Insider” shall mean an individual who is, on the relevant date, an executive officer, director or ten percent (10%) beneficial owner of any class of the Company’s equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.19 “Key Employee” shall mean an employee (as defined in Code Section 416(i) (but without regard to paragraph (5) thereof)) of the Company.

2.20 “Nonqualified Stock Option” or “NQSO” means an option to purchase Shares granted under Article 6 hereof that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.

2.21 “Option” means an Incentive Stock Option or a Nonqualified Stock Option.

2.22 “Option Price” means the price at which a Share may be purchased by a Participant pursuant to an Option.

2.23 “Other Stock Unit Award” means an Award granted to a Participant, as described in Article 10 hereof.

2.24 “Participant” means an Employee or Director who has been selected to receive an Award or who has an outstanding Award granted under the Plan.

2.25 “Performance-Based Exception” means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

2.26 “Performance Share” means an Award granted to a Participant, as described in Article 11 hereof.

2.27 “Period of Restriction” means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion), and the Shares are subject to a substantial risk of forfeiture, pursuant to the Restricted Stock Award Agreement, as provided in Article 8 hereof.

2.28 “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof and the rules promulgated thereunder, including a “group” as defined in Section 13(d) thereof and the rules promulgated.

2.29 **“Restricted Stock”** means an Award granted to a Participant pursuant to Article 8 hereof.

2.30 **“Restricted Stock Unit”** means an Award granted to a Participant pursuant to Article 9 hereof.

2.31 **“Shares”** means shares of the Company’s common stock, par value \$.01 per share.

2.32 **“Stock Appreciation Right”** or **“SAR”** means an Award granted pursuant to the terms of Article 7 hereof.

2.33 **“Subsidiary”** means any corporation, partnership, joint venture, or other entity in which the Company, directly or indirectly, has a majority voting interest. With respect to Incentive Stock Options, “Subsidiary” means any entity, domestic or foreign, whether or not such entity now exists or is hereafter organized or acquired by the Company or by a Subsidiary that is a “subsidiary corporation” within the meaning of Code Section 424(d) and the rules thereunder.

2.34 **“Ten Percent Shareholder”** means an employee who at the time an ISO is granted owns Shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Subsidiary, within the meaning of Code Section 422.

Article 3. Administration

3.1 General. Subject to the terms and conditions of the Plan, the Plan shall be administered by the Committee. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board of Directors. The Committee shall have the authority to delegate administrative duties to officers of the Company. For purposes of making Awards intended to qualify for the Performance Based Exception under Code Section 162(m), to the extent required under such Code Section, the Committee shall be comprised solely of two or more individuals who are “outside directors”, as that term is defined in Code Section 162(m) and the regulations thereunder.

3.2 Authority of the Committee. Except as limited by law or by the Certificate of Incorporation or Bylaws of the Company, and subject to the provisions hereof, the Committee shall have full power to select Employees and Directors who shall be offered the opportunity to participate in the Plan; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan (including, but not limited to, termination provisions); construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend, or waive rules and regulations for the Plan’s administration; and amend the terms and conditions of any outstanding Award as provided in the Plan. Further, the Committee shall make all other determinations that it deems necessary or advisable for the administration of the Plan. As permitted by law and the terms of the Plan, the Committee may delegate its authority herein. No member of the Committee shall be liable for any action taken or decision made in good faith relating to the Plan or any Award granted hereunder.

3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Committee shall be final, conclusive, and binding on all persons, including the Company, its stockholders, Directors, Employees, Participants, and their estates and beneficiaries, unless changed by the Board.

Article 4. Shares Subject to the Plan and Maximum Awards

4.1 Number of Shares Available for Grants. Subject to adjustment as provided in Section 4.4 hereof, the number of Shares hereby reserved for issuance on or after July 31, 2008 to Participants under the Plan shall equal 7,529,672. Subject to adjustment as provided in Section 4.4 hereof, the maximum number of Shares that may be issued pursuant to Incentive Stock Options shall not exceed 500,000. Any Shares that are subject to Award of Stock Options or Stock Appreciation Rights 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 or Stock Appreciation Rights shall be counted against this limit as 6.52 Shares for every one (1) Share granted on or after July 31, 2008.

4.2 Calculation of Remaining Shares. Shares may be authorized or unissued shares. Except as otherwise provided in this Article 4, the Committee shall determine the appropriate methodology for calculating the number of Shares issued pursuant to the Plan. Any Shares covered by an Award (or portion of an Award) granted under the Plan which is settled in cash in lieu of Shares, forfeited, terminated or otherwise canceled or expires shall be deemed not to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan. If a Participant tenders shares (either actually, by attestation or otherwise) to pay all or any part of the Option Price or purchase price on an Award or if any shares payable with respect to any Award are retained by the Company in satisfaction of the Participant's obligation for taxes, the number of shares actually tendered or retained shall not become or again be, as the case may be, included in the Share limit described in this Section 4.1. Following the exercise of a SARs Award, the difference between the number of Shares subject to such Award and the number of Shares issued in such exercise shall not be included in the maximum number of Shares available for delivery under the Plan. The Company shall not use cash proceeds from the exercise of an Option by a Participant to repurchase Shares for the purpose of increasing the maximum number of Shares available for delivery under the Plan.

4.3 Limitations on Awards. The following limitations shall apply to the grant of any Award to a Participant in a fiscal year:

(a) **Stock Options:** The maximum aggregate number of Shares that may be granted in the form of Stock Options pursuant to Awards granted in any one fiscal year to any one Participant shall be 1,200,000.

(b) **SARs:** The maximum aggregate number of Shares that may be granted in the form of Stock Appreciation Rights pursuant to Awards granted in any one fiscal year to any one Participant shall be 500,000.

(c) **Restricted Stock:** The maximum aggregate number of Shares that may be granted with respect to Awards of Restricted Stock granted in any one fiscal year to any one Participant shall be 500,000.

(d) **Deferred Stock/Restricted Stock Unit Awards:** The maximum aggregate grant or award with respect to Awards of Deferred Stock Units made in any one fiscal year to any one Participant may not exceed \$7,000,000. The maximum aggregate grant with respect to Awards of Restricted Stock Units made in any one fiscal year to any one Participant may not exceed \$7,000,000.

(e) **Other Stock Unit Awards:** The maximum aggregate grant with respect to Awards of Other Stock Units made in any one fiscal year to any one Participant may not exceed \$10,000,000.

(f) **Performance Shares Awards:** The maximum aggregate grant with respect to Awards of Performance Shares made in any one fiscal year to any one Participant shall be equal to the Fair Market Value of 500,000 Shares (measured on the date of grant).

Notwithstanding anything in the Plan to the contrary and subject to adjustment as provided in Section 4.4, the maximum aggregate number of Shares that may be granted as Awards in any one fiscal year to a Director shall be equal to the Fair Market Value of 20,000 Shares (measured on the date of grant) and the maximum aggregate number of Shares that may be granted as Awards to any Director cumulatively under this Plan is 700,000.

The maximum amount that may be paid under the Annual Target Bonus Plan in any one fiscal year to a participant in that plan shall be \$2 million.

4.4 Adjustments in Authorized Shares. Upon a change in corporate capitalization, such as a stock split, stock dividend or a corporate transaction, such as any merger, consolidation, combination, exchange of shares or the like, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation of the Company, such adjustment shall be made in the number and class of Shares that may be delivered under Section 4.1, in the number and class of and/or price of Shares subject to outstanding Awards granted under the Plan, and in the Award limits set forth in Section 4.1, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights.

4.5 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.4 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan; provided that, unless the Committee determines otherwise at the time

such adjustment is considered, no such adjustment shall be authorized to the extent that such authority would be inconsistent with the Plan's or any Award's meeting the requirements of Section 162(m) of the Code, as from time to time amended.

Article 5. Eligibility and Participation

5.1 Eligibility. Persons eligible to participate in this Plan include all Employees and Directors of the Company and its Subsidiaries.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees and Directors, those to whom Awards shall be granted and shall determine the nature and amount of each Award, provided that Incentive Stock Options shall only be awarded to Employees of the Company or its Subsidiaries.

Article 6. Stock Options

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee.

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine which are not inconsistent with the terms of the Plan.

6.3 Option Price. The Option Price for each Option shall equal the Fair Market Value of the Shares at the time such option is granted. No ISOs will be granted to a Ten Percent Shareholder. The Option Price may not be decreased with respect to an outstanding Option following the date of grant and no Option will be replaced with another Option with a lower Option Price.

6.4 Duration of Options. Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant, provided that an Option must expire no later than the seventh (7th) anniversary of the date the Option was granted.

6.5 Exercise of Options. Options shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

6.6 Payment. Options shall be exercised by the delivery of a written, electronic or telephonic notice of exercise to the Company or its designated agent, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the Option Price for the Shares.

Upon the exercise of any Option, the Option Price for the Shares being purchased pursuant to the Option shall be payable to the Company in full either: (a) in cash or its equivalent; (b) subject to the Committee's approval, by delivery of previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares that are delivered must have been held by the Participant for at least six (6) months

prior to their delivery to satisfy the Option Price); (c) subject to the Committee's approval, by authorizing a third party to sell Shares (or a sufficient portion of the Shares) acquired upon exercise of the Option and remitting to the Company a sufficient portion of the sales proceeds to pay the Option Price; (d) subject to the Committee's approval, by a combination of (a), (b), or (c); or (e) by any other method approved by the Committee in its sole discretion. Unless otherwise determined by the Committee, the delivery of previously acquired Shares may be done through attestation. No fractional shares may be tendered or accepted in payment of the Option Price.

Unless otherwise determined by the Committee, cashless exercises are permitted pursuant to Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law.

Subject to any governing rules or regulations, as soon as practicable after receipt of notification of exercise and full payment, the Company shall deliver to the Participant, in the Participant's name, Share certificates in an appropriate amount based upon the number of Shares purchased pursuant to the Option(s).

Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

6.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, or under any blue sky or state securities laws applicable to such Shares.

6.9 Special Limitation on Grants of Incentive Stock Options. No ISO shall be granted to an Employee under the Plan or any other ISO plan of the Company or its Subsidiaries to purchase Shares as to which the aggregate Fair Market Value (determined as of the date of grant) of the Shares which first become exercisable by the Employee in any calendar year exceeds \$100,000. To the extent an Option initially designated as an ISO exceeds the value limit of this Section 6.9 or otherwise fails to satisfy the requirements applicable to ISOs, it shall be deemed a NQSO and shall otherwise remain in full force and effect.

6.10 Dividends and Other Distributions. Participants holding Options shall not be credited with dividends or any equivalent amount in lieu of dividends.

Article 7. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Committee.

Subject to the terms and conditions of the Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

The grant price of a SAR shall equal the Fair Market Value of a Share on the date of grant.

7.2 SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Committee shall determine.

7.3 Term of SARs. The term of an SAR granted under the Plan shall be determined by the Committee, in its sole discretion, provided that an SAR must expire no later than the seventh (7th) anniversary of the date the SAR was granted.

7.4 Exercise of SARs. SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

7.6 Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(a) The amount by which the Fair Market Value of a Share on the date of exercise exceeds the grant price of the SAR; by

(b) The number of Shares with respect to which the SAR is exercised.

The payment upon SAR exercise shall be in Shares. Any Shares delivered in payment shall be deemed to have a value equal to the Fair Market Value on the date of exercise of the SAR.

7.7 Dividends and Other Distributions. Participants holding SARs shall not be credited with dividends or any equivalent amount in lieu of dividends.

Article 8. Restricted Stock

8.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Participants in such amounts as the Committee shall determine.

8.2 Restricted Stock Agreement. Each Restricted Stock grant shall be evidenced by a Restricted Stock Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine which are not inconsistent with the terms of this Plan.

8.3 Other Restrictions. The Committee may impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase

price for each Share of Restricted Stock, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions, and/or restrictions under applicable federal or state securities laws.

To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied.

Except as otherwise provided in the Award Agreement, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall become freely transferable by the Participant after the last day of the applicable Period of Restriction.

8.5 Voting Rights. If the Committee so determines, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction.

8.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder (whether or not the Company holds the certificate(s) representing such Shares) may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares while they are so held. The Committee may apply any restrictions to the dividends that the Committee deems appropriate. Without limiting the generality of the preceding sentence, if the grant or vesting of Restricted Shares granted to a Covered Employee is designed to comply with the requirements of the Performance-Based Exception, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to such Restricted Shares, such that the dividends and/or the Restricted Shares maintain eligibility for the Performance-Based Exception.

Article 9. Deferred Stock and Restricted Stock Units

9.1 Award of Deferred Stock Units. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may award Deferred Stock Units to Participants in lieu of payment of a bonus or other Award if so elected by a Participant under such terms and conditions as the Committee shall determine, including terms that provide for the grant of Deferred Stock Units valued in excess of the bonus or Award deferred.

9.2 Election to Receive Deferred Stock Units. A Participant must make an election to receive Deferred Stock Units in the calendar year before the calendar year in which the services related to the Award are first performed. The Committee may require a Participant to defer, or permit (subject to any conditions as the Committee may from time to time establish) a Participant to elect to defer, receipt of all or any portion of any payment of cash or Shares that otherwise would be due to such Participant in payment or settlement of an Award under the Plan, to the extent consistent with Section 409A of the Code. (Such payments may include, without limitation, provisions for the payment or crediting of reasonable interest in respect of deferred payments credited in cash, and the payment or crediting of dividend equivalents in respect of

deferred amounts credited in stock equivalents.) Settlement of any Deferred Stock Units shall be made in a single sum of cash or Shares.

9.3 Grant of Restricted Stock Units. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Restricted Stock Units to Participants in such amounts as the Committee may determine.

9.4 Restricted Stock Units Agreement. Each Restricted Stock Unit grant shall be evidenced by a Restricted Stock Unit Award Agreement that shall specify the date or dates and any other terms and conditions on which the Restricted Stock Units may vest and such other terms and conditions of the grant as the Committee shall determine.

9.5 Form and Timing of Payment of Restricted Stock Units. Payment of vested Restricted Stock Units, or, if a Restricted Stock Unit Award is subject to partial vesting, the vested portion of such Award, shall be made in a single sum of cash or Shares or a combination thereof as soon as practicable after the Restricted Stock Units or portion of the Award vests, but in no event later than 2½ months after the calendar year in which vesting occurs. It is intended that a Restricted Stock Unit Award be exempt from the application of Section 409A of the Code as a “short-term deferral.”

Article 10. Other Stock Unit Awards

10.1 Grant of Other Stock Unit Awards. Subject to the terms of the Plan, Other Stock Unit Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property, may be granted to Participants, either alone or in addition to other Awards granted under the Plan, and such Other Stock Units shall also be available as a form of payment in the settlement of other Awards granted under the Plan. Other Stock Units shall be granted upon such terms, and at any time and from time to time, as shall be determined by the Committee.

10.2 Award Agreement. Each Other Stock Unit grant shall be evidenced by an Other Stock Unit Agreement that shall specify the restrictions upon such Other Stock Units, if any, the number of Other Stock Units granted, and such other provisions as the Committee shall determine which are not inconsistent with the terms of this Plan.

Article 11. Performance Shares

11.1 Grant of Performance Shares Awards. Subject to the terms of the Plan, Performance Shares Awards may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

11.2 Award Agreement. At the Committee’s discretion, each grant of Performance Shares Awards may be evidenced by an Award Agreement that shall specify the initial value, the duration of the Award, the performance measures, if any, applicable to the Award, and such other

provisions as the Committee shall determine which are not inconsistent with the terms of the Plan.

11.3 Value of Performance Shares Awards. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Shares Awards that will be paid out to the Participant. For purposes of this Article 11, the time period during which the performance goals must be met shall be called a “Performance Period.”

11.4 Earning of Performance Shares Awards. Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Shares Awards shall be entitled to receive a payout based on the number and value of Performance Shares Awards earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

11.5 Form and Timing of Payment of Performance Shares Awards. Payment of earned Performance Shares Awards shall be as determined by the Committee and, if applicable, as evidenced in the related Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Shares Awards in the form of cash or in Shares (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Performance Shares Awards at the close of the applicable Performance Period. Such Shares may be delivered subject to any restrictions deemed appropriate by the Committee. No fractional shares will be issued. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award or the resolutions establishing the Award.

Unless otherwise provided by the Committee, Participants holding Performance Shares shall be entitled to receive dividend units with respect to dividends declared with respect to the Shares represented by such Performance Shares.

Article 12. Performance Measures

Unless and until the Committee proposes for shareholder vote and the Company’s shareholders approve a change in the general performance measures set forth in this Article 12, the attainment of which may determine the degree of payout and/or vesting with respect to Awards to Covered Employees that are designed to qualify for the Performance-Based Exception, the performance measure(s) to be used for purposes of such grants shall be chosen from among: revenue, earnings per share, operating income, net income (before or after taxes), cash flow (including, but not limited to, operating cash flow and free cash flow), gross profit, growth in any of the preceding measures, gross profit return on investment, gross margin return on investment, working capital, gross margins, EBIT, EBITDA, return on equity, return on assets, return on capital, revenue growth, total shareholder return, economic value added, customer satisfaction, technology leadership, number of new patents, employee retention, market share, market segment share, product release schedules, new product innovation, cost reduction

through advanced technology, brand recognition/acceptance, and product ship targets. Additionally, the Committee may exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including an event not within the reasonable control of the Company's management.

Performance measures may be set either at the corporate level, subsidiary level, division level, or business unit level.

Awards that are designed to qualify for the Performance-Based Exception, and that are held by Covered Employees, may not be adjusted upward (the Committee shall retain the discretion to adjust such Awards downward).

If applicable tax and/or securities laws change to permit Committee discretion to alter the governing performance measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

Article 13. Rights of Participants

13.1 Employment. Nothing in the Plan shall confer upon any Participant any right to continue in the Company's or its Subsidiaries' employ, or as a Director, or interfere with or limit in any way the right of the Company or its Subsidiaries to terminate any Participant's employment or directorship at any time.

13.2 Participation. No Employee or Director shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

13.3 Rights as a Stockholder. Except as provided in Sections 8.5, 8.6 and 11.5 or in the applicable Award Agreement consistent with Articles 8, 9, 10, or 11, a Participant shall have none of the rights of a shareholder with respect to shares of Company common stock covered by any Award until the Participant becomes the record holder of such Shares.

13.4 Nontransferability. Unless otherwise set forth by the Committee in an Award Agreement, Awards (except for vested shares) shall not be transferable by a Participant except by will or the laws of descent and distribution (except pursuant to a Beneficiary designation) and shall be exercisable during the lifetime of a Participant only by such Participant or his or her guardian or legal representative. Under no circumstances will an Award be transferable for value or consideration. A Participant's rights under the Plan may not be pledged, mortgaged, hypothecated, or otherwise encumbered, and shall not be subject to claims of the Participant's creditors.

Article 14. Termination of Employment/Directorship

14.1 Effect on Options. Upon termination of the Participant's employment or directorship for any reason other than Disability, death, or, in the case of NQSOs, retirement, an Option granted to the Participant may be exercised by the Participant or permitted transferee at

any time on or prior to the earlier of the expiration date of the Option or the expiration of three (3) months after the date of termination but only if, and to the extent that, the Participant was entitled to exercise the Option at the date of termination.

14.2 Effect of Retirement on NQSOs. Upon termination of the Participant's employment or directorship due to retirement (as defined in the Award Agreement), a NQSO granted to the Participant may be exercised by the Participant or permitted transferee at any time on or prior to the earlier of the expiration date of the Option or one of the two following deadlines: (a) in the case of Options granted prior to July 29, 2009, the expiration of two (2) years after the date of termination due to retirement, or (b) in the case of Options granted after July 29, 2009, the expiration of five (5) years after the date of termination due to retirement. The term "retirement" has the meaning given to it in the Award Agreement. In either case, the Participant may only exercise the NQSO if, and to the extent that, the Participant was entitled to exercise the Nonqualified Stock Option at the date of termination.

14.3 Effects on Other Awards. Upon termination of the Participant's employment or directorship for any reason other than Disability or death, all Awards other than Options shall be treated as set forth in the applicable Award Agreement. If the employment or directorship of a Participant terminates by reason of the Participant's Disability or death, all Awards shall be treated as set forth in the applicable Award Agreements.

14.4 Leaves of Absence. Unless otherwise determined by the Committee, an authorized leave of absence pursuant to a written agreement or other leave entitling an Employee to reemployment in a comparable position by law or rule shall not constitute a termination of employment for purposes of the Plan unless the Employee does not return at or before the end of the authorized leave or within the period for which re-employment is guaranteed by law or rule.

14.5 Definition of Termination. For purposes of this Article, a "termination" includes an event which causes a Participant to lose his eligibility to participate in the Plan (e.g., an individual is employed by a company that ceases to be a Subsidiary). In the case of a nonemployee director, the meaning of "termination" includes the date that the individual ceases to be a director of the Company or its Subsidiaries.

14.6 Exceptions. Notwithstanding the foregoing, the Committee has the authority to prescribe different rules that apply upon the termination of employment of a particular Participant, which shall be memorialized in the Participant's original or amended Award Agreement or similar document.

14.7 Termination of Awards. An Award that remains unexercised after the latest date it could have been exercised under any of the foregoing provisions or under the terms of the Award shall be forfeited.

Article 15. Change in Control

In the event of (1) any sale or conveyance to another entity of all or substantially all of the property and assets of the Company or (2) a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental

agencies or national securities exchange or trading system, or unless the Committee shall otherwise specify in the Award Agreement, the Board, in its sole discretion, may:

- (a) elect to terminate Options or SARs in exchange for a cash payment equal to the amount by which the Fair Market Value of the Shares subject to such Option to the extent the Option or SAR has vested exceeds the exercise price with respect to such Shares;
 - (b) elect to terminate Options or SARs provided that each Participant is first notified of and given the opportunity to exercise his/her vested Options for a specified period of time (of not less than 15 days) from the date of notification and before the Option or SAR is terminated;
 - (c) permit Awards to be assumed by a new parent corporation or a successor corporation (or its parent) and replaced with a comparable Award of the parent corporation or successor corporation (or its parent);
 - (d) amend an Award Agreement or take such other action with respect to an Award that it deems appropriate;
- or
- (e) implement any combination of the foregoing.

Article 16. Amendment, Modification, and Termination

16.1 Amendment, Modification, and Termination. Subject to the terms of the Plan, the Board may at any time and from time to time, alter, amend, suspend, or terminate the Plan in whole or in part.

16.2 Awards Previously Granted. Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award. Except in connection with a corporate transaction involving the company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Options or SARs or cancel outstanding Options or SARs in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs without stockholder approval.

16.3 Shareholder Approval Required for Certain Amendments. Shareholder approval will be required for any amendment of the Plan that does any of the following: (a) increases the maximum number of Shares subject to the Plan; (b) changes the designation of the class of persons eligible to receive ISOs under the Plan; or (c) modifies the Plan in a manner that requires shareholder approval under applicable law or the rules of a stock exchange or trading system on which Shares are traded.

Article 17. Withholding

The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any applicable taxes (including social security or social charges), domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan. The Participant may satisfy, totally or in part, such Participant's obligations pursuant to this Section 17 by electing to have Shares withheld, to redeliver Shares acquired under an Award, or to deliver previously owned Shares that have been held for at least six (6) months, provided that the election is made in writing on or prior to (i) the date of exercise, in the case of Options or SARs; (ii) the date of payment, in the case of Performance Shares/Deferred Stock Units/Restricted Stock Units; or (iii) the expiration of the Period of Restriction in the case of Restricted Stock. Any election made under this Section 17 may be disapproved by the Committee at any time in its sole discretion. If an election is disapproved by the Committee, the Participant must satisfy his obligations pursuant to this paragraph in cash.

Article 18. Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, through merger, consolidation, or otherwise, of all or substantially all of the business, stock and/or assets of the Company.

Article 19. General Provisions

19.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

19.2 Severability. If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

19.4 Securities Law Compliance. With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act, unless determined otherwise by the Board. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

19.5 Listing. The Company may use reasonable endeavors to register Shares issued pursuant to Awards with the United States Securities and Exchange Commission or to effect compliance with the registration, qualification, and listing requirements of any state or foreign securities laws, stock exchange, or trading system.

19.6 Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

19.7 No Additional Rights. Neither the Award nor any benefits arising under this Plan shall constitute part of an employment contract between the Participant and the Company or any Subsidiary, and accordingly, subject to Section 16.2, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to liability on the part of the Company for severance payments.

19.8 Noncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange or trading system.

19.9 Governing Law. The Plan and each Award Agreement shall be governed by the laws of Massachusetts, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts whose jurisdiction covers Massachusetts, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

19.10 Compliance with Code Section 409A. No Award that is subject to Section 409A of the Code shall provide for deferral of compensation that does not comply with Section 409A of the Code, unless the Board, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code. Notwithstanding any provision in the Plan to the contrary, with respect to any Award subject to Section 409A, distributions on account of a separation from service may not be made to Key Employees before the date which is six (6) months after the date of separation from service (or, if earlier, the date of death of the employee).

Dated as of July 27, 2005 **Haemonetics Corporation**

Amended:

July 31, 2008

July 29, 2009

July 21, 2011

November 30, 2012

By: /s/ Brian Concannon
Chief Executive Officer

Date of Shareholder Approval: July 27, 2005

Amendment to Section 4.1 Approved by Shareholders: July 31, 2008

Amendment to Article 14 Approved by Compensation Committee under delegation from the Board of Directors: July 29, 2009

Amendments to Section 1.3, and Articles 4, 6 and 7 Approved by Shareholders: July 21, 2011

Amendments to Section 4.1 and 4.3 by Compensation Committee under delegation from the Board of Directors: November 30, 2012

Individual letters for, future new EC members

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (this “Agreement”), made effective on **insert date** (the “Effective Date”), between Haemonetics Corporation, a Massachusetts corporation with its principal offices at 400 Wood Road, Braintree, Massachusetts, 02184, (herein referred to as the “Company”) and **Name** (the “Officer”). The Company and the Officer are collectively referred to herein as the “Parties” and individually referred to as a “Party.”

WITNESSETH THAT

WHEREAS, the Officer is employed by the Company as a senior executive of the Company or one, or more than one, of the Company’s subsidiaries; and

WHEREAS, the Board of Directors of the Company (the “Board”) decided that the Company should provide certain compensation and benefits to the Officer in the event that the Officer’s employment is terminated on or after a change in the ownership or control of the Company under certain circumstances;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, for so long as Executive remains a member of the Company’s Operating Committee, then the Parties agree as follows:

1. **Purpose.** The Company considers a sound and vital management team to be essential. Management personnel who become concerned about the possibility that the Company may undergo a Change in Control (as defined in Paragraph 2 below) may terminate employment or become distracted. Accordingly, the Board has determined to extend this Agreement to minimize the distraction the Officer may suffer from the possibility of a Change in Control.
2. **Change in Control.** The term “Change in Control” for purposes of this Agreement shall mean the earliest to occur of the following events during the Term (as defined in Paragraph 3(d) below):
 - (a) a person, or any two or more persons acting as a group, and all affiliates of such person or persons, who prior to such time owned less than thirty-five percent (35%) of the then outstanding shares of the Company’s \$0.01 par value common stock

("Common Stock"), shall acquire such additional shares of the Company's Common Stock in one or more transactions, or series of transactions, such that following such transaction or transactions such person or group and affiliates beneficially own thirty-five percent (35%) or more of the Company's Common Stock outstanding,

- (b) closing of the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, and
- (c) there is a consummation of any merger, reorganization, consolidation or share exchange unless the persons who were the beneficial owners of the outstanding shares of the common stock of Company immediately before the consummation of such transaction beneficially own more than 50% of the outstanding shares of the common stock of the successor or survivor entity in such transaction immediately following the consummation of such transaction. For purposes of this Paragraph 2(c), the percentage of the beneficially owned shares of the successor or survivor entity described above shall be determined exclusively by reference to the shares of the successor or survivor entity which result from the beneficial ownership of shares of common stock of the Company by the persons described above immediately before the consummation of such transaction.

3. Term. The initial term of this Agreement shall extend until **insert date – 5 yrs from date of letter** (the "Initial Term"); provided, however, that this Agreement shall automatically renew for successive additional five year periods ("Renewal Terms") unless notice of nonrenewal is given by either Party to the other Party at least one year prior to the end of the Initial Term or, if applicable, the then current Renewal Term; and provided, further, that if a "Change of Control" occurs during the Term, the Term shall automatically extend until the second anniversary of the Change in Control (the "Protection Period"). The Term of this Agreement shall be the Initial Term plus all Renewal Terms and, if applicable, the duration of the Protection Period. At the end of the Term, this Agreement shall terminate without further action by either the Company or the Executive. If no Change in Control occurs prior to expiration of the Term or if the Officer Separates from Service (as defined in Paragraph 4(a) below) before a Change in Control, or if the Officer is no longer a member of the Company's Executive Committee or Operating Committee before a Change in Control, this Agreement shall automatically terminate without any further action; provided, however, that Paragraph 13 (regarding arbitration) shall continue to apply to the extent the Officer disputes the termination of this Agreement. The obligations of the Company and the Officer under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

4. Severance Benefits. If, during the Protection Period (as defined in Paragraph 3(a)(ii) above), the Officer "Separates from Service" (as defined in Paragraph 5(a) below) due to termination of employment by the Company and its subsidiaries without "Cause" (as defined in Paragraph 5(b)) or by the Officer due to "Constructive Termination" (as defined in Paragraph 5(c)) (each, a "Qualifying Termination"), the Officer shall be entitled to the severance benefits set forth in this Paragraph 4. The Officer shall not be entitled to severance benefits upon any other Separation from Service, including a termination of employment by the

Company for "Cause" or due to the Officer's death or Disability (as defined in Paragraph 5(d)). The payments and benefits provided for under this Paragraph 4 shall be in lieu of any other severance benefits otherwise payable by the Company to the Officer and shall be subject to reduction due to application of the Section 280G Cap as provided under Paragraph 6 below. Payment of the severance benefits as may be reduced by the 280G Cap, if applicable, shall commence 30 days after a Qualifying Termination, provided that the Officer has timely executed a release that is not revoked as provided under Paragraph 7 below. No severance benefit shall be paid if the Executive has not timely executed a release under Paragraph 7.

(a) Salary and Bonus Amount. The Company will pay to the Officer thirty days after a Qualifying Termination a lump sum cash amount equal to the product obtained by multiplying:

(i) the sum of (A) salary at the annualized rate which was being paid by the Company and/or subsidiaries to the Officer immediately prior to the time of such termination or, if greater, at the time of the Change in Control plus (B) the annual target bonus and/or any other annual cash incentive award opportunity applicable to the Officer at the time of the Qualifying Termination or, if greater, at the time of the Change in Control, by

(ii) 2.0

(b) Payment for Welfare Benefits. The Officer shall be entitled to receive a lump sum cash amount intended to cover the approximate cost of the Company's portion of the premiums necessary to continue the coverage under the Officer's medical, dental, life insurance and disability insurance coverages (collectively, the "Welfare Benefits") as in effect upon Separation from Service for a period of two years following a Qualifying Termination. For avoidance of doubt, medical coverage for this purpose shall include medical coverage provided to members of the Executive's immediate family under a Company sponsored plan, policy or program at the time of the Executive's employment termination, and premiums with respect to medical and dental coverage shall be determined using the rate charged for COBRA coverage. The Officer shall be entitled to elect continued Welfare Benefit as provided under any employee benefit plan, policy or program sponsored by the Company as in effect on the Officer's Separation from Service, including but not limited to COBRA.

(c) Outplacement Services. In the event of a Qualifying Termination, the Company shall provide to the Officer executive outplacement services provided on a one-to-one basis by a senior counselor of a firm nationally recognized as a reputable national provider of such services for up to twelve months following Separation from Service, plus evaluation testing, at a location mutually agreeable to the Parties, up to a maximum amount of \$35,000. If the executive elects not to take advantage of such program within 30 days of separation, unless otherwise agreed in writing, there will be no obligation to continue this service. In no circumstance will the Company provide a cash payment in lieu of the use of these services.

(d) Equity Awards. The vesting of the Officer's Equity Awards shall be governed by this Section 4(d). The term "Equity Award" shall mean stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Company's Common Stock.

(i) The vesting of the Officer's Equity Awards granted on or after the Effective Date that vest solely on the basis of continued employment with the Company or any of its subsidiaries shall be accelerated solely by reason of a Change in Control only if the surviving corporation or acquiring corporation following a Change in Control refuses to assume or continue the Officer's Equity Awards or to substitute similar Equity Awards for those outstanding immediately prior to the Change in Control. If such Officer's Equity Awards are so continued, assumed or substituted and at any time after the Change in Control the Officer incurs a Qualifying Termination, then the vesting and exercisability of all such unvested Equity Awards held by the Officer that are then outstanding shall be accelerated in full and any reacquisition rights held by the Company with respect to any such Equity Award shall lapse in full, in each case, upon such termination.

(ii) The vesting of the Officer's Equity Awards that vest, in whole or in part, based upon achieving Performance Criteria shall be accelerated on a pro rata basis by reason of a Change in Control. The pro rata vesting amount shall equal the designated target award multiplied by a fraction, the numerator of which is the number of days the Officer was employed during the award's performance period as of the date of the Change in Control, and (b) the denominator is the number of days in the performance period. For purposes of this Paragraph 4(d), "Performance Criteria" means any business criteria that apply to the Officer, a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing.

(iii) Enforcement of the terms of this Paragraph 4(d) shall survive termination of this Agreement.

Equity Awards granted before the Effective Date shall not be subject to this Paragraph 4(d).

By accepting severance benefits under this Paragraph 4, the Officer waives the Officer's right, if any, to have any payment made under this Paragraph 4 taken into account to increase the benefits otherwise payable to, or on behalf of, the Officer under any employee benefit plan, policy or program, whether qualified or nonqualified, maintained by the Company (e.g., there will be no increase in the Officer's tax-qualified retirement plan benefits, non-qualified deferred compensation plan benefits or life insurance because of severance benefits received hereunder).

5. Definitions of “Separation from Service,” “Cause,” “Constructive Termination,” and “Disability”. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) The term “Separation from Service” or “Separates from Service” for purposes of this Agreement shall mean a “separation from service” within the meaning of Section 409A of the Code (after applying the presumptions in Treas. Reg. Sect. 1.409A-1(h)).

(b) “Cause” means (i) the Officer’s conviction of (or a plea of guilty or nolo contendere to) a felony or any other crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety; or (ii) a determination by a majority of the Board in good faith that the Officer has (A) willfully and continuously failed to perform substantially the Officer’s duties (other than any such failure resulting from the Officer’s Disability or incapacity due to bodily injury or physical or mental illness), after a written demand for substantial performance is delivered to the Officer by the Board that specifically identifies the manner in which the Board believes that the Officer has not substantially performed the Officer’s duties, (B) engaged in illegal conduct, an act of dishonesty or gross misconduct, or (C) willfully violated a material requirement of the Company’s code of conduct or the Officer’s fiduciary duty to the Company. No act or failure to act on the part of the Officer shall be considered “willful” unless it is done, or omitted to be done, by the Officer in bad faith and without reasonable belief that the Officer’s action or omission was in, or not opposed to, the best interests of the Company or its subsidiaries. In order to terminate the Officer’s employment for Cause, the Company shall be required to provide the Officer a reasonable opportunity to be heard (with counsel) before the Board, which shall include at least ten (10) business days of advance written notice to the Officer. Further, the Officer’s attempt to secure employment with another employer that does not breach the Officer’s non-competition obligations shall not constitute an event of “Cause”.

(c) “Constructive Termination” means, without the express written consent of the Officer, the occurrence of any of the following during the Protection Period (as defined in Paragraph 3(a)(ii) above):

(i) a material reduction in the Officer’s annual base salary as in effect immediately prior to a Change in Control or as the same may be increased from time to time, and/or a material failure to provide the Officer with an opportunity to earn annual incentive compensation and long-term incentive compensation at least as favorable as in effect immediately prior to a Change of Control or as the same may be increased from time to time,

(ii) a material diminution in the Officer’s authority, duties, or responsibilities as in effect at the time of the Change in Control;

- (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Officer is required to report (it being understood that if the Officer reports to the Board, a requirement that the Officer report to any individual or body other than the Board will constitute “Constructive Termination” hereunder);
- (iv) a material diminution in the budget over which the Officer retains authority;
- (v) the Company’s requiring the Officer to be based anywhere outside a fifty mile radius of the Company’s offices at which the Officer is based as of immediately prior to a Change of Control (or any subsequent location at which the Officer has previously consented to be based) except for required travel on the Company’s business to an extent that is not substantially greater than the Officer’s business travel obligations as of immediately prior to a Change in Control or, if more favorable, as of any time thereafter; or
- (vi) any other action or inaction that constitutes a material breach by the Company or any of its subsidiaries of the terms of this Agreement.

In no event shall the Officer be entitled to terminate employment with the Company on account of “Constructive Termination” unless the Officer provides notice of the existence of the purported condition that constitutes “Constructive Termination” within a period not to exceed ninety (90) days of its initial existence, and the Company fails to cure such condition (if curable) within thirty (30) days after the receipt of such notice.

- (d) “Disability” means the Officer’s inability, due to physical or mental incapacity resulting from injury, sickness or disease, for one hundred and eighty (180) days in any twelve-month period to perform his duties hereunder.

6. Section 280G Restriction. Notwithstanding any provision of this Agreement to the contrary, the following provisions shall apply:

- (a) If it is determined that part or all of the compensation and benefits payable to the Officer (whether pursuant to the terms of this Agreement or otherwise) before application of this Paragraph 6 would constitute “parachute payments” under Section 280G of the Code, and the payment thereof would cause the Officer to incur the 20% excise tax under Section 4999 of the Code, then the amounts otherwise payable to or for the benefit of the Officer pursuant to this Agreement (or otherwise) that, but for this Paragraph 6 would be “parachute payments,” (referred to below as the “Total Payments”) shall either (i) be reduced so that the present value of the Total Payments to be received by the Officer will be equal to three times the “base amount” (as defined under Section 280G of the Code less \$1,000 (the “280G Cap”), or (ii) paid in full, whichever produces the better after-tax position to the Officer (taking into account all applicable taxes, including but not limited to the excise tax under Section

4999 of the Code and any federal and state income and employment taxes). Any required reduction under clause (A) above shall be made in a manner that maximizes the net after-tax amount payable to the Officer, as reasonably determined by the Consultant (as defined below).

- (b) All determinations required under this Paragraph 6 shall be made by a nationally recognized accounting, executive compensation or law firm appointed by the Company (the "Consultant") that is reasonably acceptable to the Officer on the basis of "substantial authority" (within the meaning of Section 6662 of the Code). The Consultant's fee shall be paid by the Company. The Consultant shall provide a report to the Officer that may be used by the Officer to file the Officer's federal tax returns.
- (c) It is possible that payments could be made by the Company that should not have been made pursuant to this Paragraph 6. If a reduced payment or benefit is provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its subsidiaries) used in determining the 280G Cap, then the Officer shall immediately repay such excess in cash to the Company upon notification that an overpayment has been made.
- (d) Nothing in this Paragraph 6 shall require the Company to be responsible for, or have any liability or obligation with respect to, any excise tax liability under Section 4999 of the Code.

7. Release. The Officer agrees that the Company will have no obligations to the Officer under Paragraph 4 above until the Officer executes a release in a form acceptable by the Company and, further, will have no further obligations to the Officer under Paragraph 4 if the Officer revokes such release. The Officer shall have 21 days after Separation from Service to consider whether or not to sign the release. If the Officer fails to return an executed release to the Company's Vice President of Human Resources within such 21 day period, or the Officer subsequently revokes a timely filed release, the Company shall have no obligation to pay any amounts or benefits under Paragraph 4 of this Agreement.

8. No Interference with Other Vested Benefits. Regardless of the circumstances under which the Officer may terminate from employment, the Officer shall have a right to any benefits under any employee benefit plan, policy or program maintained by the Company which the Officer had a right to receive under the terms of such employee benefit plan, policy or program after a termination of the Officer's employment without regard to this Agreement. The Company shall within thirty (30) days of Separation from Service pay the Officer any earned but unpaid base salary and bonus, shall promptly pay the Officer for any earned but untaken vacation and shall promptly reimburse the Officer for any incurred but unreimbursed expenses which are otherwise reimbursable under the Company's expense reimbursement policy as in effect for senior executives immediately before the Officer's employment termination.

9. Consolidation or Merger. If the Company is at any time before or after a Change in Control merged or consolidated into or with any other corporation, association, partnership or other entity (whether or not the Company is the surviving entity), or if substantially all of the assets thereof are transferred to another corporation, association, partnership or other entity, the provisions of this Agreement will be binding upon and inure to the benefit of the corporation, association, partnership or other entity resulting from such merger or consolidation or the acquirer of such assets (collectively, “acquiring entity”) unless the Officer voluntarily elects not to become an employee of the acquiring entity as determined in good faith by the Officer. Furthermore, in the event of any such consolidation or transfer of substantially all of the assets of the Company, the Company shall enter into an agreement with the acquiring entity that shall provide that such acquiring entity shall assume this Agreement and all obligations and liabilities under this Agreement; provided, that the Company’s failure to comply with this provision shall not adversely affect any right of the Officer hereunder. This Paragraph 9 will apply in the event of any subsequent merger or consolidation or transfer of assets.

In the event of any merger, consolidation or sale of assets described above, nothing contained in this Agreement will detract from or otherwise limit the Officer’s right to or privilege of participation in any restricted stock plan, bonus or incentive plan, stock option or purchase plan, profit sharing, pension, group insurance, hospitalization or other compensation or benefit plan or arrangement which may be or become applicable to officers of the corporation resulting from such merger or consolidation or the corporation acquiring such assets of the Company.

In the event of any merger, consolidation or sale of assets described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to include the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.

10. No Mitigation. The Company agrees that the Officer is not required to seek other employment after a Qualifying Termination or to attempt in any way to reduce any amounts payable to the Officer by the Company under Paragraph 4 of this Agreement. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Officer as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Officer to the Company, or otherwise.

11. Payments. All payments provided for in this Agreement shall be paid in cash in the currency of the primary jurisdiction in which the Executive provided services to the Company and its subsidiaries immediately prior to Separation from Service. The Company shall not be required to fund or otherwise segregate assets to ensure payments under this Agreement.

12. Tax Withholding; Section 409A.

- (a) All payments made by the Company to the Officer or the Officer's dependents, beneficiaries or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions as may be required by law.
- (b) The Parties intend that the benefits and payments provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Officer for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code.

13. Arbitration.

- (a) The Parties shall submit any disputes arising under this Agreement to an arbitration panel conducting a binding arbitration in Boston, Massachusetts or at such other location as may be agreeable to the Parties, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect on the date of such arbitration (the "Rules"), and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof. The award of the arbitrator shall be final and shall be the sole and exclusive remedy between the Parties regarding any claims, counterclaims, issues or accountings presented to the arbitrator.
- (b) The Parties agree that the arbitration shall be conducted by one (1) person mutually acceptable to the Company and the Officer, provided that if the Parties cannot agree on an arbitrator within thirty (30) days of filing a notice of arbitration, the arbitrator shall be selected by the manager of the principal office of the American Arbitration Association in Suffolk County in the Commonwealth of Massachusetts. Any action to enforce or vacate the arbitrator's award shall be governed by the federal Arbitration Act, if applicable, and otherwise by applicable state law.
- (c) If either Party pursues any claim, dispute or controversy against the other in a proceeding other than the arbitration provided for herein, the responding Party shall be entitled to dismissal or injunctive relief regarding such action and recovery of all costs, losses and attorney's fees related to such action.
- (d) All of Officer's reasonable costs and expenses incurred in connection with such arbitration shall be paid in full by the Company promptly on written demand from the Officer, including the arbitrators' fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, court costs, witness fees and attorneys' fees; provided, however, the Company shall pay no more than \$50,000 per year in attorneys' fees unless a higher figure is awarded in the arbitration, in which event the Company shall pay the figure awarded in the arbitration.
- (e) Reimbursement of reasonable costs and expenses under Paragraph 13(d) shall be administered consistent with the following additional requirements as set forth in

Treas. Reg. § 1.409A-3(i)(1)(iv): (i) the Officer's eligibility for benefits in one year will not affect the Officer's eligibility for benefits in any other year; (ii) any reimbursement of eligible expenses will be made on or before the last day of the year following the year in which the expense was incurred; and (iii) the Officer's right to benefits is not subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, reimbursement for benefits under this Paragraph 13 shall commence no earlier than six months and a day after the Officer's Separation from Service.

- (f) The Officer acknowledges and expressly agrees that this arbitration provision constitutes a voluntary waiver of trial by jury in any action or proceeding to which the Officer or the Company may be parties arising out of or pertaining to this Agreement.

14. Assignment; Payment on Death.

- (a) The provisions of this Agreement shall be binding upon and shall inure to the benefit of the Officer, the Officer's executors, administrators, legal representatives and assigns and the Company and its successors.
- (b) In the event that the Officer becomes entitled to payments under this Agreement and subsequently dies, all amounts payable to the Officer hereunder and not yet paid to the Officer at the time of the Officer's death shall be paid to the Officer's beneficiary. No right or interest to or in any payments shall be assignable by the Officer; provided, however, that this provision shall not preclude the Officer from designating one or more beneficiaries to receive any amount that may be payable after the Officer's death and shall not preclude the legal representatives of the Officer's estate from assigning any right hereunder to the person or persons entitled thereto under the Officer's will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to the Officer's estate. The term "beneficiary" as used in this Agreement shall mean the beneficiary or beneficiaries so designated by the Officer to receive such amount or, if no such beneficiary is in existence at the time of the Officer's death, the legal representative of the Officer's estate.
- (c) No right, benefit or interest hereunder shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

15. Amendments and Waivers. Except as otherwise specified in this Agreement, this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Parties.

16. Integration. The terms of this Agreement shall supersede any prior agreements, understandings, arrangements or representations, oral or otherwise, expressed or implied, with respect to the subject matter hereof which have been made by either Party, including but not limited to the Prior Agreement. By signing this Agreement, the Officer releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of such prior agreements.
17. Notices. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile, (c) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:
- If to the Officer: at the address (or to the facsimile number) shown on the records of the Company.
- If to the Company:
- General Counsel
Haemonetics Corporation
400 Wood Road
Braintree, MA 02184
- or to such other address as either Party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.
18. Severability. Any provision of this Agreement held to be unenforceable under applicable law will be enforced to the maximum extent possible, and the balance of this Agreement will remain in full force and effect.
19. Headings of No Effect. The paragraph headings contained in this Agreement are included solely for convenience or reference and shall not in any way affect the meaning or interpretation of any of the provisions of this Agreement.
20. Not an Employment Contract. This Agreement is not an employment contract and shall not give the Officer the right to continue in employment by Company or any of its subsidiaries for any period of time or from time to time nor shall this Agreement give the Officer the right to continued membership on the Company's Executive Committee or Operating Committee.. This Agreement shall not adversely affect the right of the Company or any of its subsidiaries to terminate the Officer's employment with or without cause at any time.

Membership on the Company's Executive Committee and Operating Committee shall be determined in the sole discretion of the Company's President and Chief Operating Officer

- 21. Governing Law. This Agreement and its validity, interpretation, performance and enforcement shall be governed by the laws of the Commonwealth of Massachusetts (without reference to the choice of law principles thereof).
- 20. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereto duly authorized, and the Officer has signed this Agreement.

HAEMONETICS CORPORATION

Date: _____ By: _____

Brian Concannon
Its: President and Chief Executive Officer

Date: _____ OFFICER

HAEMONETICS CORPORATION
NON-QUALIFIED DEFERRED COMPENSATION PLAN

Haemonetics Corporation, a Massachusetts corporation (the "Company"), hereby establishes this Non-Qualified Deferred Compensation Plan (the "Plan"), effective July 27, 2012 (the "Effective Date"), for the purpose of promoting the interests of the Company and its stockholders by enabling the Company to attract and retain well-qualified executives and directors. The Plan is intended to, and shall be interpreted to, comply in all respects with Code Section 409A and those provisions of ERISA applicable to "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation benefits for a select group of "management or highly compensated employees."

ARTICLE I
TITLE AND DEFINITIONS

1.1 "**Account**" or "**Accounts**" shall mean the bookkeeping account or accounts established under this Plan pursuant to Article 4.

1.2 "**Base Salary**" shall mean a Participant's annual base salary, excluding incentive and discretionary bonuses, commissions, reimbursements and other non-regular remuneration, received from the Company prior to reduction for any salary deferrals under benefit plans sponsored by the Company, including but not limited to, plans established pursuant to Code Section 125 or qualified pursuant to Code Section 401(k).

1.3 "**Beneficiary**" or "**Beneficiaries**" shall mean the person, persons or entity designated as such pursuant to Section 7.1.

1.4 "**Board**" shall mean the Board of Directors of Company.

1.5 "**Bonus(es)**" shall mean amounts paid to the Participant by the Company annually in the form of discretionary or incentive compensation or any other bonus designated by the Committee before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.6 "**Code**" shall mean the Internal Revenue Code of 1986, as amended, as interpreted by Treasury regulations and applicable authorities promulgated thereunder.

1.7 "**Committee**" shall mean the person or persons appointed by the Board to administer the Plan in accordance with Article 8.

1.8 "**Commissions**" shall mean commissions payable to the Participant for the applicable Plan Year (as determined by the Committee in compliance with Code Section 409A) before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.9 “**Company Contributions**” shall mean the contributions, if any, made by the Company pursuant to Section 3.2.

1.10 “**Company Contribution Account**” shall mean the Account maintained for the benefit of the Participant which is credited with Company Contributions, if any, pursuant to Section 4.2.

1.11 “**Compensation**” shall mean all amounts eligible for deferral for a particular Plan Year under Section 3.1(a).

1.12 “**Crediting Rate**” shall mean the notional gains and losses credited on the Participant’s Account balance which are based on the Participant’s choice among the investment alternatives made available by the Committee pursuant to Section 3.3 of the Plan.

1.13 “**Deferral Account**” shall mean the Account maintained for each Participant which is credited with Participant deferrals pursuant to Section 4.1.

1.14 “**Director**” shall mean a member of the Board.

1.15 “**Directors Fees**” shall mean compensation for services as a member of the Board of Directors of the Company excluding reimbursement of expenses or other non-regular forms of compensation, before reductions for contributions to or deferrals under any deferred compensation plan sponsored by the Company.

1.16 “**Disability**” shall mean (consistent with the requirements of Section 409A) that the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. The Committee may require that the Participant submit evidence of such qualification for disability benefits in order to determine that the Participant is disabled under this Plan.

1.17 “**Distributable Amount**” shall mean the vested balance in the applicable Account as determined under Article 4.

1.18 “**Eligible Executive**” shall mean a highly compensated or management level employee or Director of the Company selected by the Committee to be eligible to participate in the Plan.

1.19 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended, including Department of Labor and Treasury regulations and applicable authorities promulgated thereunder.

1.20 “**Financial Hardship**” shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, or a dependent (as defined in IRC Section 152(a)) of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, (but shall in all events correspond to the meaning of the term “unforeseeable emergency” under Code Section 409A(a)(2)(v)). The need to purchase a home or pay college tuition are not unforeseeable emergencies.

1.21 “**Fund**” or “**Funds**” shall mean one or more of the investments selected by the Committee pursuant to Section 3.3 of the Plan.

1.22 “**Hardship Distribution**” shall mean an accelerated distribution of benefits or a reduction or cessation of current deferrals pursuant to Section 6.5 to a Participant who has suffered a Financial Hardship.

1.23 “**Interest Rate**” shall mean, for each Fund, an amount equal to the net gain or loss on the assets of such Fund during each month, as determined by the Committee.

1.24 “**Long-Term Cash Award**” shall mean long-term cash awards designated as such by the Company.

1.25 “**Participant**” shall mean any Eligible Executive who becomes a Participant in this Plan in accordance with Article 2.

1.26 “**Participant Election(s)**” shall mean the forms or procedures by which a Participant makes elections with respect to (1) voluntary deferrals of his/her Compensation, (2) the investment Funds which shall act as the basis for crediting of interest on Account balances, and (3) the form and timing of distributions from Accounts. Participant Elections may take the form of an electronic communication followed by appropriate confirmation according to specifications established by the Committee.

1.27 “**Payment Date**” shall mean the date by which a total distribution of the Distributable Amount shall be made or the date by which installment payments of the Distributable Amount shall commence. Unless otherwise specified, the Payment Date shall be the first day of the seventh (7th) month commencing after the event triggering the payout occurs. Subsequent installments shall be made in April of each succeeding Plan Year. In the case of death, the Committee shall be provided with documentation reasonably necessary to establish the fact of the Participant’s death. The Payment Date of a Scheduled Distribution shall be April of the Plan Year in which the distribution is scheduled to commence. Notwithstanding the foregoing, the Payment Date shall not be before the earliest date on which benefits may be distributed under Code Section 409A without violation of the provisions thereof as reasonably determined by the Committee.

1.28 “**Plan Year**” shall mean the calendar year except that the first Plan Year shall begin on the Effective Date and end on the last day of the calendar year in which the Effective Date occurs.

1.29 “**Restricted Stock Unit**” shall mean restricted stock unit awards granted under the Haemonetics Corporation 2005 Long-Term Incentive Compensation Plan, or any successor plan.

1.30 “**Scheduled Distribution**” shall mean a scheduled distribution date elected by the Participant for distribution of amounts from a specified Deferral Account, including notional earnings thereon, as provided under Section 6.4.

1.31 “**Termination of Service**” shall mean the date of the cessation of the Participant’s provision of services to the Company that constitutes a “separation from service” as defined under Code Section 409A for any reason whatsoever, whether voluntary or involuntary, including as a result of the Participant’s death or Disability.

1.32 “**Years of Service**” shall mean the cumulative consecutive years of continuous full-time employment with the Company (including approved leaves of absence of six months or less or legally protected leaves of absence), beginning on the date the Participant first began service with the Company, and counting each anniversary thereof. The Committee may promulgate rules for crediting Years of Service for Participants who commence service with the Company by reason of merger, acquisition, purchase of assets or other similar transaction.

ARTICLE II **PARTICIPATION**

An Eligible Executive shall become a Participant in the Plan by completing and submitting to the Committee the appropriate Participant Elections, including such other documentation and information as the Committee may reasonably request, during the enrollment period established by the Committee prior to the beginning of the first Plan Year in which the Eligible Executive shall be eligible to participate in the Plan. In the case of the first Plan Year in which an Eligible Executive becomes eligible to participate in the Plan, the Eligible Executive may make an initial deferral election within thirty (30) days after the date the Eligible Executive becomes eligible to participate in the Plan.

ARTICLE III **CONTRIBUTIONS & DEFERRAL ELECTIONS**

3.1 Elections to Defer Compensation.

(a) Form of Elections. A Participant may only elect to defer Compensation attributable to services provided after the time an election is made. Elections shall take the form of a whole percentage (less applicable payroll withholding requirements for Social Security and income taxes and employee benefit plans as determined in the sole and absolute discretion of the Committee) of up to

- (1) 75% of Base Salary (five percent (5%) minimum),
- (2) 75% of Bonuses (five percent (5%) minimum),
- (3) 100% of Commissions (five percent (5%) minimum),

- (4) 100% of Director's Fees,
- (5) 100% of Restricted Stock Units, and
- (6) 100% of Long-Term Cash Awards.

The Committee may provide for separate elections for Director's Fees that are retainers, committee fees, chairman fees and meeting fees, as applicable.

(b) Duration of Compensation Deferral Election. An Eligible Executive's initial election to defer Compensation shall be made during the enrollment period established by the Committee prior to the Effective Date of the Participant's commencement of participation in the Plan and shall apply only to Compensation for services performed after such deferral election is processed. A Participant may increase, decrease, terminate or recommence a deferral election with respect to Compensation for any subsequent Plan Year by filing a Participant Election during the enrollment period established by the Committee prior to the beginning of such Plan Year, which election shall be effective on the first day of the next following Plan Year. In the absence of an affirmative election by the Participant to the contrary, the deferral election for the prior Plan Year shall continue in effect for future Plan Years, except with respect to any deferral of Restricted Stock Units and Long-Term Cash Awards. After the beginning of the Plan Year, deferral elections with respect to Compensation for services performed during such Plan Year shall be irrevocable except in the event of Financial Hardship. Notwithstanding the general requirement that a deferral election be made prior to the beginning of a Plan Year, the Committee may allow a Participant to make an initial deferral election with respect to Compensation that constitutes "performance-based compensation" (as defined in Section 1.409A-1(e) of the regulations for Code Section 409A) on or before the date that is six (6) months before the end of the performance period, provided that the Participant performs services for the Company continuously from the later of the beginning of the performance period or the date that the performance criteria are established through the date the deferral election is made, and further provided that in no event may an election to defer performance-based compensation be made after such Compensation has become "readily ascertainable" for purposes of the Code Section 409A regulations.

3.2 Company Contributions. The Company shall have the discretion to make Company Contributions to the Plan at any time on behalf of any Participant. Company Contributions shall be made in the complete and sole discretion of the Company and no Participant shall have the right to receive any Company Contribution in any particular Plan Year regardless of whether Company Contributions are made on behalf of other Participants. Such Company Contributions may be made as a matching contribution, a profit-sharing contribution, or in any other manner as the Company may determine from time to time. Company Contributions may be varied among Participants and need not be uniform for similarly-situated Participants.

3.3 Investment Elections.

(a) Participant Designation. At the time of entering the Plan and/or of making the deferral election under the Plan, the Participant shall designate, on a Participant Election provided by the Committee, the Funds in which the Participant's Account or Accounts shall be deemed to be

invested for purposes of determining the amount of earnings and losses to be credited to each Account. The Participant may specify that all or any percentage of his or her Account or Accounts shall be deemed to be invested, in whole percentage increments, in one or more of the Funds selected as alternative investments under the Plan from time to time by the Committee pursuant to subsection (b) of this Section. A Participant may change the designation made under this Section at least monthly by filing a revised election, on a Participant Election provided by the Committee.

(b) Investment Funds. Prior to the beginning of each Plan Year, the Committee may select, in its sole and absolute discretion, each of the types of commercially available investments communicated to the Participant pursuant to subsection (a) of this Section to be the Funds. The Interest Rate of each such commercially available investment shall be used to determine the amount of earnings or losses to be credited to Participant's Account under Article IV. The Participant's choice among investments shall be solely for purposes of calculation of the Crediting Rate on Accounts. The Company shall have no obligation to set aside or invest amounts as directed by the Participant and, if the Company elects to invest amounts as directed by the Participant, the Participant shall have no more right to such investments than any other unsecured general creditor.

3.4 Distribution Elections.

(a) Initial Election. At the time of making a deferral election under the Plan, the Participant shall designate the time and form of distribution of deferrals made pursuant to such election (together with any earnings credited thereon) from among the alternatives specified in Section 6.1 or 6.4.

(b) Modification of Election. A new distribution election may be made at the time of subsequent deferral elections with respect to deferrals in Plan Years beginning after the election is made. However, a distribution election with respect to previously deferred amounts may only be changed under the terms and conditions specified in Code Section 409A. Except as expressly provided in Section 6.3, no acceleration of a distribution is permitted. A subsequent election that delays payment or changes the form of payment shall be permitted if and only if all of the following requirements are met:

(1) the new election does not take effect until at least twelve (12) months after the date on which the new election is made;

(2) in the case of payments made on account of Termination of Service or a Scheduled Distribution, the new election delays payment for at least five (5) years from the date that payment would otherwise have been made, absent the new election; and

(3) in the case of payments made according to a Scheduled Distribution, the new election is made not less than twelve (12) months before the date on which payment would have been made (or, in the case of installment payments, the first installment payment would have been made) absent the new election.

For purposes of application of the above change limitations, installment payments shall be treated as a single payment and only one change shall be allowed to be made by a Participant per Deferral

Account with respect to form of benefits to be received by such Participant. Election changes made pursuant to this Section shall be made in accordance with rules established by the Committee, and shall comply with all requirements of Code Section 409A and applicable authorities.

ARTICLE IV - DEFERRAL ACCOUNTS

4.1 Deferral Accounts. The Committee shall establish and maintain up to five (5) Deferral Accounts for each Participant under the Plan, two (2) of which may be payable upon Termination of Service as further described in Section 6.1(a) (the "Termination of Service Accounts") and three (3) of which may be payable on a fixed date or according to a fixed schedule as further described in Section 6.4(a) (the "Scheduled Distribution Accounts"). Each Participant's Deferral Account shall be further divided into separate subaccounts ("Fund Subaccounts"), each of which corresponds to a Fund elected by the Participant pursuant to Section 3.2. A Participant's Deferral Account shall be credited as follows:

(a) As soon as reasonably possible after amounts are withheld and deferred from a Participant's Compensation, the Committee shall credit the Fund Subaccounts of the Participant's Deferral Account with an amount equal to Compensation deferred by the Participant in accordance with the Participant's election under Section 3.2; that is, the portion of the Participant's deferred Compensation that the Participant has elected to be deemed to be invested in a Fund shall be credited to the Fund Subaccount to be invested in that Fund;

(b) Each business day, each investment fund subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such Fund Subaccount as of the prior day, less any distributions valued as of the end of the prior day, by the Interest Rate for the corresponding Fund as determined by the Committee pursuant to Section 3.2(b); and

(c) In the event that a Participant elects for a given Plan Year's deferral of Compensation a Scheduled Distribution, all amounts attributed to the deferral of Compensation for such Plan Year shall be accounted for in a manner which allows separate accounting for the deferral of Compensation and investment gains and losses associated with amounts allocated to such each separate Scheduled Distribution.

4.2 Company Contribution Account. The Committee shall establish and maintain a Company Contribution Account for each Participant under the Plan. Each Participant's Company Contribution Account shall be further divided into separate Fund Subaccounts corresponding to the investment Fund elected by the Participant pursuant to Section 3.2(a). A Participant's Company Contribution Account shall be credited as follows:

(c) As soon as reasonably possible after a Company Contribution is made, the Company shall credit the Fund Subaccounts of the Participant's Company Contribution Account with an amount equal to the Company Contributions, if any, made on behalf of that Participant, that is, the proportion of the Company Contributions, if any, which the Participant has elected to be deemed to be invested in a certain Fund shall be credited to the Fund Subaccount to be invested in

that Fund. Unless the Participant elects otherwise, any Company Contribution that may not be deemed invested in such a Fund shall be deemed invested in the default Fund selected by the Committee for such purpose from time to time; and

(d) Each business day, each Fund Subaccount of a Participant's Company Contribution Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such Fund Subaccount as of the prior day, less any distributions valued as of the end of the prior day, by the Interest Rate for the corresponding Fund as determined by the Committee pursuant to Section 3.2(b).

4.3 Trust. The Company shall be responsible for the payment of all benefits under the Plan. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Benefits paid to the Participant from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

4.4 Statement of Accounts. The Committee shall provide each Participant with electronic statements at least quarterly setting forth the Participant's Account balance as of the end of each calendar quarter.

ARTICLE V **VESTING**

5.1 Vesting of Deferral Accounts. The Participant shall be vested at all times in amounts credited to the Participant's Deferral Account or Accounts.

5.2 Vesting of Company Contributions Account. Amounts credited to a Participant's Company Contributions Account shall be vested based upon a vesting schedule to be determined in writing by the Committee.

ARTICLE VI **DISTRIBUTIONS**

6.1 Termination of Service Distributions.

(c) Timing and Form of Deferral Account Distributions. Except as otherwise provided in this Plan, in the event of a Participant's Termination of Service other than by reason of the Participant's death or Disability, the Distributable Amount credited to the Participant's Deferral Accounts that are Termination of Service Accounts shall be paid to the Participant in a lump sum on the Payment Date following the Participant's Termination of Service unless the Participant has made an alternative benefit election on a timely basis pursuant to Section 3.4 to receive substantially equal annual installments over a period following Termination of Service of no less than two (2) years and no more than ten (10) years.

(d) Distribution of Company Contributions Account. In the event of a Participant's Termination of Service for any reason other than death or Disability, the Distributable Amount credited to the Participant's Company Contribution Account shall be paid in a lump sum on the Payment Date following the Participant's Termination of Service.

(e) Small Benefit Exception. If on commencement of benefits payable from a Termination of Service Account the Distributable Amount from such Account is less than or equal to twenty-five thousand dollars (\$25,000), the total Distributable Amount from such Account shall be paid in a lump sum on the scheduled Payment Date. For purposes of this Section 6.1(c) whether a Termination of Service Account equals or exceeds \$25,000 shall be determined by combining all Deferral Accounts that are Termination of Service Accounts.

6.2 Disability Distributions. In the event of a Participant's Termination of Service by reason of Disability and regardless of the time and form of payment otherwise elected by the Participant, the Distributable Amount credited to all of such Participant's Accounts shall be paid in a lump sum sixty (60) days after the Participant's Termination of Service.

6.3 Death Benefits. In the event of a Participant's death and regardless of the time and form of payment otherwise elected by the Participant, the Distributable Amount credited to all of such Participant's Accounts shall be paid in a lump sum to the Participant's Beneficiary sixty (60) days after the Participant's date of death.

6.4 Scheduled Distributions.

(a) Scheduled Distribution Election. Participants shall be entitled to elect to receive a Scheduled Distribution from a Deferral Account prior to Termination of Service. Except as otherwise provided in this Plan, in the case of a Participant who has elected to receive a Scheduled Distribution, such Participant shall receive the Distributable Amount, with respect to the specified deferrals, including earnings thereon, which have been elected by the Participant to be subject to such Scheduled Distribution election in accordance with Section 3.4 of the Plan. A Participant's Scheduled Distribution commencement date with respect to deferrals of Compensation for a given Plan Year shall be no earlier than two (2) years from the last day of the Plan Year in which the deferrals are credited to the Participant's Account. The Participant may elect to receive the Scheduled Distribution from the Participant's Scheduled Distribution Accounts in a single lump sum or substantially equal annual installments over a period of up to five (5) years. A Participant may delay and change the form of a Scheduled Distribution, provided such extension complies with the requirements of Section 3.4.

(b) Termination of Service. In the event of a Participant's Termination of Service prior to commencement of a Scheduled Distribution, the Scheduled Distributions shall be distributed from the Participant's Scheduled Distribution Accounts in the form applicable to such Termination of Service under Sections 6.1, 6.2 or 6.3 above. In the event that a Participant has established two (2) Termination from Service Accounts, the payment will be made in the manner designated for Termination from Service Account number one (1). In the event of a Participant's Termination of Service for any reason other than death or Disability after a Scheduled Distribution has commenced installment payments, such Scheduled Distribution benefits shall continue to be paid at the same

time and in the same form as they would have been paid to the Participant had the Participant not terminated service.

6.5 Hardship Distribution. Upon a finding that the Participant (or, after the Participant's death, a Beneficiary) has suffered a Financial Hardship, subject to compliance with Code Section 409A the Committee may, at the request of the Participant or Beneficiary, accelerate distribution of benefits or approve reduction or cessation of current deferrals under the Plan in the amount reasonably necessary to alleviate such Financial Hardship subject to the following conditions:

(a) The request to take a Hardship Distribution shall be made by filing a form provided by and filed with the Committee prior to the end of any calendar month.

(b) The amount distributed pursuant to this Section with respect to a Financial Hardship shall not exceed the amount necessary to satisfy such financial emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of deferrals under the Plan.

(c) The amount determined by the Committee as a Hardship Distribution shall be paid in a lump sum as soon as practicable after the end of the calendar month in which the Hardship Distribution election is made and approved by the Committee.

(d) Upon a finding that the Participant (or, after the Participant's death, a Beneficiary) has suffered a Financial Hardship, subject to Treasury Regulations promulgated under Code Section 409A the Committee may at the request of the Participant, accelerate distribution of benefits or approve reduction or cessation of current deferrals under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. The amount distributed pursuant to this Section with respect to an emergency shall not exceed the amount necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

6.6 Delay of Distributions Due to Loss of Tax Deduction. Notwithstanding anything to the contrary contained in this Plan, any payment or payments may be delayed to the extent that the Committee reasonably anticipates that if the payments were made as scheduled, the Company's deduction for federal income tax purposes with respect to such payment would not be permitted due to the application of Code Section 162(m), provided that the payment or payments are made in accordance with the regulations issued under Code Section 409A.

6.7 Medium of Payment. Unless the Committee determines otherwise in writing, all distributions shall be payable in cash.

ARTICLE VII

PAYEE DESIGNATIONS AND LIMITATIONS

7.1 Beneficiaries.

(a) Beneficiary Designation. The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Plan shall be made in the event of the Participant's death. The Beneficiary designation shall be effective when it is submitted to and acknowledged by the Committee during the Participant's lifetime in the format prescribed by the Committee.

(b) Absence of Valid Designation. If a Participant fails to designate a Beneficiary as provided above, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Committee shall direct the distribution of such benefits to the Participant's estate.

7.2 Payments to Minors. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person's living parent(s) to act as custodian, (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, to act as custodian, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within sixty (60) days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

7.3 Payments on Behalf of Persons Under Incapacity. In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of any and all liability of the Committee and the Company under the Plan.

7.4 Inability to Locate Payee. In the event that the Committee is unable to locate a Participant or Beneficiary within two years following the scheduled Payment Date, the amount allocated to the Participant's Deferral Account shall be forfeited. If, after such forfeiture, the Participant or Beneficiary later claims such benefit, such benefit shall be reinstated without interest or earnings.

ARTICLE VIII **ADMINISTRATION**

8.1 Committee. The Plan shall be administered by a Committee appointed by the Board, which shall have the exclusive right and full discretion (a) to appoint agents to act on its behalf, (b)

to select and establish Funds, (c) to interpret the Plan, (d) to decide any and all matters arising hereunder (including the right to remedy possible ambiguities, inconsistencies, or omissions), (e) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan and (f) to make all other determinations and resolve all questions of fact necessary or advisable for the administration of the Plan, including determinations regarding eligibility for benefits payable under the Plan. All interpretations of the Committee with respect to any matter hereunder shall be final, conclusive and binding on all persons affected thereby. No member of the Committee or agent thereof shall be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify and hold harmless the members of the Committee and its agents from and against any and all liabilities, costs, and expenses incurred by such persons as a result of any act, or omission, in connection with the performance of such persons' duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, willful misconduct, or criminal acts of such persons.

8.2 Claims Procedure. Any Participant, former Participant or Beneficiary may file a written claim with the Committee setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. The Committee shall determine the validity of the claim and communicate a decision to the claimant promptly and, in any event, not later than ninety (90) days after the date of the claim. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within such ninety (90) day period. If additional information is necessary to make a determination on a claim, the claimant shall be advised of the need for such additional information within forty-five (45) days after the date of the claim. The claimant shall have up to one hundred eighty (180) days to supplement the claim information, and the claimant shall be advised of the decision on the claim within forty-five (45) days after the earlier of the date the supplemental information is supplied or the end of the one hundred eighty (180) day period. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be understood by the claimant (a) the specific reason or reasons for the denial, (b) specific reference to any provisions of the Plan (including any internal rules, guidelines, protocols, criteria, etc.) on which the denial is based, (c) description of any additional material or information that is necessary to process the claim, and (d) an explanation of the procedure for further reviewing the denial of the claim and shall include an explanation of the claimant's right to file suit in Federal court in the event of an adverse determination on review.

8.3 Review Procedures. Within sixty (60) days after the receipt of a denial on a claim, a claimant or his/her authorized representative may file a written request for review of such denial. Such review shall be undertaken by the Committee and shall be a full and fair review. The claimant shall have the right to review all pertinent documents. The Committee shall issue a decision not later than sixty (60) days after receipt of a request for review from a claimant unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than one hundred twenty (120) days after receipt of the claimant's request for review. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to any provisions of the Plan on which the decision is based and

shall include an explanation of the claimant's right to file suit in Federal court in the event of an adverse determination on review.

ARTICLE IX
MISCELLANEOUS

9.1 Amendment or Termination of Plan. The Company may, at any time, direct the Committee to amend or terminate the Plan, except that no such amendment or termination may reduce a Participant's Account balances. If the Company terminates the Plan, no further amounts shall be deferred hereunder, and amounts previously deferred or contributed to the Plan shall be fully vested and shall be paid in accordance with the provisions of the Plan as scheduled prior to the Plan termination. Notwithstanding the forgoing, to the extent permitted under Code Section 409A and applicable authorities, the Company may, in its complete and sole discretion, accelerate distributions under the Plan in the event of a "change in ownership" or "effective control" of the Company or a "change in ownership of a substantial portion of assets" or under such other terms and conditions as may be specifically authorized under Code Section 409A and applicable authorities.

9.2 Unsecured General Creditor. The benefits paid under the Plan shall be paid from the general assets of the Company, and the Participant and any Beneficiary or their heirs or successors shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder. It is the intention of the Company that this Plan be unfunded for purposes of ERISA and the Code.

9.3 Restriction Against Assignment. The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or entity. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, Beneficiary, or their successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, sell, transfer, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. Except as provided in Section 9.7 of the Plan, as provided by any clawback, recoupment or similar policy adopted by the Company, or as required by law, no part of a Participant's Accounts shall be subject to any right of offset against or reduction for any amount payable by the Participant or Beneficiary, whether to the Company or any other party, under any arrangement other than under the terms of this Plan.

9.4 Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements, Social Security and other employee tax or other requirements applicable to the granting, crediting, vesting or payment of benefits under the Plan. There shall be deducted from each payment made under the Plan or any other Compensation payable to the Participant (or Beneficiary) all taxes which are required to be withheld by the Company in respect to such payment or this Plan. The Company shall have the right to reduce any payment (or other Compensation) by the amount of cash sufficient to provide the amount of said taxes.

9.5 Protective Provisions. The Participant shall cooperate with the Company by furnishing any and all information requested by the Committee, in order to facilitate the payment of benefits hereunder and taking such other actions as may be requested by the Committee. If the Participant refuses to so cooperate, the Company shall have no further obligation to the Participant under the Plan.

9.6 Receipt or Release. Any payment made in good faith to a Participant or the Participant's Beneficiary shall, to the extent thereof, be in full satisfaction of all claims against the Committee, its members and the Company with respect to the Plan and participation in the Plan. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.7 Errors in Account Statements, Deferrals or Distributions. In the event an error is made in an Account statement, such error shall be corrected on the next statement following the date such error is discovered. In the event of an error in deferral amount, consistent with and as permitted by any correction procedures established under IRC Section 409A, the error shall be corrected immediately upon discovery by, in the case of an excess deferral, distribution of the excess amount to the Participant, or, in the case of an under deferral, reduction of other compensation payable to the Participant. In the event of an error in a distribution, the over or under payment shall be corrected by payment to or collection from the Participant consistent with any correction procedures established under IRC Section 409A, immediately upon the discovery of such error. In the event of an overpayment, the Company may, at its discretion, offset other amounts payable to the Participant from the Company (including but not limited to salary, bonuses, expense reimbursements, severance benefits or other employee compensation benefit arrangements, as allowed by law and subject to compliance with IRC Section 409A) to recoup the amount of such overpayment(s).

9.8 Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continue the provision of services in any capacity whatsoever to the Company.

9.9 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

9.10 Notice. Any notice or filing required or permitted to be given to the Company or the Participant under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Committee, and in the case of the Participant, to the last known address of the Participant indicated on the employment records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Committee.

9.11 Headings. Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

9.12 Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

9.13 Governing Law. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of “management or highly compensated employees” within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA. In the event any provision of, or legal issue relating to, this Plan is not fully preempted by federal law, such issue or provision shall be governed by the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Board of Directors of the Company has approved the adoption of this Plan as of the Effective Date and has caused the Plan to be executed by its duly authorized representative this 27th day of July, 2012.

HAEMONETICS CORPORATION,

By /s/ Christopher Lindop

Title Vice President and Chief Financial Officer

THIRD AMENDMENT TO AGREEMENT OF LEASE

MADE THIS 23rd DAY OF MARCH, 2004

BY AND BETWEEN

THE BUNCHER COMPANY (hereinafter called "Landlord"), a Pennsylvania corporation having its principal place of business in Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, (hereinafter called "Tenant"), a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts.

WHEREAS, the parties hereto have entered into a certain Agreement of Lease dated July 17, 1990 as amended by First Amendment to Agreement of Lease dated April 30, 1991 and by Second Amendment to Agreement of Lease dated October 18, 2000 (said Agreement of Lease as amended is hereinafter collectively called the "Lease") covering certain property located in the Buncher Commerce Park, Leetsdale, Allegheny County, Pennsylvania and herein and therein called the Lease Premises; and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to amend the Lease to (i) expand the Leased Premises by an additional 5,672 square feet of land area (the "Parking Area") shown shaded in red on Exhibit A-3 attached hereto and made a part hereof, and (ii) provide Landlord with the right to take back the Parking Area as provided herein.

NOW, THEREFORE, in consideration of the premises and intending to be legally bound the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. LEASED PREMISES: Effective on the date hereof, the Lease is hereby amended to include in the Leased Premises the Parking Area and the Parking Area shall be included in and become a part of the Leased Premises. After the inclusion of the Parking Area, the Leased Premises is and shall be all that certain area outlined in red on Exhibit A-3 attached hereto.
2. REDUCTION RIGHT: At any time during the existing term of the Lease or any extension thereof, Landlord shall have the right upon thirty (30) days prior written notice to Tenant to cancel Tenant's right to use and occupy the Parking Area (as defined herein) and if the said notice is given Tenant shall vacate and surrender to

Landlord on the last day of said notice all Tenant's right and interest in the Parking Area which Landlord agrees to accept and effective on such date the Parking Area shall be removed from and no longer be included in the Leased Premises.

3 .Except as amended hereby all terms and conditions of the Lease shall remain in full force and effect.

WITNESS the due execution hereof.

ATTEST:

By [Signature appears here] _____

Title SECRETARY _____

(Corporate Seal)

ATTEST:

By [Signature appears here] _____

Title [Signature appears here] _____

[Graphic appears hear]

THE BUNCHER COMPANY

By [Signature appears here] _____

Title PRESIDENT _____

HAEMONETICS CORPORATION

By [Signature appears here] _____

Title [Signature appears here] _____

FOURTH AMENDMENT TO AGREEMENT OF LEASE

MADE THIS 12th DAY OF MARCH, 2008

BY AND BETWEEN

THE BUNCHEM COMPANY, as Landlord, a Pennsylvania corporation having its principal place of business in Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, as Tenant, a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts

WHEREAS, the parties hereto have entered into a certain Agreement of Lease dated July 17, 1990, as amended by First Amendment to Agreement of Lease dated April 30, 1991, by Second Amendment to Agreement of Lease dated October 18, 2000 and by Third Amendment dated March 23, 2004 (hereinafter collectively called the "Lease") covering certain property known as Buildings 18 and 18A in the Buncher Commerce Park, Borough of Leetsdale, Allegheny County, Pennsylvania and more particularly described in the Lease and called herein and therein the Leased Premises; and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to further amend the Lease to (i) expand the Leased Premises by 28,309 square feet of agreed upon space located in a portion of Building #3 in the Buncher Commerce Park, Borough of Leetsdale, Allegheny County, Pennsylvania (the "Building #3 Space") as shown outlined in red on Exhibit A-4 which is attached hereto and made a part hereof, (ii) establish the rent for the Building #3 Space, (iii) establish the term of the Lease for the Building #3 Space, and (iv) such other amendments or supplements to accomplish the intent of the parties hereto.

NOW, THEREFORE in consideration of the premises and intending to be legally bound, the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. LEASED PREMISES: Subject to the provisions of paragraph 3 of this Fourth Amendment to Agreement of Lease, effective April 1, 2008 the Leased Premises shall be expanded to include Building #3 Space and the Building #3 Space shall be included in and become a part of the Leased Premises.

2. TERM: The term of the Lease for the Building #3 Space (the "Building #3 Lease Term") shall be twelve (12) months to commence April 1, 2008 (the "Building #3

Space Commencement Date”) and end at 11:59 pm on March 31, 2009, subject nevertheless to the following covenants and conditions which Landlord and Tenant respectively covenant and agree to keep and perform. The expiration date of the Lease and the Roll Over Term thereof for the Leased Premises, exclusive of the Building #3 Space shall remain June 30, 2011.

3. COMPLETION: Landlord shall use Landlord’s commercially reasonable efforts to substantially complete, at Landlord’s cost and expense, the renovations to the Building #3 Space described on Exhibit B-4 attached hereto and made a part hereof (the “Building #3 Renovations”) within thirty (30) days of receipt of fully executed Lease and prior to the Building #3 Space Commencement Date. If the Building #3 Renovations are not so completed, the Lease shall remain in full force and effect except that the rental, utility payments and other sums due as additional rental for Building #3 Space under the Lease shall not commence until the seventh (7th) day (hereinafter known as the “Building #3 Space Beginning Date”) after Landlord has provided written notice to Tenant (“Second Letter Amendment”) setting forth (i) that the Building #3 Renovations are substantially completed and the Building #3 Space is ready for occupancy, (ii) the actual Building #3 Space Commencement Date and the expiration date of the Building #3 Lease Term, and (iii) subject to paragraph 4 of this Fourth Amendment to Agreement of Lease, the dates and amounts of the rental payments due hereunder. The Second Letter Amendment when issued as provided herein shall be incorporated into and made a part of the Lease. If the Building #3 Space Beginning Date is other than the first day of a month, Tenant shall pay to Landlord as rental the sum of \$329.63 for each day from the Building #3 Space Beginning Date to but not including the first day of the month following the Building #3 Space Beginning Date, and the initial term for the Building #3 Space shall run for a full twelve (12) months from the first day of the month following the Building #3 Space Beginning Date (the “Building #3 Space Rent Commencement Date”) so as to end on the last day of the twelfth (12th) full month after the Building #3 Space Rent Commencement Date.

All terms and conditions of the Lease, as it pertains to the Building #3 Space, shall be effective from the Building #3 Space Beginning Date as though the Building #3 Lease Term of the Lease had commenced on the Building #3 Space Beginning Date except the expiration date of the Building #3 Lease Term shall be as provided above in this paragraph 3.

With Landlord’s permission, Tenant may, thirty (30) days prior to the Building #3 Space Commencement Date or the Building #3 Space Rent Commencement Date, occupy portions of the Building #3 Space as designated by Landlord for the purpose of installing Tenant’s communication wiring and cabling and to prepare the space for Tenant’s occupancy without the payment of rental hereunder provided Tenant shall be responsible for any additional utility cost incurred as a result of such occupancy. In installing Tenant’s communications wiring and cabling and to prepare the space for Tenant’s occupancy, Tenant and its contractors shall not interfere or delay Landlord or its contractors in performing Landlord’s Work.

4. RENT: Tenant shall pay to Landlord as monthly rental for the Lease Premises as and when expanded by the Building #3 Space the following amounts at the following times:

- A. Tenant shall continue to pay to Landlord as monthly rental for the Leased Premises, excluding the Building #3 Space, the existing monthly rental of \$28,666.13 to and including the later of March 1, 2008 or the first day of the month preceding the month in which the Building #3 Space Rent Commencement Date occurs, whichever is applicable.
- B. On April 1, 2008 or on the Building #3 Space Rent Commencement Date, whichever is applicable, Tenant shall pay to Landlord the per diem rental set forth in paragraph 3 of this Fourth Amendment to Agreement of Lease, if any.
- C. Beginning April 1, 2008 or on the Building #3 Space Rent Commencement Date, whichever is applicable, and on the first day of the next succeeding eleven (11) months thereafter, Tenant shall pay to Landlord as monthly rental for the Leased Premises, as expanded by the Building #3 Space, the amount of \$38,692.23.
- D. In the event Tenant exercised its option to extend the Lease and the term thereof for the Building #3 Space for the New Renewal(s) as provided in paragraph 7 herein, Tenant shall continue to pay to Landlord as monthly rental for the Leased Premises, as expanded by the Building #3 Space, the amount of \$38,692.23 plus any additional rental for real estate taxes or insurance premiums over the base year, if any, to the expiration of the extant New Renewal Term.
- E. Beginning on the first day of the month following the expiration of the Building #3 Lease Term for whatever cause, and on the first day of each calendar month thereafter during the balance of the term of the Lease, Tenant shall pay to Landlord as monthly rental for the Leased Premises the amount of \$28,666.13.

The rentals under this paragraph 4 shall be payable in advance, without demand, deduction or set off. All rentals and other sums payable as additional rental hereunder shall be paid to Landlord at 5600 Forward Avenue, P.O. Box 81930, Pittsburgh, PA 15217-0930 or at such other place or to such other person as may be designated by Landlord in writing.

5. REAL ESTATE TAXES AND INSURANCE: Section 2 (Taxes) and the second full paragraph of Section 8 (Insurance) of the Agreement of Lease dated July 17, 1990 shall not be applicable to the Building #3 Space.

The rental for the Building #3 Space includes Tenant's allocable share of real estate taxes and insurance premiums as determined by Landlord on the Building #3 Space for the Building #3 Lease Term, which initial term is called the base year. If Tenant extends the Building #3 Lease Term of the lease for a New Renewal Term, as defined herein, Tenant shall pay to Landlord as additional rent within 30 days of billing by Landlord, any increase in Tenant's allocable share of real estate taxes and insurance premiums over the base year real estate taxes and insurance premiums.

6. INSURANCE: Landlord shall maintain commercial property insurance covering the perils insured under the ISO Special Form or any substitution thereof on the insurable portion of the Building #3 Space for its replacement value in such amounts as Landlord may from time to time reasonably determine. Within fifteen (15) days after Landlord provides Tenant with supporting documentation the cost of insuring the insurable portion of the Building #3 Space, Tenant shall pay to Landlord as additional rental hereunder, Tenant's share of the insurance premium as determined by Landlord, paid or payable by Landlord, for the purpose of insuring the insurable portion of the Building #3 Space over the base year. In addition, Tenant shall be liable for any increase in such insurance premiums resulting from Tenant's specific use of the Building #3 Space. If the Building #3 Space is damaged as a result of an insured risk, Tenant shall be responsible for its proportionate share of the deductible portion of Landlord's insurance coverage which deductible is currently \$5,000.00.

7. RENEWAL OPTION: Tenant shall have the right and option to extend the Building #3 Lease Term for the Building #3 Space only for two consecutive terms of six (6) months (each a "New Renewal Term") to commence immediately following the expiration of the Building #3 Lease Term or the first New Renewal Term. Tenant may exercise the right to extend the Building #3 Lease Term for a New Renewal Term only by delivering to Landlord written notice of Tenant's exercise of such right no less than three (3) months prior to the expiration date of the Building #3 Lease Term or the first New Renewal Term, if applicable, time being of the essence. The terms and conditions of the Building #3 Lease Term shall continue in full force and effect for each New Renewal Term and the monthly rental for each New Renewal Term, if applicable, shall continue at the same rental of \$38,692.23.

Notwithstanding the above, if Haemonetics Corporation itself is not in full possession of the Building #3 Space continually during the Building #3 Lease Term or the first New Renewal Term and at the commencement of each New Renewal Term, Landlord may at its option terminate the Building #3 Lease Term, as of the last day of the Building #3 Lease Term or the first New Renewal Term of the Lease.

8. **TERMINATION OF NEW RENEWAL TERMS:** If Tenant has exercised its right to extend the Building #3 Lease Term, at any time during the first New Renewal Term or the second New Renewal Term, if applicable, Landlord or Tenant, by written notice to the other given two (2) months in advance, may terminate the Lease and the Building #3 Lease Term thereof, as it applies to the Building #3 Space only, effective two (2) months after the date of said notice and the Building #3 Lease Term thereof, as to the Building #3 Space, shall terminate as though such date was the scheduled termination date of Building #3 Lease Term.

9. **MAINTENANCE AND REPAIR:** Notwithstanding the provisions of section 4 of the Agreement of Lease dated July 17, 1990, Landlord shall be responsible for the snow plowing of the driveway shown shaded in orange on Exhibit A-4 attached hereto and made a part hereof. Landlord shall also be responsible for roof and structural repairs as set forth in the Lease.

10. **UTILITIES:** Tenant shall be responsible for all utility charges for services used or consumed in connection with the Building #3 Space, including but not limited to, electric, gas, sewer, and water. All utilities will be either separately metered and billed directly to Tenant by the appropriate utility company or sub-metered and billed to Tenant by Landlord.

11. **RESERVATIONS:** Landlord reserves for itself and all tenants in the commerce park where the Building #3 Space is located, the use of access roads and of utilities, and the right to make additional connections as Landlord may deem necessary, without unreasonable interference with the operations of Tenant.

Landlord also reserves for itself, its tenants, and business invitees the area shown shaded in orange on Exhibit A-4 attached hereto to be used in common with Tenant, its employees and business invitees as a driveway for pedestrian and vehicular ingress and egress from and to the Building #3 Space.

(THE REMAINDER OF THIS PAGE INTENTIONALLY REMAINS BLANK)

12. BROKER: Landlord is represented by The Buncher Company and Tenant is being represented by DTZ FHO Partners and neither party shall be responsible for the payment of commissions or fees to the other party's broker. Each party agrees to indemnify the other for any liability or claims for commissions or fees arising from a breach of this warranty by the indemnifying party.

WITNESS the due execution hereof on the day and year first written above.

ATTEST:

BY: (SIGNATURE APPEARS HERE)

Bernita Buncher
Secretary

THE BUNCHER COMPANY

BY: (SIGNATURE APPEARS HERE)

Thomas J. Balestrieri
President/CEO

(Corporate Seal)

ATTEST:

BY: (SIGNATURE APPEARS HERE)

Name: (SIGNATURE APPEARS HERE)

Title: (SIGNATURE APPEARS HERE)

HAEMONETICS CORPORATION

BY: (SIGNATURE APPEARS HERE)

Name: (SIGNATURE APPEARS HERE)

Title: (SIGNATURE APPEARS HERE)

(Corporate Seal)

EXHIBITB-4

BUILDING FINISHES

- EXTERIOR:** The exterior of the warehouse is painted concrete block.
- FRAME:** Rigid steel frame construction with bay spacing of 50' x 23'. Interior steel and roof deck is painted white.
- FLOOR:** 6" reinforced concrete over compacted fill at dock height. Landlord will clean the concrete floor prior to Tenant's occupancy.
- ROOF:** 20 gauge steel decking, insulated, single membrane rubber roof system.
- HEAT:** Warehouse: Gas-fired unit heaters thermostatically controlled to provide 50°F inside temperature at 0°F outside temperature in warehouse to be delivered by Landlord in good working order. Landlord will inspect all existing unit heaters and perform any repairs, if necessary.
- ELECTRICAL:** Existing electrical service to the building is 480/277 volt, 3- phase, 4-wire to service the existing office and warehouse. Any additional power required by Tenant shall be at Tenant's sole cost and expense.
- LIGHTING:** Warehouse: Existing lighting is 400-watt metal halide light and fixture in the warehouse area; landlord will inspect and replace any bad ballasts or burned out bulbs.
- TRUCK DOORS:** Landlord will inspect the existing dock doors to include the drive-up ramp lift door and any corresponding dock lights, making any necessary repairs so that they are delivered in good working order.
- SPRINKLERS:** Ordinary hazard 125' wet system conforming to N.F.P.A. Pamphlet 13 to be delivered in good working order. The system is designed with 165°F sprinkler heads with a flow rate of .20 GPM over the most remote 2,000 square feet. Product must remain 18" below sprinkler heads. It is Tenant's responsibility to check for adequacy of the system as it relates to their product.
- DEMISING WALLS:** The warehouse is separated from the adjacent tenants by block demising walls. Landlord will repaint the inside face of the northern and western exterior block walls.

OFFICE AREA — TENANT ALLOWANCES

- AREA:** Landlord will refurbish the existing mezzanine office space consisting of approximately 410 square feet, in accordance with the following finishes and allowances:
- LIGHTING:** Fluorescent, lay-in recessed fixtures to provide a minimum of 50' candle power at desk level.
- ELECTRICAL OUTLETS:** 110-volt duplex electrical outlets, as exists.
- FLOORS:** New vinyl tile floor to be installed.
- INTERIOR DOORS:** Existing interior doors are solid core birch, 1³/₄" (3'x7') with Schlage brushed aluminum, or equal, hardware.
- CEILING:** Install new acoustical tile (2'x4' lay-in on T-bar grid system) throughout the office and restrooms.
- INTERIOR WALLS:** Existing interior walls are constructed of metal studs, with 1/2" gypsum board taped, spackled, and sanded. Landlord will paint the walls, color to be chosen by Tenant from The Buncher Company's standard selections.
- CENTRAL HEATING/H.V.A.C:** Landlord will inspect and service the existing HVAC wall mounted package units for proper operation and deliver them in good working order.
- SANITARY FACILITIES:** Landlord will inspect all fixtures for proper operation and professionally clean and sanitize the warehouse restrooms and deliver them compliant with ADA as well as local code and ordinances.
- EMERGENCY LIGHTING:** Battery powered back-up night-lights and exit lights.

[LOGO GRAPHIC APEAR HERE]

Tel: 412/422-9900

Fax: 412/422-3900

Real Estate Group
Penn Liberty Plaza I
1300 Penn Avenue, Suite 300
Pittsburgh, PA 15222-4211

November 26, 2008

Mr. Sean M. Teague- Partner
DTZ FHO Partners
One International Place
Boston, MA 02110

RE: FIFTH AMENDMENT TO AGREEMENT OF LEASE DATED JULY 17, 1990 BY AND BETWEEN THE BUNCHEER COMPANY, AS LANDLORD, AND HAEMONETICS CORPORATION, AS TENANT, AS AMENDED BY FIRST AMENDMENT TO AGREEMENT OF LEASE DATED APRIL 30, 1991, AS AMENDED BY SECOND AMENDMENT TO AGREEMENT OF LEASE DATED OCTOBER 18, 2000, AS AMENDED BY THIRD AMENDMENT TO AGREEMENT OF LEASE DATED MARCH 23, 2004, AND AS AMENDED BY FOURTH AMENDMENT DATED MARCH 12, 2008 (COLLECTIVELY "THE LEASE") COVERING THE PROPERTY LOCATED IN BUNCHEER COMMERCE PARK, LEETSDALE, PA (THE "LEASED PREMISES")

Dear Mr. Teague

Enclosed is one (1) fully executed original of the above referenced Fifth Amendment to Agreement of Lease. We retained two signed originals for our files.

Thank you for your cooperation in finalizing this transaction.

Should you have any questions regarding this matter, do not hesitate to give me a call.

Very truly yours

[SIGNATHURE GRAPHIC HERE]
Brian R. Goetz
Executive Vice President - Real Estate Group

BRG/mcz
Enclosure

FIFTH AMENDMENT TO AGREEMENT OF LEASE

MADE AS OF THE 1st DAY OF October, 2008

BY AND BETWEEN

THE BUNCHER COMPANY, as Landlord, a Pennsylvania corporation having its principal place of business in Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, as Tenant, a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts

WHEREAS, the parties hereto have entered into a certain Agreement of Lease dated July 17, 1990, as amended by First Amendment to Agreement of Lease dated April 30, 1991, by Second Amendment to Agreement of Lease dated October 18, 2000, by Third Amendment to Agreement of Lease dated March 23, 2004, and by Fourth Amendment to Agreement of Lease dated March 12, 2008 (hereinafter collectively called the "Lease"), covering certain property known as Buildings 18 and 18A on Avenue C and a portion of Building 3 on Avenue A (the "Building #3 Space"), in the Buncher Commerce Park, Borough of Leetsdale, Allegheny County, Pennsylvania and more particularly described in the Lease and called herein and therein the Leased Premises; and WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to further amend the Lease to (i) expand the Leased Premises by 809 square feet of agreed upon space located alongside Building 18 (the "Building 18 Expansion Space") as shown shaded in yellow on Exhibit A-5 which is attached hereto and made a part hereof, (ii) extend the Roll Over Term of the Lease for seven (7) additional years (the "Second Extended Term"), (iii) increase the monthly rental for the Leased Premises, (iv) provide for two additional extensions of the term of the Lease (each an "Additional Renewal Term"), (v) provide Tenant with an allowance ("Tenant Improvement Allowance") to make certain improvements to the Leased Premises, and (vi) provide for other changes to the Lease that reflect the agreement reached by the parties.

NOW, THEREFORE in consideration of the premises and intending to be legally bound, the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. LEASED PREMISES: Subject to the provisions of paragraph 3 of this Fifth Amendment to Agreement of Lease, effective October 1, 2008, the Leased Premises shall be expanded to include the Building 18 Expansion Space and the Building 18 Expansion Space shall be included in and become a part of the Leased

Premises. The total rentable square footage of the Leased Premises, including the Building 18 Expansion Space shall be 111,047, allocated as follows: Building 18 and 18A (81,929); Building 3 Space (28,309); and Building 18 Expansion Space (809). Tenant has examined the Building 18 Expansion Space and takes the same AS IS/WHERE IS.

2. TERM: The term of the Lease, exclusive of the Building #3 Space, is hereby extended for the Second Extended Term to commence immediately following the expiration of the Roll Over Term. The expiration date of the Lease as extended by the Second Extended Term, exclusive of the Building #3 Space, is hereby changed from June 30, 2011, to June 30, 2018. The expiration date of the Lease, as it applies to the Building #3 Space, shall remain April 30, 2009.

3. RENT: Tenant shall pay to Landlord as monthly rental for the Leased Premises, as expanded by the Building #18 Expansion Space, the following amounts at the following times:

- A. Tenant shall continue to pay to Landlord as monthly rental for the Leased Premises (i.e. Building 18 and 18A and the Building #3 Space) the existing monthly rental of \$38,692.23 to and including October 1, 2008.
- B. Beginning October 1, 2008 and on the first day of each succeeding calendar month thereafter to and including March 1, 2009, Tenant shall pay to Landlord as monthly rental for the Leased Premises, as expanded by the Building 18 Expansion Space, the amount of \$38,942.23.
- C. In the event Tenant exercises its option to extend the Lease and the term thereof for the Building #3 Space for the New Renewal Term(s) as provided in paragraph 7 of the Fourth Amendment to Agreement of Lease, beginning on April 1, 2009, Tenant shall continue to pay to Landlord as monthly rental for the Leased Premises (i.e. Building 18 and 18A, Building 18 Expansion Space and the Building #3 Space) the amount of \$38,942.23.
- D. In the event the Building #3 Lease Term or any extension thereof terminates for whatever cause, beginning on the first day of the month following the termination of the Building #3 Lease and on the first day of each calendar month thereafter to and including June 1, 2011, Tenant shall pay to Landlord as monthly rental for the Leased Premises (i.e. Building 18 and 18A and the Building 18 Expansion Space) the amount of \$28,916.13.
- E. Beginning on July 1, 2011, and on the first day of each calendar month thereafter for the balance of the Second Extended Term, Tenant shall pay to Landlord as monthly rental for the Leased

Premises (i.e. Building 18 and 18A and the Building 18 Expansion Space) the amount of \$31,997.49.

The rentals under this paragraph 3 shall be payable in advance, without demand, deduction or set off. All rentals and other sums payable as additional rental hereunder shall be paid to Landlord at 1300 Penn Avenue, P.O. Box 768, Pittsburgh, PA 15230-0768 or at such other place or to such other person as may be designated by Landlord in writing.

4. Paragraph 5 of the Second Amendment to Agreement of Lease dated October 18, 2000, is hereby deleted in its entirety.

5. RENEWAL OPTION: Tenant shall have the right and option to extend the Second Extended Term of the Lease for the Leased Premises, excluding the Building #3 Space, for two additional terms of five (5) years (each an "Additional Renewal Term") to commence immediately following the expiration of the Second Extended Term, or first Additional Renewal Term, whichever is applicable. Tenant may exercise the right to extend the term of the Lease for an Additional Renewal Term only by delivering to Landlord written notice of Tenant's exercise of such right no less than nine (9) months prior to the expiration date of the Second Extended Term or the first Additional Renewal Term, if applicable, time being of the essence. The terms and conditions of the Lease shall continue in full force and effect for each Additional Renewal Term except that the monthly rental for each Additional Renewal Term shall be calculated pursuant to the following formula:

The monthly rental for the Additional Renewal Term for which this calculation is made shall equal \$31,997.49 multiplied by a fraction, the numerator of which is the CPI in effect on the expiration of the Second Extended Term or the first Additional Renewal Term, whichever is applicable, and the denominator of which is the CPI in effect for June 2011.

Notwithstanding the result of the above calculation, the monthly rental for each applicable Additional Renewal Term shall not be less than the monthly rental in effect for the preceding term.

The CPI, as referred to herein, means the Consumer Price Index for all Urban Consumers 1984=100 relating to the United States City Average, as issued by the Bureau of Labor Statistics of the United States Department of Labor, or any successor to the function thereof. In the event of the conversion of the CPI to a different standard reference base or any other revision thereof, the determination hereunder shall be made with the use of such Bureau of Labor Statistics or successor to the functions thereof or in the absence of the publication of such conversion factor, such formula or table as the parties shall mutually designate.

As a condition precedent to the commencement of the first Additional Renewal Term, or the second Additional Renewal Term, whichever is applicable, Tenant shall not be in default of the Lease, and Haemonetics Corporation, itself or its affiliate, shall be in full possession of the Leased Premises continually during the Second Extended Term

and at the commencement of the first Additional Renewal Term, or during the first Additional Renewal Term, and at the commencement of the Second Additional Renewal Term, whichever is applicable. If the conditions precedent are not met, Landlord may, at its option, terminate the Lease as of the last day of the Second Extended Term or first Additional Term, whichever is applicable, of the Lease.

6. **TENANT IMPROVEMENT ALLOWANCE:** As an inducement for Tenant entering into the Second Extended Term and the faithful performance of its obligations under the Lease, Landlord shall, provided Tenant is not then in default hereunder, pay to Tenant a Tenant Improvement Allowance in the amount of \$82,000.00 to be used to offset the cost of tenant improvements to the Leased Premises. Landlord shall pay to Tenant the Tenant Improvement Allowance within twenty (20) days after receipt of proper documentation of the cost of the completed tenant improvements. Any amount of Tenant Improvement Allowance not used by Tenant shall be retained by Landlord and shall be used to offset rental.

7. **TENANT'S WORK:** Tenant shall have the right at Tenant's sole cost and expense to make certain improvements as shown on Exhibit B-5 attached hereto and made a part hereof ("Tenant's Work") to the Leased Premises and to the Building 18 Expansion Space. Tenant's Work shall be made in a good and workmanlike manner. All contracts for Tenant's Work shall require signed releases against mechanics liens upon payment in full for such Tenant's Work.

If Tenant's Work is constructed by persons other than Landlord or Tenant, Tenant shall cause its contractors to provide Landlord with evidence of commercial general liability insurance at the limits set forth in section 8 of the Agreement of Lease and shall name Landlord as additional insured and shall provide Landlord with evidence of Workers' Compensation and Employers Liability insurance. Tenant shall indemnify and save harmless Landlord from all expense, liens, claims, damages or injuries to either persons or property arising out of, or resulting from the making of Tenant's Work. Tenant's Work shall be subject to the terms and conditions set forth in section 5 of the Agreement of Lease dated July 17, 1990.

8. **RIGHT OF FIRST OFFER:** During the Second Extended Term only, Landlord, before offering any vacant space in Building #19/19A for rent to any third party, shall first offer same to Tenant for lease upon terms and conditions Landlord is willing to accept. Tenant shall have the right within fifteen (15) business days of the notice of such written offer to accept or reject such offer, which acceptance or rejection shall be in writing. If Tenant rejects such offer, does not accept the offer or fails to respond to said offer within said fifteen (15) day period, Landlord may offer such space for rent to third parties, and Landlord shall have no further obligation to offer such space to Tenant.

9. **RENOVATIONS AND REPAIRS:** Landlord shall use Landlord's best efforts to substantially complete within a commercially reasonable period of time following execution of this Fifth Amendment to Agreement of Lease, and at Landlord's sole cost and expense, the following renovations and repairs: (i) milling, repaving, and re-striping the existing parking lot; and (ii) inspecting, repairing and/or replacing the unit

heaters in the warehouse portion of Buildings 18 and 18A of the Leased Premises (the "Renovations and Repairs").

The parties acknowledge and understand that Landlord will be performing the Renovations and Repairs in the Leased Premises during the time Tenant occupies the Leased Premises. Landlord and Tenant shall each take reasonable steps to protect Tenant's property from loss or damage during the time the Renovations and Repairs are being performed and the parties shall reasonably cooperate with one another so that Landlord may complete the Renovations and Repairs with all due dispatch while minimizing interference with the conduct of Tenant's business operations.

10. BROKER: Except as provided below, Landlord and Tenant each hereby warrants to the other that no real estate broker has been involved in this transaction on its behalf and that no finder's fees, referral fees, or real estate commissions have been earned by any third party. Tenant hereby agrees to indemnify Landlord and Landlord hereby agrees to indemnify Tenant for any liability or claims for commissions or fees arising from a breach of this warranty by it. The only real estate broker involved in this transaction is DTZ FHO Partners whose commission or fee with respect to this transaction shall be paid by Landlord in accordance with that certain letter to DTZ FHO dated July 11, 2008.

WITNESS the due execution hereof on the day and year first written above.

ATTEST:

BY: [SIGNATURE APPEARS HERE]

Bernita Buncher
Secretary

THE BUNCHER COMPANY

BY: [SIGNATURE APPEARS HERE]

Thomas J. Balestrieri
President/CEO

(Corporate Seal)

ATTEST:

BY: [SIGNATURE APPEARS HERE]

Name: [SIGNATURE APPEARS HERE]

Title: [SIGNATURE APPEARS HERE]

HAEMONETICS CORPORATION

BY: [SIGNATURE APPEARS HERE]

Name: [SIGNATURE APPEARS HERE]

Title: [SIGNATURE APPEARS HERE]

(Corporate Seal)

SIXTH AMENDMENT TO AGREEMENT OF LEASE

MADE AS OF THE 8th DAY OF January, 2010

BY AND BETWEEN

THE BUNCHER COMPANY, as Landlord, a Pennsylvania corporation having an office in the City of Pittsburgh, Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, as Tenant, a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts

WHEREAS, the parties hereto have entered into a certain Agreement of Lease dated July 17, 1990, as amended by First Amendment to Agreement of Lease dated April 30, 1991, by Second Amendment to Agreement of Lease dated October 18, 2000, by Third Amendment to Agreement of Lease dated March 23, 2004, by Fourth Amendment to Agreement of Lease dated March 12, 2008, and by Fifth Amendment to Agreement of Lease dated October 1, 2008 (hereinafter collectively called the "Lease"), covering certain property known as Buildings 18 and 18A, the Building 18 Expansion Space and a portion of Building 3 (the "Building #3 Space"), in the Buncher Commerce Park, Borough of Leetsdale, Allegheny County, Pennsylvania and more particularly described in the Lease and called herein and therein the "Leased Premises;" and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to further amend the Lease to (i) extend the term for the Building #3 Space for six (6) additional months (the third "Renewal Term"), (ii) establish the rental for the Building #3 Space during the third Renewal Term, (iii) provide for a further extension of the term of the Building #3 Space (the fourth "Renewal Term"), and (iv) establish a right to terminate the third Renewal Term or fourth Renewal Term, if applicable, by either party.

NOW, THEREFORE in consideration of the premises and intending to be legally bound, the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. TERM: The term of the Lease exclusive for the Building #3 Space is hereby extended for the third Renewal Term to commence immediately following the expiration of the second Renewal Term. The expiration date of the term of the Lease for the Building #3 Space, as extended by the third Renewal Term, is hereby changed from 11:59 p.m. on March 31, 2010, to September 30, 2010.

2. RENT: Tenant shall pay to Landlord as monthly rental for the Leased Premises the following amounts at the following times:

- A. Tenant shall continue to pay to Landlord on the first (1st) day of each calendar month for the balance of the second Renewal Term to and including March 1, 2010, as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A, the Building 18 Expansion Space and the Building #3 Space) the amount of \$38,942.23.
- B. Beginning on April 1, 2010, and on the first (1st) day of each succeeding calendar month thereafter for the balance of the third Renewal Term to and including September 1, 2010, Tenant shall pay to Landlord as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A, the Building 18 Expansion Space and the Building #3 Space) the amount of \$38,942.23.
- C. In the event the third Renewal Term or fourth Renewal Term, whichever may be applicable, terminates or expires for the Building #3 Space for whatever cause, beginning on the first (1st) day of the month following the termination or expiration of the third Renewal Term or fourth Renewal Term, whichever may be applicable, and on the first (1st) day of each calendar month thereafter during the Second Extended Term to and including June 1, 2011, Tenant shall pay to Landlord as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A and the Building 18 Expansion Space) the amount of \$28,916.13.
- D. Beginning on July 1, 2011, and on the first (1st) day of each calendar month thereafter for the balance of the Second Extended Term, Tenant shall pay to Landlord as monthly rental for the Leased Premises (i.e. Building 18 and 18A and the Building 18 Expansion Space) the amount of \$31,997.49.

The rentals under this paragraph 2 shall be payable in advance, without demand, deduction or set off. All rentals and other sums payable as additional rental hereunder shall be paid to Landlord at 1300 Penn Avenue, P.O. Box 768, Pittsburgh, PA 15230-0768 or at such other place or to such other person as may be designated by Landlord in writing.

3. RENEWAL OPTION: Tenant shall have the right and option to extend the term of the Lease for the Building #3 Space only for one (1) additional term of six (6) months (i.e. the fourth Renewal Term) to commence immediately following expiration of the third Renewal Term. Tenant may exercise the right to extend the term of the Lease for the Building #3 Space only by delivering to Landlord written notice of Tenant's exercise of such right no less than three (3) months prior to expiration of the third Renewal Term, time being of the essence. The terms and conditions of the third

Renewal Term shall continue in full force and effect for the fourth Renewal Term, and Tenant shall continue to pay to Landlord as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A, the Building 18 Expansion Space and the Building #3 Space) the amount of \$38,942.23.

Notwithstanding the above, if Tenant, itself or its affiliate is not in full possession of the Building #3 Space continually during the last three (3) months of the third Renewal Term and at the commencement of the fourth Renewal Term, Landlord may, at its option, terminate the Lease as to the Building #3 Space, as of the last day of the third Renewal Term.

4. **RIGHT OF TERMINATION:** Provided the notifying party is not in default under the Lease, at any time during the third Renewal Term or the fourth Renewal Term, if applicable, Landlord or Tenant may, upon two (2) months advanced written notice to the other, terminate the third Renewal Term or fourth Renewal Term, whichever may be applicable, effective two (2) months after the date of said notice and the third Renewal Term or fourth Renewal Term, whichever may be applicable, shall terminate as though such date was the scheduled termination date of the third Renewal Term or fourth Renewal Term, whichever may be applicable, and the monthly rental shall be adjusted as provided in paragraph 2C hereof. Further provided, monthly rental shall not be pro-rated should the termination date under this paragraph 4 occur on a date other than the first (1st) day of a month.

5. **LANDLORD'S EXCULPATORY:** Anything contained in the Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the estate and interests of the Landlord in the Property for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord that arises or occurs after the day and year first written above with respect to any of the terms, covenants and conditions of the Lease to be observed and/or performed by Landlord (a "Prospective Breach"), and with respect to a Prospective Breach, no other property or assets of Landlord or its stockholders, officers, employees, or partners or their respective heirs, legal representatives, successors and assigns shall become subject to levy, execution, attachment or other enforcement procedures for the satisfaction of Tenant's remedies. The covenants, obligations and conditions on the part of Landlord under the Lease shall, as of the day and year first written above, not be covenants, obligations and conditions of the partners comprising Landlord individually; only the Property shall be subject to any liability of Landlord hereunder. No partner, whether individual, corporate, trust or partnership, shall be individually liable for a Prospective Breach of any covenant, obligation or condition of Landlord and no recourse shall be had against any assets of any partner or payment of any sums due or enforcement of any other relief based upon any claim made under the Lease for a Prospective Breach of any of Landlord's covenants, obligations, or conditions, and Tenant does expressly release each such partner from any personal liability under the Lease relating to such a Prospective Breach. If the Property is transferred or conveyed, Landlord, its stockholders, officers, employees or partners or their respective heirs, legal representatives, successors and assigns shall be relieved of

all covenants and obligations under the Lease thereafter accruing and Tenant shall look to such transferee thereafter.

6. ANTI-TERRORISM DISCLOSURE:

A. Tenant certifies that to the best of Tenant's knowledge and belief:

1. Tenant is not in violation of any Anti-Terrorism Law;
2. Tenant is not, as of the date hereof:
 - a. conducting any business or engaging in any transaction or dealing with any Prohibited Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person;
 - b. dealing in or otherwise engaging in any transaction or dealing with any Prohibited Person, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of any Prohibited Person;
3. Tenant is not engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and
4. Neither Tenant nor any of its officers, directors, shareholders or members, as applicable, is a Prohibited Person.

B. Tenant hereby agrees to defend, indemnify, and hold harmless Landlord from and against any and all claims, damages, losses, risks, liabilities, and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

C. If at any time any of these representations becomes false, then it shall be considered a material default under the Lease.

As used herein, "Anti-Terrorism Law" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation, the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1985, Executive Order No. 13224, and Title 3 of the USA Patriot Act, and any regulations promulgated under any of them. As used herein "Executive Order No. 13224" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "Prohibited Person" is defined as (i) a person or entity that

is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a “specially designated nation and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf> or at any replacement website or other official publication of such list. “USA Patriot Act” is defined as the “United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (Public Law 107-56), as may be amended from time to time.

7. BROKER: Landlord and Tenant each hereby warrants to the other that no real estate broker has been involved in this transaction on its behalf and that no finder’s fees or real estate commissions have been earned by any third party. If either party breaches the foregoing warranty, the breaching party shall indemnify, defend and hold harmless the other for any liability or claims for commissions or fees, including reasonable attorneys’ fees and costs, arising from a breach of this warranty.

WITNESS the due execution hereof on the day and year first written above.

ATTEST:

THE BUNCHER COMPANY

BY: (SIGNATURE APPEARS HERE)

BY: (SIGNATURE APPEARS HERE)

Bernita Buncher

Thomas J. Balestrieri

Secretary

President/CEO

(Corporate Seal)

ATTEST:

HAEMONETICS CORPORATION

BY: (SIGNATURE APPEARS HERE)

BY: (SIGNATURE APPEARS HERE)

Name: (SIGNATURE APPEARS HERE)

Name: (SIGNATURE APPEARS HERE)

Title: (SIGNATURE APPEARS HERE)

Title: (SIGNATURE APPEARS HERE)

(Corporate Seal)

[Graphic appears here]

May 13, 2011

Tel: 412/422-9900
Fax: 412/422-3900

Real Estate Group
Penn Liberty Plaza I
1300 Penn Avenue, Suite 300
Pittsburgh, PA 15222-4211

Mr. Sean M. Teague
Partner
FHO Partners
1 International Place
Boston, MA 02110

RE: SEVENTH AMENDMENT TO AGREEMENT OF LEASE DATED MARCH 31, 2011 BY AND BETWEEN THE BUNCHER COMPANY, AS LANDLORD, AND HAEMONETICS CORPORATION, AS TENANT, AS AMENDED BY FIRST AMENDMENT TO AGREEMENT OF LEASE DATED APRIL 30, 1991, AS AMENDED BY SECOND AMENDMENT TO AGREEMENT OF LEASE DATED OCTOBER 18, 2000, AS AMENDED BY THIRD AMENDMENT TO AGREEMENT OF LEASE DATED MARCH 23, 2004, AS AMENDED BY FOURTH AMENDMENT DATED MARCH 12, 2008, AS AMENDED BY FIFTH AMENDMENT TO AGREEMENT OF LEASE DATED OCTOBER 1, 2008, AND AS AMENDED BY SIXTH AMENDMENT TO AGREEMENT OF LEASE DATED JULY 17, 1990 (COLLECTIVELY "THE LEASE") COVERING BUILDINGS 18/18A AND 3 LOCATED IN BUNCHER COMMERCE PARK, LEETSDALE, PA (THE "LEASED PREMISES")

Dear Mr. Teague

Enclosed are three (3) original counterparts of the above referenced Seventh Amendment to Agreement of Lease.

Please have all three (3) counterparts signed and attested and then return same to our office. Upon execution by The Buncher Company, we will return one (1) Seventh Amendment to Agreement of Lease to you for your file.

Should you have any questions regarding this matter, do not hesitate to give me a call.

Very truly yours

[Graphic appears here]

Brian R. Goetz
Executive Vice President-Real Estate Group

SEVENTH AMENDMENT TO AGREEMENT OF LEASE

MADE AS OF THE 31st DAY OF MARCH, 2011

BY AND BETWEEN

THE BUNCHER COMPANY, as Landlord, a Pennsylvania corporation having an office in the City of Pittsburgh, Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, as Tenant, a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts

WHEREAS, the parties hereto have entered into that certain Agreement of Lease dated July 17, 1990; as amended by First Amendment to Agreement of Lease dated April 30, 1991; by Second Amendment to Agreement of Lease dated October 18, 2000; by Third Amendment to Agreement of Lease dated March 23, 2004; by Fourth Amendment to Agreement of Lease dated March 12, 2008; by Fifth Amendment to Agreement of Lease dated October 1, 2008; and by Sixth Amendment to Agreement of Lease dated January 8, 2010 (hereinafter collectively called the "Lease"); along with the renewal letter dated June 8, 2010, exercising the renewal option for the Fourth Renewal Term pursuant to paragraph 3 of the Sixth Amendment to Agreement of Lease, covering certain property known as Buildings 18 and 18A, the Building 18 Expansion Space, and a portion of Building 3 (the "Building #3 Space"), in the Buncher Commerce Park, Borough of Leetsdale, Allegheny County, Pennsylvania, and more particularly described in the Lease and called herein and therein the "Leased Premises;" and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to further amend the Lease to (i) extend the term for the Building #3 Space only for one (1) additional year (the "Fifth Renewal Term"), (ii) increase the monthly rental during the Fifth Renewal Term, (iii) provide for further extensions of the term of the Lease as to the Building #3 Space only, and (iv) establish Tenant's right to terminate the Lease with respect to the Building #3 Space only during the Fifth Renewal Term.

NOW, THEREFORE in consideration of the premises and intending to be legally bound, the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. TERM: The term of the Lease as it applies to the Building #3 Space only is hereby extended for the Fifth Renewal Term to commence immediately following the expiration of the Fourth Renewal Term. The expiration date of the term of the Lease for the Building #3 Space only, as extended by the Fifth Renewal Term, is hereby changed from March 31, 2011, to March 31, 2012.

2. RENT: Tenant shall pay to Landlord as monthly rental for the Leased Premises the following amounts at the following times:

- A. Tenant shall continue to pay to Landlord on the first (1st) day of each calendar month for the balance of the Fourth Renewal Term, to and including June 1, 2011, as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A, the Building 18 Expansion Space and the Building #3 Space), the amount of \$38,942.23.
- B. Beginning on July 1, 2011, and on the first (1st) day of each succeeding calendar month thereafter to and including March 1, 2012, Tenant shall pay to Landlord as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A, the Building 18 Expansion Space and the Building #3 Space) the amount of \$42,023.59.
- C. In the event the Fifth Renewal Term terminates or expires for the Building #3 Space for whatever cause, beginning on the first (1st) day of the month following the termination or expiration of the Fifth

Renewal Term, and on the first (1st) day of each calendar month thereafter during the balance of Second Extended Term, Tenant shall pay to Landlord as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A and the Building 18 Expansion Space) the amount of \$31,997.49.

The rentals under this paragraph 2 shall be payable in advance, without demand, deduction or set off. All rentals and other sums payable as additional rental under the Lease shall be paid to Landlord at 1300 Penn Avenue, P.O. Box 768, Pittsburgh, PA 15230-0768 or at such other place or to such other person as may be designated by Landlord in writing.

3. RENEWAL OPTION: Provided Tenant has not terminated the Lease pursuant to paragraph 4 of this Seventh Amendment to Agreement of Lease, Tenant shall have the right and option to extend the term of the Lease for the Building #3 Space only for two (2) consecutive terms of one (1) year each (the "Sixth Renewal Term" and the "Seventh Renewal Term," respectively). The Sixth Renewal Term shall commence immediately following expiration of the Fifth Renewal Term, and the Seventh Renewal Term shall commence immediately following expiration of the Sixth Renewal Term, if

applicable. So long as Tenant is not in default of the Lease, Tenant may exercise the right to extend the term of the Lease for the Sixth Renewal Term and Seventh Renewal Term only by delivering to Landlord written notice of Tenant's exercise of such right no less than three (3) months prior to the expiration of the extant renewal term, time being of the essence. The terms and conditions of the Fifth Renewal Term shall continue in full force and effect for the Sixth Renewal Term and the Seventh Renewal Term, if applicable, except that the monthly rental for the Leased Premises during the Sixth Renewal Term and the Seventh Renewal Term, if applicable, shall be \$42,259.50.

Notwithstanding the above, if Tenant, itself or its affiliate or subsidiary is in default under the Lease or is not in full possession of the Building #3 Space continuously during the last three (3) months of the Fifth Renewal Term or the Sixth Renewal Term, whichever is applicable, and at the commencement of the applicable renewal term, Landlord may, at its option, terminate the Lease as to the Building #3 Space only, as of the last day of the Fifth Renewal Term or the Sixth Renewal Term, whichever is applicable.

4. RIGHT OF TERMINATION: Tenant shall have the right and option to terminate the Lease and the term thereof as to the Building #3 Space only, effective November 30, 2011. To exercise said right, and as conditions precedent to such termination, Tenant shall i) notify Landlord in writing of its intent to terminate no later than September 1, 2011, time being of the essence; ii) pay to Landlord as a termination fee and not as a penalty the amount of \$1,229.22, on the first day of the calendar month immediately following the date of the notice, and iii) not be in default of the Lease. Said termination fee is in addition to the monthly rental due under the Lease. If the notice is duly given, the termination fee is paid as aforesaid, and Tenant is not in default under the Lease, the Lease and the term thereof, as to the Building #3 Space only, shall terminate on November 30, 2011, as though such date was the scheduled termination date of the Lease for the Building #3 Space, and the Lease for Buildings 18 and 18A and the Building 18 Expansion Space shall remain in full force and effect.

5. BROKER: Except as provided below, Landlord and Tenant each hereby warrants to the other that no real estate broker has been involved in this transaction on its behalf and that no finder's fees or real estate commissions have been earned by any third party. Tenant hereby agrees to indemnify Landlord and Landlord hereby agrees to indemnify Tenant for any liability or claims for commissions or fees arising from a breach of this warranty by it. The only real estate broker involved in this transaction is FHO Partners whose commission or fee with respect to this transaction shall be paid by Landlord in accordance with that certain letter to Mr. Sean M. Teague dated March 1, 2011.

6. Except as amended and supplemented hereby, all terms and conditions of the Lease shall remain in full force and effect.

WITNESS the due execution hereof on the day and year first written above.

ATTEST:

THE BUNCHER COMPANY

By: _____
Bernita Buncher
Secretary

By: _____
Thomas J. Balestrieri
President/CEO

ATTEST:

HAEMONETICS CORPORATION

By: [Graphic appears here] _____
Name: [Graphic appears here] _____
Title: [Graphic appears here] _____

By: [Graphic appears here] _____
Name: [Graphic appears here] _____
Title: [Graphic appears here] _____

Tel: 412/422-9900
Fax: 412/422-1298

(Graphics appears hear)

Penn Liberty Plaza I
1300 Penn Avenue, Suite 300
Pittsburgh, PA 15222-4211

February 26, 2013

Mr. James McInerney
Director of Real Estate
HAEMONETICS CORPORATIONS
400 Wood Road
Braintree, MA 02184

RE: EIGHTH AMENDMENT TO AGREEMENT OF LEASE DATED MARCH 31, 2011 BY AND BETWEEN THE BUNCHER COMPANY, AS LANDLORD, AND HAEMONETICS CORPORATION, AS TENANT, AS AMENDED BY FIRST AMENDMENT TO AGREEMENT OF LEASE DATED APRIL 30, 1991, AS AMENDED BY SECOND AMENDMENT TO AGREEMENT OF LEASE DATED OCTOBER 18, 2000, AS AMENDED BY THIRD AMENDMENT TO AGREEMENT OF LEASE DATED MARCH 23, 2004, AS AMENDED BY FOURTH AMENDMENT DATED MARCH 12, 2008, AS AMENDED BY FIFTH AMENDMENT TO AGREEMENT OF LEASE DATED OCTOBER 1, 2008, AS AMENDED BY SIXTH AMENDMENT TO AGREEMENT OF LEASE DATED JULY 17, 1990, AS AMENDED BY SEVENTH AMENDMENT TO AGREEMENT OF LEASE DATED MARCH 31, 2011, AND AS AMENDED BY LETTER AGREEMENT DATED JANUARY 27, 2012 (COLLECTIVELY "THE LEASE") COVERING BUILDINGS 18/18A AND 3 LOCATED IN BUNCHER COMMERCE PARK, LEETSDAIJE, PA (THE "LEASED PREMISES")

Dear Mr. Teague

Enclosed is one (1) fully executed original of the above referenced Eighth Amendment to Agreement of Lease. We retained two (2) signed originals for our files.

Thank you for your cooperation in finalizing this transaction.

Should you have any questions regarding this matter, do not hesitate to give me a call.

Very truly yours

(Graphics appears hear)

Brian R. Goetz
Executive Vice President-Real Estate Group
BRG/adh
Enclosure

EIGHTH AMENDMENT TO AGREEMENT OF LEASE

DATED THIS ____ DAY OF _____, 2013

BYAND BETWEEN

THE BUNCHER COMPANY, as Landlord, a Pennsylvania corporation having an office in the City of Pittsburgh, Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, as Tenant, a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts

WHEREAS, the parties hereto have entered into that certain Agreement of Lease dated July 17, 1990; as amended by First Amendment to Agreement of Lease dated April 30, 1991; by Second Amendment to Agreement of Lease dated October 18, 2000; by Third Amendment to Agreement of Lease dated March 23, 2004; by Fourth Amendment to Agreement of Lease dated March 12, 2008; by Fifth Amendment to Agreement of Lease dated October 1, 2008; by Sixth Amendment to Agreement of Lease dated

January 8, 2010; by Seventh Amendment to Agreement of Lease dated March 31, 2011; and by letter agreement dated January 27, 2012 (hereinafter collectively called the "Lease"); along with the renewal letter dated June 8, 2010, exercising the renewal option for the Fourth Renewal Term pursuant to paragraph 3 of the Sixth Amendment to Agreement of Lease, covering certain property known as Buildings 18 and 18A, the Building 18 Expansion Space, and a portion of Building 3 (the "Building #3 Space"), in the Buncher Commerce Park, Borough of Leetsdale, Allegheny County, Pennsylvania, and more particularly described in the Lease and called herein and therein the "Leased Premises;" and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to further amend the Lease to (i) extend the term for the Building #3 Space only for one (1) additional year (the "Seventh Renewal Term"), (ii) establish the monthly rental during the Seventh Renewal Term, and (iii) establish Tenant's right to terminate the Lease with respect to the Building #3 Space only during the Seventh Renewal Term.

NOW, THEREFORE in consideration of the premises and intending to be legally bound, the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. TERM: The term of the Lease as it applies to the Building #3 Space only is hereby extended for the Seventh Renewal Term to commence immediately following

the expiration of the Sixth Renewal Term. The expiration date of the term of the Lease for the Building #3 Space only, as extended by the Seventh Renewal Term, is hereby changed from March 31, 2013, to March 31, 2014.

2. RENT: Tenant shall pay to Landlord as monthly rental for the Leased Premises the following amounts at the following times:

- A. Tenant shall, for the balance of the Sixth Renewal Term, during the Seventh Renewal Term, and for the balance of the Second Extended Term continue to pay to Landlord on the first (1st) day of each calendar month to and including March 1, 2014, as monthly rental for the Leased Premises (i.e. Buildings 18 and 18A, the Building 18 Expansion Space and the Building #3 Space), the amount of \$42,259.50.
- B. In the event the term of the Lease terminates or expires for the Building #3 Space only for whatever cause, beginning on the first (1st) day of the month following the termination or expiration of the term of the Lease for the Building #3 Space only, and on the first (1st) day of each calendar month thereafter during the balance of Second Extended Term, Tenant shall pay to Landlord as monthly rental for the Leased Premises, excluding the Building #3 Space (i.e. Buildings 18 and 18A and the Building 18 Expansion Space) the amount of \$31,997.49.

The rentals under this paragraph 2 shall be payable in advance, without demand, deduction or set off. All rentals and other sums payable as additional rental under the Lease shall be paid to Landlord at 1300 Penn Avenue, P.O. Box 768, Pittsburgh, PA 15230-0768 or at such other place or to such other person as may be designated by Landlord in writing.

3. RIGHT OF TERMINATION: Tenant shall have the right and option to terminate the Lease and the term thereof as to the Building #3 Space only, effective September 30, 2013. To exercise said right, and as conditions precedent to such termination, Tenant shall i) notify Landlord in writing of its intent to terminate no later than July 31, 2013, time being of the essence; and ii) not be in default of the Lease. If the notice is duly given and Tenant is not in default under the Lease, the Lease and the term thereof, as to the Building #3 Space only, shall terminate on September 30, 2013, as though such date was the scheduled termination date of the Lease for the Building #3 Space, and the Lease for Buildings 18 and 18A and the Building 18 Expansion Space shall remain in full force and effect.

4. BROKER: Except as provided below, Landlord and Tenant each hereby warrants to the other that no real estate broker has been involved in this transaction on its behalf and that no finder's fees or real estate commissions have been earned by any third party. Tenant hereby agrees to indemnify Landlord and Landlord hereby agrees to indemnify Tenant for any liability or claims for commissions or fees arising from a breach of this warranty by it. The only real estate broker involved in this transaction is Cassidy Turley Commercial Real Estate Services, whose commission or fee with respect to this transaction shall be paid by Landlord in accordance with that certain letter to Mr. Sean M. Teague dated January 8, 2013.

5. Except as amended and supplemented hereby, all terms and conditions of the Lease shall remain in full force and effect.

WITNESS the due execution hereof on the day and year first written above.

ATTEST:

THE BUNCHER COMPANY

By: (Graphics appears hear)
Bernita Buncher
Secretary

By: (Graphics appears hear)
Thomas J. Balestrieri
President / CEO

(Corporate Seal)

ATTEST:

By: (Graphics appears hear)
Name: (Graphics appears hear)
Title: (Graphics appears hear)

THE BUNCHER COMPANY

By: (Graphics appears hear)
Name: (Graphics appears hear)
Title: (Graphics appears hear)

(Corporate Seal)

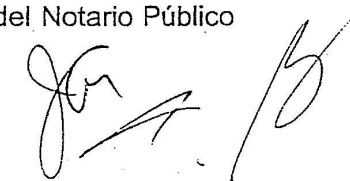
CONTRATO DE ARRENDAMIENTO

CONTRATO DE ARRENDAMIENTO QUE CELEBRAN POR UNA PARTE BANCO BILBAO VIZCAYA-MEXICO, SOCIEDAD ANONIMA, INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO BBV-PROBURSA, DIVISION FIDUCIARIA, EN SU CARACTER DE FIDUCIARIO DEL FIDEICOMISO DENOMINADO SUBMETROPOLI DE TIJUANA, REPRESENTADO POR AURELIO SERGIO TORRES RODRIGUEZ Y BERTHA LETICIA DEL RIO MARTINEZ (**EN ADELANTE DENOMINADOS EL "ARRENDADOR"**), CON LA COMPARECENCIA DE EL FLORIDO CALIFORNIA, S.A. DE C.V. REPRESENTADA POR GEORGINA SERRANO DE ROMERO Y JOSE LUIS NORIEGA BALCARCEL EN SU CALIDAD DE FIDEICOMISARIOS DEL FIDEICOMISO SUBMETROPOLI DE TIJUANA (**EN ADELANTE DENOMINADOS "EL FLORIDO"**) Y POR LA OTRA ENSATEC, S.A. DE C.V., REPRESENTADA EN ESTE ACTO POR EL SR. C.P. JOSÉ DE JESUS CALLEROS (**EN ADELANTE DENOMINADA EL "ARRENDATARIO"**), DE CONFORMIDAD CON LAS SIGUIENTES DECLARACIONES Y CLAUSULAS:

DECLARACIONES

I: **El ARRENDADOR declara:**

- a) Que el 5 de diciembre de 1974, constituyó un fideicomiso de administración y traslativo de dominio en relación a un terreno con una superficie de 2,292.835 hectáreas, que consecuentemente fue formalizado el 18 de septiembre de 1975, ante la presencia del Notario Público Número 31 del Distrito Federal, como se demuestra con la escritura pública número 112,091, de fecha 18 de septiembre de 1975, la cual fue debidamente inscrita en el Registro Público de la Propiedad y del Comercio de la Ciudad de Tijuana, Baja California, bajo la partida número 39,965, foja 242, del volumen 123, primera sección. Para facilidad de referencia a dicho fideicomiso se le denominará **"Fideicomiso Submetropoli de Tijuana"**.
- b) Que los fideicomisarios del Fideicomiso Submetropoli de Tijuana acordaron ceder sus intereses respecto a dicho fideicomiso en favor de El Florido, como se demuestra en la escritura pública número 82,550, de fecha del 28 de noviembre de 1985, otorgada ante la presencia del Notario Público número 54 del Distrito Federal, la cual fue debidamente inscrita en el Registro Publico de la Propiedad y del Comercio de la Ciudad de Tijuana, Baja California, bajo la partida numero 17,810, volumen 32, Sección Segunda Auxiliar de Comercio.
- c) Que el 17 de junio de 1997, El Florido sustituyó a Nacional Financiera, S.A., como fiduciario del Fideicomiso Submetropoli de Tijuana por Banco Bilbao Vizcaya-México, Sociedad Anónima, Institución de Banca Múltiple, Grupo Financiero BBV - Proburza, División Fiduciaria, como se demuestra en la escritura pública número 3,705, de fecha 17 de junio de 1997, otorgada ante la presencia del Notario Público



número 7 de Tijuana, Baja California, la cual fue debidamente inscrita en el Registro Público de la Propiedad y del Comercio de la Ciudad de Tijuana, Baja California, bajo la partida número 5110624, Sección Civil.

- d) Que dentro de los inmuebles que forman parte del Fideicomiso Submetropoli de Tijuana se encuentra el Lote 2A con domicilio oficial el ubicado en la Calle Colinas 11730 del Fraccionamiento Parque Industrial El Florido, Sección Colinas, Delegación La Presa, con clave catastral FD930002, mismo que cuenta con una superficie de 11,760.46 metros cuadrados que equivale a 126,598.58 pies cuadrados (incluyendo un área plana de 10,791.55 metros cuadrados), en la cual el Arrendador construirá una nave industrial de 51,505.74 pies cuadrados (en lo sucesivo el "Sitio de Construcción").
- e) Que celebra este contrato de acuerdo a las instrucciones recibidas por El Florido y que sus representantes legales tienen la capacidad para celebrar este Contrato como se demuestra con el poder que se anexa al presente como **Anexo "A"**.
- f) Que el Inmueble Arrendado, según se define en este contrato, cuenta con la infraestructura necesaria de servicios públicos, incluyendo energía eléctrica, agua, drenaje y líneas telefónicas, y puede ser utilizado para el establecimiento de industria ligera, como se demuestra con la opinión técnica de uso de suelo emitida por la Dirección General de Desarrollo Urbano y Ecología del Municipio de Tijuana, misma que se agrega como **Anexo "B"**.

II. EL FLORIDO CALIFORNIA, S.A. DE C.V. declara:

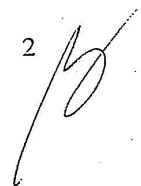
- a) Que es una sociedad mercantil constituida de conformidad con la Ley General de Sociedades Mercantiles mediante escritura pública número 82,542, de fecha 27 de noviembre de 1985, otorgada ante el Notario Público número 54 de la ciudad de México, Distrito Federal, el 27 de noviembre de 1985, e inscrita en el Registro Público de la Propiedad y del Comercio de la Ciudad de Tijuana Baja California, bajo la partida número 17,323, volumen 31, Sección Segunda Auxiliar de Comercio.
- b) Que está debidamente representada en este acto por la Dra. Georgina Serrano de Romero y el Sr. José Luis Noriega Balcárcel, quienes tienen facultades suficientes para girar instrucciones al Arrendador a celebrar el presente contrato y que comparecen para ratificar las instrucciones de El Florido al Arrendador para la celebración de este contrato, como se desprende de los documentos que forman parte del **Anexo "A"**.

III. EL ARRENDATARIO declara:

- a) Que es una sociedad mercantil constituida de conformidad con la Ley General de Sociedades Mercantiles, mediante escritura pública número 23,316, de fecha 2 de octubre de 1985, otorgada ante el Notario Público número 6 de la ciudad de



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Tijuana, Baja California, la cual fue debidamente inscrita en el Registro Público de la Propiedad y del Comercio de la Ciudad de Tijuana, Baja California, bajo la partida número 17662, volumen 32, Sección Segunda Auxiliar Comercio, como se demuestra en el documento que se agrega al presente como **Anexo "C"**.

- b) Que está debidamente representada en este acto por el Sr. C.P. José de Jesús Calleros, quien tiene facultades suficientes para celebrar el presente contrato como se desprende del documento que se agrega como **Anexo "C"**.
- c) Que es su deseo tomar en arrendamiento del Arrendador el Inmueble Arrendado, según se define mas adelante.

Habiendo declarado lo anterior, las partes convienen en las siguientes:

CLAUSULAS

PRIMERA. ARRENDAMIENTO Y ENTREGA:

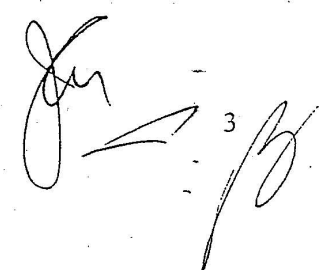
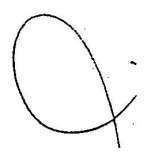
El Arrendador otorga en arrendamiento al Arrendatario y el Arrendatario toma en arrendamiento del Arrendador el Inmueble Arrendado, según se define mas adelante.

SEGUNDA. CONSTRUCCION DEL EDIFICIO:

El Arrendador, a su propia costa, construirá un edificio industrial y ciertas mejoras al mismo en el Sitio de Construcción (en lo sucesivo el "**Edificio**") de conformidad con los planos, especificaciones y calendario de obra que serán aprobados por las partes con posterioridad a la firma del presente contrato y se agregarán al presente como **Anexo "D"**. Se agregan planos preliminares del Edificio y las especificaciones generales para edificios del Arrendador como **Anexo "D"** y serán utilizados como guía para la preparación de tales planos, especificaciones y calendario de obra. Para facilidad de referencia en lo sucesivo el Sitio de Construcción y el Edificio serán denominados conjuntamente el "**Inmueble Arrendado**".


TERCERA. ENTREGA Y ACEPTACION DEL EDIFICIO:

- 3.1. El Arrendador conviene que la construcción del Edificio deberá de terminar en o antes del 31 de julio del 2000. Una vez concluida, el Arrendador deberá notificar al Arrendatario que la construcción del Edificio ha terminado con el objeto de que el Arrendatario realice una inspección del Edificio y determine si éste cumple con los requisitos establecidos en el **Anexo "D"**.



- 3.2. La inspección del Arrendatario deberá de realizarse dentro de los cuatro (4) días hábiles siguientes a la notificación por escrito del Arrendador. Si el Arrendatario determina que el Inmueble Arrendado cumple con los requisitos establecidos en el **Anexo "D"**, el Arrendatario deberá, dentro este término de cuatro (4) días, expedir un certificado de aceptación en los términos establecidos en el **Anexo "E"** (en lo sucesivo el "**Certificado de Aceptación**").
- 3.3. Si el Arrendatario estima que el Edificio no cumple con lo establecido en el **Anexo "D"**, el Arrendatario deberá, dentro del termino establecido de cuatro (4) días, entregar al Arrendador una lista de los puntos pendientes para revisión y corrección por el Arrendador. Una vez recibida dicha notificación, el Arrendador deberá realizar prontamente las correcciones necesarias al Edificio debiendo notificar al Arrendatario una vez que las correcciones hayan sido efectuadas. El Arrendatario tendrá entonces cuatro (4) días hábiles para realizar una nueva inspección del Edificio y, dentro de este período de cuatro (4) días hábiles, notificar al Arrendador de cualquier corrección adicional, o expedir el Certificado de Aceptación.
- 3.4. El Arrendatario conviene que, si no emite una respuesta en relación a la inspección del Edificio dentro del período de cuatro (4) días hábiles establecido en los párrafos anteriores, el Edificio se considerará aceptado por el Arrendatario en la fecha que concluyó el período de cuatro (4) días hábiles, y no se requerirá Certificado de Aceptación. El Arrendatario acuerda que no detendrá la expedición del Certificado de Aceptación en el supuesto que la lista de puntos pendientes se refiera a detalles cosméticos menores que no representen mas del uno por ciento (1%) de las especificaciones de la construcción establecidas en el **Anexo "D"**, en el entendido de que, el Arrendador se compromete a corregir dichos trabajos a la satisfacción del Arrendatario.
- 3.5. En caso de que surja una controversia entre el Arrendador y el Arrendatario en relación a la construcción del Edificio que no pueda ser resuelta, el Arrendador y el Arrendatario acuerdan que designarán conjuntamente a un ingeniero tercero para que revise el punto en controversia y emita una opinión a las partes que será obligatoria para ellas. En caso de que sea necesario que el Arrendador realice correcciones, el Arrendador deberá realizarlas para entregar el Edificio de acuerdo a lo establecido en el **Anexo "D"**; no obstante, en caso de que el Edificio se encuentre de conformidad con lo establecido en el **Anexo "D"**, el ingeniero tercero estará facultado para expedir el Certificado de Aceptación y el Edificio se considerará aceptado para todos efectos por el Arrendatario al final del período de cuatro (4) días hábiles siguientes a la fecha en la cual el Arrendador haya notificado al Arrendatario la terminación del Edificio o de cualquier trabajo de corrección, según sea el caso.

CUARTA. MEJORAS DEL ARRENDATARIO:



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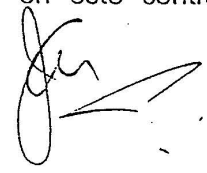

- 4.1. El Arrendatario, a su propia costa, podrá instalar o construir mejoras adicionales (en lo sucesivo las "**Mejoras del Arrendatario**"); y el Arrendatario podrá modificar éstas mejoras, siempre y cuando no dañen la estructura del Inmueble Arrendado y cuente con la autorización previa y por escrito del Arrendador para su construcción, la cual no será negada ni detenida sin razón justificada.
- 4.2. Respecto a la construcción de cualesquier Mejoras del Arrendatario, el Arrendatario conviene en indemnizar y sacar en paz y a salvo al Arrendador en relación a cualquier demanda o reclamación por cualesquier terceros, incluyendo proveedores, contratistas y autoridades gubernamentales, tales como el Instituto Mexicano del Seguro Social, el Fondo Nacional de la Vivienda para los Trabajadores, la Secretaría de Hacienda y Crédito Público y la Secretaría de Finanzas del Estado, así como en relación a cualesquier responsabilidad civil derivada del incumplimiento por el Arrendatario de cualesquiera de sus obligaciones derivadas de la construcción de cualesquier Mejoras del Arrendatario.

QUINTA. USO DEL INMUEBLE ARRENDADO:

El Arrendatario se obliga a destinar el Inmueble Arrendado exclusivamente para realizar actividades industriales ligeras, consistentes en oficina general, almacén, manufactura, depósito, servicios, reparaciones, ingeniería, ventas, demostración de productos, entrenamiento de empleados y clientes, almacén auxiliar, estacionamiento de vehículos, y cualquier otro uso relacionado con la manufactura, almacenaje y servicios de oficina, y para ningún otro uso si no cuenta con la autorización por escrito del Arrendador. Durante el Término del Arrendamiento, como se define mas adelante, el Arrendatario no realizará ni permitirá a persona alguna realizar ningún acto en el Inmueble Arrendado que vaya en contra de cualquier ley, estatuto, ordenamiento, restricción o reglamento.

SEXTA. TERMINO DEL ARRENDAMIENTO, PERMISOS, AUTORIZACIONES Y LICENCIAS:

- 6.1. El término inicial de este arrendamiento será de diez (10) años (en lo sucesivo el "**Término del Arrendamiento**"). El Término del Arrendamiento comenzará a partir de la expedición del Certificado de Aceptación (en lo sucesivo la "**Fecha de Inicio del Arrendamiento**")
- 6.2. El Arrendatario tendrá derecho a renovar el Término del Arrendamiento por dos períodos consecutivos de 5 años cada uno. El Arrendatario ejercerá su derecho de extender el Término del Arrendamiento por medio de notificación escrita entregada al Arrendador en el domicilio señalado en este contrato

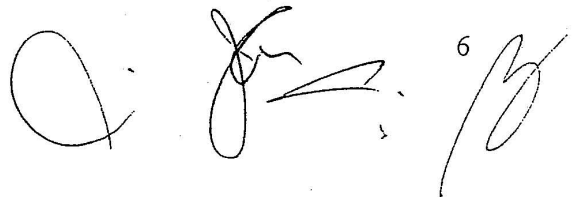


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cuando menos seis (6) meses antes de la expiración del Término del Arrendamiento, o de la primera renovación de cinco (5) años. El derecho de prórroga está condicionado a que el Arrendatario se encuentre en cumplimiento con este contrato.

SEPTIMA. RENTA:

- 7.1. A partir de la Fecha de Inicio del Arrendamiento, el Arrendatario se obliga a pagar al Arrendador como renta mensual la suma de \$0.35 dólares, (treinta y cinco centavos, moneda del Curso Legal de los Estados Unidos de América) por pié cuadrado por mes, que equivale a la cantidad de \$ 18,027.00 Dólares, (Dieciocho mil veintisiete dólares 00/100 Moneda del Curso Legal de los Estados Unidos de América). La renta mensual estará sujeta a incrementos en cada aniversario de la Fecha del Inicio del Arrendamiento a razón del 3%.
- 7.2. Los pagos mensuales antes mencionados serán efectuados en moneda de curso legal de los Estados Unidos de América en el Inmueble Arrendado. Cada pago de renta se realizará por adelantado durante los primeros (5) cinco días hábiles de cada mes. En caso que la renta no pueda pagarse en dólares de los Estados Unidos de América, el Arrendatario conviene en la renta en pesos moneda nacional, en una cantidad de pesos suficiente para adquirir dólares de los Estados Unidos de América al tipo de cambio en vigor en Tijuana, Baja California en la fecha en que la renta sea pagada. El tipo de cambio será aquel ofrecido para la venta de dólares de los Estados Unidos de América por cualesquiera de los siguientes bancos: Banco Nacional de México, S.A., Institución de Banca Múltiple integrante de Grupo Financiero Banamex Accival; Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero y Banco Bilbao Vizcaya – México, S.A., Institución de Banca Múltiple Grupo Financiero BBV – Probursa.
- 7.3. El Arrendatario pagará el Impuesto al Valor Agregado que corresponda al pago mensual de la renta en moneda de curso legal de los Estados Unidos de América o su monto equivalente en Pesos como quedó establecido en el párrafo anterior, y el Arrendador deberá expedir la factura correspondiente.
- 7.4. En caso de que el Arrendatario no realice el pago de la renta dentro del término de cinco días hábiles señalado en el párrafo 7.2., el Arrendatario deberá pagar al Arrendador un interés moratorio del veinticinco por ciento (25%) anual sobre el monto total adeudado de la renta hasta la fecha en que se efectúe el pago.
- 7.5. Si el día de inicio del arrendamiento es un día distinto al primer día del mes, la cantidad correspondiente al primer pago mensual será prorrateada con base en el tiempo durante el cual el Inmueble Arrendado fue ocupado por el Arrendatario, y la cantidad correspondiente al ultimo pago de la renta será prorrateada con



base en el tiempo durante el cual el Inmueble Arrendado fue ocupado por el Arrendatario hasta en tanto concluya el Término del Arrendamiento.



- 7.6. A la fecha de firma del presente contrato, el Arrendatario ha entregado al Arrendador un mes de renta que será aplicado a la renta para el primer mes del Término del Arrendamiento.

OCTAVA. SERVICIOS, TARIFAS DE SERVICIOS E IMPUESTOS:

- 8.1. El Inmueble Arrendado tendrá la infraestructura necesaria para el abastecimiento de servicios públicos, incluyendo agua, energía eléctrica y teléfono. El Arrendador proporcionará toda la documentación necesaria para que el Arrendatario pueda contratar dichos servicios. El Arrendatario deberá contratar y pagar todos los servicios públicos en el Inmueble Arrendado. En relación a la energía eléctrica, el Arrendatario reconoce que el Arrendador ha pagado cuotas de energía eléctrica a la Comisión Federal de Electricidad ("CFE") para la disponibilidad de KVA de energía dentro del Parque Industrial El Florido, Sección Colinas en donde se encuentra el Inmueble Arrendado. En caso que el Arrendatario necesite KVA de energía, el Arrendador proporcionará parte de los KVA designados al Arrendador por la Comisión Federal de Electricidad al costo del Arrendador en Dólares de los Estados Unidos de América hasta por 500 KVA. Otras cuotas de conexión y depósitos deberán ser pagados directamente a la Comisión Federal de Electricidad por el Arrendatario.
- 8.2. A partir de la Fecha de Inicio del Arrendamiento y durante el Término del Arrendamiento, el Arrendatario deberá pagar los cargos y cobros por los servicios públicos, incluyendo energía eléctrica, gas, teléfono, agua y drenaje. El Arrendatario pagará también (mediante reembolso), el Impuesto Predial. Durante los dos (2) primeros meses de cada año, el Arrendador deberá entregar al Arrendatario copia de los recibos de pago del Impuesto Predial correspondientes y facturas por el monto que correspondan, incluyendo el Impuesto al Valor Agregado, para que sea reembolsado por el Arrendatario.

NOVENA. CESION DE DERECHOS Y SUBARRENDAMIENTO:

- 9.1 El Arrendatario no podrá subarrendar el Inmueble Arrendado ni ceder sus derechos y obligaciones derivadas de este contrato, a menos que obtenga consentimiento previo y por escrito del Arrendador, mismo que no será negado sin razón justificada. La cesión de derechos y obligaciones o el subarrendamiento no liberan al Arrendatario o al Garante, según se define mas adelante, de la obligaciones derivadas de este contrato, y el Arrendatario y Garante quedarán obligados frente al Arrendador solidariamente respecto al cumplimiento de dichas obligaciones.





- 9.2 El Arrendador tendrá el derecho para transferir o ceder, de tiempo en tiempo, todos o cualesquiera de los derechos y obligaciones de Arrendador descritos en este contrato o cualquier interés que tenga en el mismo, sin el consentimiento del Arrendatario, con la condición de que dicha cesión no menoscabe cualquiera de los derechos del Arrendatario y siempre y cuando el Arrendador permanezca responsable por todas sus obligaciones bajo este contrato de arrendamiento. En caso de que se realice dicha cesión, el Arrendatario no podrá disminuir o retener ningún pago de renta estipulado bajo el presente contrato oponiendo contra dicho cesionario cualquier defensa, retención de rentas, o contrademanda que el Arrendatario pudiera tener en contra el Arrendador o cualesquiera de sus filiales. El Arrendatario específicamente renuncia a la retención del pago de rentas o cualquier medida preventiva para garantizar el pago de una demanda conforme a lo previsto en el Código de Procedimientos Civiles.

DECIMA. SUBORDINACIÓN

Durante el Termino del Arrendamiento, el Arrendador tendrá el derecho de gravar su interés en el Inmueble Arrendado o en este contrato para cualquier propósito que estime conveniente, y el Arrendatario deberá y por el presente efectivamente subordina su interés en este contrato y en el Inmueble Arrendado a dicho gravamen; sin embargo, en el caso en que dicho gravamen sea ejecutado judicialmente, el tenedor del gravamen acordará respetar este contrato y aceptar el desempeño por el Arrendatario de sus obligaciones bajo el presente. El Arrendatario celebrará cualquier contrato que pueda ser requerido por el Arrendador en la confirmación de dicha subordinación y proporcionará, sin limitación, cualquier tipo de información financiera, constancias y certificaciones que le sean requeridas por cualquier institución financiera, bancos, fiduciaria, o de seguros, o cualquier otra institución reconocida otorgante de prestamos.

DECIMO PRIMERA. MANTENIMIENTO Y REPARACIONES:

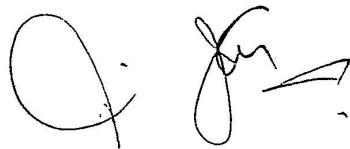
- 11.1. El Arrendador garantiza que el Inmueble Arrendado está libre de cualquier defecto en la construcción. El Arrendador deberá, durante todo el término del Arrendamiento, dar mantenimiento y reparar por su cuenta y el techo (azotea), la integridad de la estructura del techo, columnas, losa del piso, muros exteriores y cimientos, en el entendido de que, si los daños son causados a la estructura o cualquier otro elemento del Inmueble Arrendado como resultado de negligencia por parte Arrendatario, incluyendo, pero no limitando a, los representantes, agentes, invitados, contratistas y/o proveedores del Arrendatario, el Arrendatario será responsable por la reparación de cualquier estructura del Inmueble Arrendado.



- 11.2. El Arrendatario durante el Término del Arrendamiento se obliga a dar mantenimiento y reparar el Inmueble Arrendado, incluyendo pisos, ventanas, vidrios, puertas, rampas para carga y descarga, la pintura de las paredes internas y externas, la plomería normal, áreas verdes, aire acondicionado y sistema de ventilación, iluminación, instalación eléctrica y en general, todo lo que no se considere una reparación estructural de conformidad con la establecido en el párrafo anterior. Todas las reparaciones realizadas por el Arrendatario deben ser iguales en cantidad y calidad al trabajo original. El Arrendatario conservará todas las partes del Inmueble Arrendado en forma limpia y ordenada y el Arrendador transferirá todas las garantías sobre el Inmueble Arrendado al Arrendatario, según corresponda.
- 11.3. En caso de que el Arrendatario incumpla con su obligación de mantener y reparar el Inmueble Arrendado, el Arrendador podrá realizar el mantenimiento y reparación según se requiera y, en este caso, el Arrendatario deberá reembolsar al Arrendador dentro de un plazo de quince (15) días de calendario siguientes a la entrega de la factura al Arrendatario aquellos gastos que haya incurrido el Arrendador en realizar dichas reparaciones o mantenimiento. En caso de que el Arrendatario no pague la factura de mantenimiento o reparación que haya pagado el Arrendador, El Arrendatario deberá de pagar interés moratorio a la tasa especificada en la cláusula 7.4. de este contrato sobre el total del monto pagado por el Arrendador.
- 11.4. El Arrendador será responsable durante todo el tiempo por los defectos y vicios ocultos en el techo, columnas, pisos, muros exteriores, muros de contención, líneas de drenaje y demás infraestructura del Inmueble Arrendado.

DECIMA SEGUNDA. SEGURO:

- 12.1. Durante el Termino del Arrendamiento, El Arrendatario se compromete en obtener y mantener vigentes las siguientes pólizas.
- (a) contra terceros de cobertura amplia contra lesiones personales, muerte o daño en propiedad que ocurra dentro o en las inmediaciones del Inmueble Arrendado. Dicho seguro deberá cubrir una cantidad no inferior a \$1,000,000.00 dólares (Un Millón 00/100 dólares, moneda de curso legal de los Estados Unidos de América), póliza que deberá cubrir lesiones personales y daños en propiedad.
- (b) contra pérdida o daño por causa de incendio, relámpago, aeronaves que se desplomen, humo, tormenta, sismo, granizo, daños de vehículos, erupción volcánica, huelga, conmoción civil, vandalismo, motín, daño intencional, inundación, y cualquier otro siniestro cubierto generalmente por el seguro de cobertura amplia, por un monto que cubra el costo de reconstrucción total del



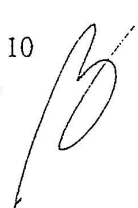


Inmueble Arrendado, incluyendo edificios y mejoras (excluyendo cualesquier Mejoras del Arrendatario), cimientos y excavaciones del mismo. Este seguro cubrirá daños por lo menos de \$1,200,000.00 dólares (Un Millón Doscientos Mil 00/100 dólares, moneda de curso legal de los Estados Unidos de América).

(c) contra el riesgo de interrupción de rentas por un período de un año como resultado de cualquier siniestro a favor del Arrendador.

- 12.2. Todas las pólizas, que deberán ser obtenidas en los términos del párrafo anterior, y cualquier otra póliza que se requiera conforme a este contrato deberá designar al Arrendador como un beneficiario adicional y establecer que no será efectiva ninguna cancelación a menos que, al Arrendador se le notifique con treinta (30) días de anticipación. El Arrendatario deberá proporcionar al Arrendador un certificado que acredite el cumplimiento de haber obtenido las pólizas de seguros conforme a esta cláusula.
- 12.3. El Arrendatario se obliga a obtener los seguros indicados en los párrafos anteriores de una empresa aseguradora calificada, financieramente solvente y debidamente autorizada para asegurar en la República Mexicana, aprobada por el Arrendador de manera razonable. En caso de que el Arrendatario deje de procurar y mantener la cobertura de seguros de conformidad con los párrafos anteriores, el Arrendador deberá de notificar por escrito al Arrendatario de dicha falta de mantener la cobertura de seguros y, si el Arrendatario no demuestra que tiene las coberturas dentro de los cinco (5) días hábiles siguientes después de la notificación, el Arrendador obtendrá las pólizas y el Arrendatario deberá reembolsar al Arrendador por dichos gastos adicionales dentro de los treinta (30) días siguientes al requerimiento por parte del Arrendador. En caso de no hacerlo, el Arrendatario pagará intereses moratorios al Arrendador a la tasa estipulada en la cláusula 7.4 anterior.
- 12.4. En el caso de pérdida bajo cualesquiera de las pólizas consideradas en la presente, la indemnización pagada por la compañía de seguros deberá de ser exclusivamente para el beneficio del Arrendador. Además, en todas las pólizas de seguros se deberá establecer que ninguna modificación o cancelación a las pólizas surtirá sus efectos sin la previa notificación por escrito entregada al Arrendador en el domicilio estipulado en este contrato, siempre y cuando la modificación a las pólizas de seguro no haga ineficaz los seguros.

DECIMA TERCERA. PERDIDA Y DESTRUCCION.

A.- Total. En caso de que la totalidad o una parte considerable del Inmueble Arrendado sea dañado o destruido por incendio, acto de naturaleza o cualquier otra causa, que haga al Arrendatario imposible de continuar la operación de su negocio, el Arrendador,



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dentro de un plazo máximo de dos semanas desde tal destrucción, determinará si el Inmueble Arrendado puede restaurarse dentro de un plazo de seis (6) meses y notificará al Arrendatario de dicha determinación. Si el Arrendador determina que el Inmueble Arrendado no puede restaurarse dentro del plazo de seis meses, tanto el Arrendador como el Arrendatario tendrán el derecho y opción de terminar este contrato de arrendamiento, notificando a la otra parte por aviso escrito. Si el Arrendador determina que el Inmueble Arrendado puede restaurarse dentro de dichos seis (6) meses, el Arrendador, a su propia costa, y con el alcance de los fondos otorgados al Arrendador por concepto de seguro, procederá diligentemente a reconstruir el Edificio y, en tal caso, el Arrendador aceptará a cambio de renta durante el período en que el Arrendatario haya estado substancialmente privada del uso del Inmueble Arrendado, el importe de seguro que sea pagadero conforme al seguro de interrupción de rentas establecido en la cláusula 12.1. (c) del presente contrato.

B. Parcial. En caso de daños parciales causados al Inmueble Arrendado, el Arrendador y el Arrendatario repararán dichos daños, cada parte reconstruyendo la porción de las mejoras que le corresponda bajo este Contrato; en el entendido de que, durante el período requerido para dichos trabajos de reparación de las Mejoras del Arrendador, la renta pagadera por virtud de este contrato por el Arrendatario será equitativamente prorrateada de acuerdo a la incidencia en el uso y posesión por parte del Arrendatario del Inmueble Arrendado, que haya sido ocasionada por dichos daños y reparaciones. El saldo para completar la renta normal pagadera será cubierto por el seguro de interrupción de rentas establecido en la Cláusula 12.1. (c) del presente contrato.

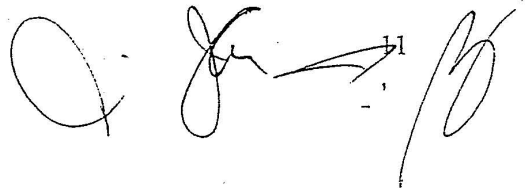
DECIMO CUARTA. AMBIENTAL:

14.1. El Arrendador garantiza al Arrendatario que el Inmueble Arrendado actualmente y hasta la entrega y aceptación por el Arrendatario se encuentra libre de cualquier responsabilidad ambiental, y que no tiene contaminación de suelo o de agua en el subsuelo, o cualquier otro tipo de contaminación que pudiera considerarse como una violación a la Ley General de Equilibrio Ecológico y Protección al Ambiente y su reglamento aplicable.

14.2. El Arrendatario acuerda indemnizar al Arrendador respecto a cualquier responsabilidad ambiental que pueda surgir por cualquier acto u omisión por parte del Arrendatario, sus empleados, representantes, agentes, invitados, contratistas y/o proveedores, los cuales se listan de manera enunciativa, mas no limitativa, durante el Término del Arrendamiento o cualquier renovación.

DECIMA QUINTA. ENTREGA:

15.1. EL Arrendatario deberá entregar la posesión del Inmueble Arrendado al Arrendador el último día de vigencia de este contrato sin demora y en



condiciones adecuadas para su uso inmediato sin mayor demérito que el producido por el uso normal del mismo y el transcurso del tiempo. Durante el mes anterior a la conclusión del Término del Arrendamiento, efectuarán una inspección conjunta del Inmueble Arrendado con el propósito de determinar la condición y estado del Inmueble Arrendado.




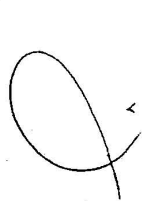
- 15.2. Todos los letreros, inscripciones, marquesinas y objetos análogos que hayan sido instalados por el Arrendatario deberán ser removidos a más tardar el día en que finalice el Término del Arrendamiento. El mobiliario y equipo instalado por el Arrendatario continuará siendo propiedad del Arrendatario y deberá ser removido por el Arrendatario previamente al día último del arrendamiento. El Arrendatario por su cuenta y cargo deberá reparar cualquier daño que se produzca por la instalación o remoción de las Mejoras del Arrendatario para restaurar el Inmueble Arrendado a su condición original, considerando el demérito producto del uso normal del mismo.
- 15.3. En caso de que el Arrendatario permanezca en posesión del Inmueble Arrendado después de finalizar el Término del Arrendamiento, el Arrendador tendrá derecho a recibir del Arrendatario renta por una cantidad equivalente a una y media veces la renta mensual en vigor durante el último mes del arrendamiento prorrateado por cada día que pueda transcurrir sin que el Arrendador reciba posesión del Inmueble Arrendado del Arrendatario. La renta será determinada diariamente de conformidad con el número de días transcurridos sin que le Arrendador reciba posesión del Inmueble Arrendado del Arrendatario.

DECIMA SEXTA. RETENCION:

El Arrendatario en este acto acuerda no retener o compensar los pagos de renta y, por lo tanto, entregará bajo los términos convenidos en este contrato, todos los pagos de renta a que tenga derecho el Arrendador, o cualquier otra cantidad adeudada por el Arrendatario en la forma y tiempo establecidos en el presente.

DECIMA SEPTIMA. ENTRADA AL INMUEBLE ARRENDADO POR EL ARRENDADOR:

- 17.1. El Arrendatario permitirá al Arrendador o a sus representantes autorizados la entrada al Inmueble Arrendado a cualquier hora razonable, previa notificación de 24 horas de anticipación, con el objeto de inspeccionar y realizar las reparaciones que sean necesarias al Inmueble Arrendado o que éstas correspondan según el contrato al Arrendador.



17.2. En el caso en que el Arrendatario decida no renovar este arrendamiento, el Arrendador tendrá el derecho de entrar al Inmueble Arrendado durante los últimos seis (6) meses del periodo de arrendamiento aplicable, en días y horas hábiles con el propósito de mostrar el Inmueble Arrendado a arrendatarios potenciales, mediante aviso dado con 48 (cuarenta y ocho) horas de anticipación al Arrendatario y sin que ello cause inconveniente para el Arrendatario.

DECIMO OCTAVA. REGLAMENTACIÓN Y ASOCIACIÓN DEL PARQUE:

18.1 El Arrendatario acuerda en obedecer todos los términos y condiciones contenidos en el Reglamento de Uso, Construcción y Mantenimiento de los Inmuebles Ubicados en el Parque Industrial El Florido, del cual se anexa una copia como **Anexo "G"**.


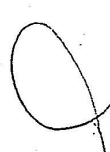
18.2 El Arrendatario deberá de pagar al Arrendador a la celebración de este contrato y en cada aniversario del presente una cuota de mantenimiento que actualmente es de \$0.45 (cuarenta y cinco centavos) de dólar por metro cuadrado de superficie anualmente. Si dicha cuota no es pagada durante los primeros cinco (5) días de cada aniversario del presente, se convertirá en incumplimiento y se penalizará con un cargo del veinticinco por ciento (25%) hasta en tanto se ejecute el pago. Una vez formada la Asociación del Parque Industrial El Florido, Sección Colinas, las cuotas de mantenimiento se deberán de pagar directamente a la Asociación del parque de conformidad a lo aprobado por dicha Asociación.

DECIMO NOVENA. DEPOSITO:

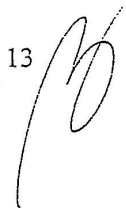
En la fecha de firma del presente contrato el Arrendatario entregó como deposito al Arrendador la cantidad equivalente a dos (2) meses de renta, mismos que serán utilizados como garantía para cubrir cualquier daño originado del uso del Inmueble Arrendado durante el Termino del Arrendamiento y/o cualquier cantidad derivada del uso de servicios públicos. En el supuesto de que no existan daños o no se adeude nada a en relación a estos asuntos, el deposito será reembolsado al Arrendatario por el Arrendador a la entrega del Inmueble Arrendado por el Arrendatario. El Arrendatario reconoce que este depósito no generará intereses.

VIGESIMA. GARANTIA

Simultáneamente a la celebración del presente contrato, el Arrendatario deberá obtener y entregar a plena satisfacción del Arrendador una Garantía Absoluta de Arrendamiento otorgada por Pall Corporation en relación al cumplimiento de las obligaciones del



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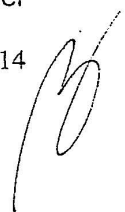
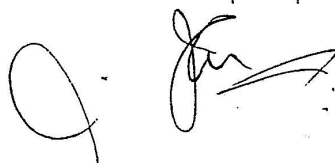


Arrendatario bajo este contrato y conforme a los términos y condiciones establecidos en el formato del **Anexo "F"**.

VIGESIMA PRIMERA. CAUSAS DE RESCISION:

21.1 El Arrendador tiene derecho a rescindir este contrato mediante notificación entregada por escrito al Arrendatario entregada en el Inmueble Arrendado en los siguientes casos:

- a) la falta de pago por el Arrendatario de dos o más meses consecutivos de renta o la falta de pago de los intereses moratorios causados por el retraso en el pago de dichas rentas;
- b) la omisión en realizar las reparaciones a su cargo o en dar mantenimiento al Inmueble Arrendado por el Arrendatario;
- c) el incumplimiento del Arrendatario en obtener las pólizas de seguro contempladas en este contrato;
- d) el incumplimiento del Arrendatario en dar las garantías contempladas en la cláusula vigésima de este contrato;
- e) el destinar el Arrendatario el Inmueble Arrendado, total o parcialmente, para otro uso distinto del autorizado en este contrato, o violar las disposiciones en materia ambiental;
- f) la cesión de este contrato o el subarrendamiento del Inmueble Arrendado sin contar con la autorización previa y por escrito del Arrendador;
- g) el abandono o desalojo del Inmueble Arrendado. Para los efectos del presente, el Arrendador considerará el Inmueble Arrendado abandonado cuando el Arrendatario deje de llevar a cabo operaciones, despida a todos sus empleados y deje de realizar el pago de la renta por dos o mas meses;
- h) la presentación de una solicitud voluntaria de quiebra por el Arrendatario o el registro de una solicitud involuntaria hecha por acreedores del Arrendatario, y que dicha petición permanezca sin subsanarse por un periodo de noventa (90) días naturales;
- i) el incumplimiento por el Arrendatario de cumplir con todas y cada una de las leyes y reglamentos aplicables de cualquier dependencia ambiental del gobierno mexicano, según determinen las autoridades ambientales correspondientes en relación al desarrollo de sus actividades en su uso u operación de cualesquier equipo por el Arrendatario que pueda ser



considerado como contaminante por tales dependencias, y el incumplimiento respecto a cualesquier recomendaciones emitidas por dicha autoridades.

21.2. Además de lo anterior, cada una de las siguientes faltas que cometa el Garante serán consideradas incumplimiento por parte del Arrendatario:

- a) una cesión general por el Garante en beneficio de acreedores;
- b) la presentación de una solicitud voluntaria de quiebra por el Garante o el registro de una solicitud involuntaria hecha por acreedores del Garante, y que dicha petición permanezca sin subsanarse por un periodo de noventa (90) días;
- c) la designación de un interventor que tome posesión substancial de los activos del Garante, y que dicha designación permanezca sin subsanarse por un periodo de noventa (90) días naturales;
- d) el embargo, ejecución u otra confiscación judicial de sustancialmente todos los activos del Garante, cuando dicho embargo, ejecución u otra confiscación permanezca sin subsanar por un periodo de noventa (90) días después de aplicarse la misma.

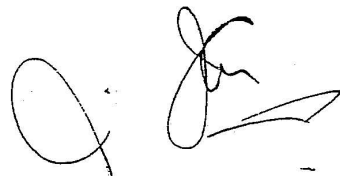
VIGESIMA SEGUNDA. NOTIFICACIONES:

22.1. El Arrendador y el Arrendatario convienen en que el domicilio convencional para el cumplimiento de todas las obligaciones derivadas de este contrato incluso el emplazamiento en caso de juicio será para el Arrendador el ubicado en Paseo de los Héroes 9188, quinto piso, Zona Río, Tijuana, B.C. México (a menos que sea indicado por escrito otro domicilio por el Arrendador) y para el Arrendatario el ubicado en Blvd. Agua Caliente 10440 Centro Comercial Barranquitas, Local 1 y 2, Colonia Revolucion, Tijuana, B.C. Código Postal 22400.


22.2. Dichas notificaciones deberán ser por escrito y serán entregadas personalmente al representante legal de la parte a notificarse o emitidas por correo certificado con acuse de recibo a los domicilios mencionados en el párrafo anterior.

VIGESIMA TERCERA. TOTALIDAD DEL CONTRATO:

23.1 Este arrendamiento y sus anexos contienen todos los acuerdos y condiciones que imperan entre las partes; en consecuencia, las partes reconocen que a la firma de este arrendamiento es el único documento válido y todos los acuerdos previos o documentos anteriores, se considerarán nulos y sin ningún efecto legal.



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- 23.2 Si cualquier término, acuerdo, condición o cláusula de este arrendamiento o su aplicación hacia cualquier persona o circunstancia se declara como nula, inválida o inexigible por un tribunal competente, las restantes cláusulas, acuerdos y condiciones permanecerán en vigor. Todos los anexos a que se refiere este arrendamiento se consideran como parte integral del mismo para todos sus efectos legales.

VIGESIMA CUARTA. MODIFICACIONES:


Este arrendamiento no podrá ser modificado en forma oral ni en ninguna otra forma que no sea por medio de convenio escrito debidamente firmado por los representantes de las partes.

VIGESIMA QUINTA. ANEXOS:

Los documentos que se agregan a este arrendamiento como anexos forman parte integrante del mismo como si se insertasen a la letra, por lo que cualquier interpretación del contrato se hará conjuntamente con el contenido de los anexos.

VIGESIMA SEXTA. DISPOSICIONES VARIAS:

- 26.1. En caso de que cualquiera de las partes ejerciten cualquier acción en contra de la otra para proteger ciertos derechos bajo este contrato, dicho incumplimiento no será interpretado como una renuncia a cualquier derecho derivado de este mismo contrato.
- 26.2. Este contrato solamente podrá ser modificado por acuerdo escrito firmado por los representantes autorizados de las partes y determinando la fecha en que deba surtir efectos la modificación.
- 26.3. En caso de que cualquier parte ejercite una acción en contra de la otra para demandar el cumplimiento de este contrato, la parte que obtenga resolución favorable tendrá derecho a los gastos de honorarios de manera razonable, incluyendo los honorarios del abogado.
- 26.4. Las partes convienen que este contrato será regido por las leyes del Estado de Baja California y para todo lo concerniente a la interpretación y cumplimiento de este contrato, las partes se someten expresamente a la jurisdicción de los Tribunales de la ciudad de Tijuana, Baja California, México, renunciando a cualquier otra jurisdicción que pudiera corresponderles por razón de su domicilio presente o futuro o por cualquier otra causa.



26.5. Este contrato se celebra en dos versiones, una en el idioma Inglés y la otra en el idioma español. Las partes convienen que para efectos de interpretación o en caso de cualquier conflicto, la versión en español prevalecerá.

EN TESTIMONIO DE LO CUAL, las partes celebran este contrato en la Ciudad de Tijuana, Baja California, México el día 21 de febrero del 2000.

"EL ARRENDADOR"

BANCO BILBAO VIZCAYA-MEXICO, SOCIEDAD ANONIMA, INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO BBV-PROBURSA, EN SU CALIDAD DE FIDUCIARIO DEL FIDEICOMISO SUBMETROPOLI DE TIJUANA, por;

SERGIO TORRES RODRIGUEZ

BERTHA LETICIA DEL RIO MARTINEZ

EL FLORIDO CALIFORNIA, S.A. DE C.V. EN SU CALIDAD DE FIDEICOMISARIO DEL FIDEICOMISO SUBMETROPOLI DE TIJUANA" por;

GEORGINA SERRANO DE ROMERO

JOSE LUIS NORIEGA BALCARCEI

"EL ARRENDATARIO"

ENSATEC, S.A. DE C.V. por;

SR. C.P. JOSÉ DE JESUS CALLEROS

TESTIGOS

Nombre: _____

Nombre: _____

**CONVENIO MODIFICATORIO A
CONTRATO DE ARRENDAMIENTO**

CONVENIO MODIFICATORIO A CONTRATO DE ARRENDAMIENTO QUE CELEBRAN **BBVA BANCOMER SERVICIOS, S.A.** EN SU CARACTER DE FIDUCIARIO DEL FIDEICOMISO "SUBMETROPOLI DE TIJUANA" REPRESENTADO EN ESTE ACTO POR SENOR FERNANDO SILVESTRE LLAMAS FIERRO Y EL SENOR GABRIEL LEON PENA (A QUIENES EN LO SUCESIVO SE LE DENOMINARA EL "**ARRENDADOR**") Y **ENSATEC, S.A. DE C.V.**, REPRESENTADA EN ESTE ACTO POR EL SENOR HECTOR M. MACHADO B. (A QUIEN EN LO SUCESIVO SE LE DENOMINARA EL "**ARRENDATARIO**"), CON LA PARTICIPACION DE GE REAL ESTATE MEXICO, S. DE R.L. DE C.V., REPRESENTADA EN ESTE ACTO POR EL LIC. FEDERICO RIOS PATRON, Y DE PALL CORPORATION, REPRESENTADA POR LOS SEÑORES ROBERTO PEREZ Y ROGER ROBERTS DE CONFORMIDAD CON LAS SIGUIENTES DECLARACIONES Y CLAUSULAS:

AMENDMENT TO LEASE AGREEMENT

AMENDMENT TO LEASE AGREEMENT ENTERED INTO BY AND BETWEEN **BBVA BANCOMER SERVICIOS, S.A.** AS TRUSTEE OF THE "SUBMETROPOLI DE TIJUANA" TRUST, REPRESENTED HEREIN BY MR. FERNANDO SILVESTRE LLAMAS FIERRO AND MR. GABRIEL LEON PENA (HEREINAFTER REFERRED TO AS "**LESSOR**"), AND BY **ENSATEC, S.A. DE C.V.**, REPRESENTED HEREIN BY MR. HECTOR M. MACHADO B., (HEREINAFTER REFERRED TO AS "**LESSEE**") WITH THE PARTICIPATION OF GE REAL ESTATE MEXICO, S. DE R. L. DE C.V., REPRESENTED HEREIN BY MR. FEDERICO RIOS PATRON, AND OF PALL CORPORATION, REPRESENTED HEREIN BY MR. ROBERTO PEREZ AND ROGER ROBERTS, PURSUANT TO THE FOLLOWING RECITALS AND CLAUSES:

DECLARACIONES:

Las partes declaran por conducto de sus representantes correspondientes:

1Que con fecha 21 de febrero de 2000, el ARRENDADOR y el ARRENDATARIO celebraron un Contrato de Arrendamiento cuyo objeto es la nave industrial y las mejoras accesorias ubicadas en la Calle Colinas #11730 del Fraccionamiento Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa. en esta ciudad de Tijuana, Baja California, Mexico (en lo sucesivo el "**Contrato de Arrendamiento**")

RECITALS:

The parties, through their representatives, state:

1That on February 21, 2000, the LESSOR and the LESSEE entered into a Lease Agreement in connection with the industrial building and certain improvements located at Calle Colinas #11730 of Parque Industrial El Florido Seccion Colinas, Delegacion La Presa, in the City of Tijuana, Baja California, Mexico (hereinafter referred as the "**Lease Agreement**").

2. Que el termino del Contrato de Arrendamiento es de diez (10) anos.

3. Que la Fecha de Inicio del Arrendamiento, segun convinieron las partes contratantes, quedó fijada como el dia 31 de julio de 2000, motivo por el cual se estableció esa como la fecha de inicio de los diez anos de término del arrendamiento, el cual concluye 30 de julio de 2010

4. Que es voluntad del ARRENDADOR y del ARRENDATARIO celebrar el presente convenio modificadorio del Contrato de Arrendamiento, y que GE REAL ESTATE MEXICO, S. DE R.L. DE C.V. y PALL CORPORATION están de acuerdo en que se celebre la modificación de conformidad con el clausulado siguiente.

5. Que las personas que intervienen en el presente convenio modificadorio cuentan con la capacidad legal necesaria para representar a sus mandantes, y que dicha capacidad no les ha sido limitada de manera alguna.

Habiendo declarado lo anterior, las partes convienen y se obligan en los terminos de las siguientes:

That the term of the Lease Agreement is of ten (10) years.

2.

3. That the Lease Commencement Date, as agreed by the contracting parties, was set to be July 31, 2000, reason for which the ten year term of the lease expires on July 30, 2010.

4. That it is the will of the LESSOR and the LESSEE to enter into this amendment agreement to the Lease Agreement, and that GE REAL ESTATE MEXICO, S. DE R.L. DE C.V. and PALL CORPORATION agree that the amendment be made in accordance with the following clauses.

5. That the individuals signing this amendment agreement have sufficient legal authority to represent their principals, and that such legal authority has not been limited in any way.

Having stated the foregoing, the parties agree and submit themselves to the terms of the following:

CLAUSULAS:

PRIMERA. PRÓRROGA. El ARRENDADOR y el ARRENDATARIO convienen en prorrogar la vigencia del Contrato de Arrendamiento hasta el dia 15 (quince) de agosto del ano 2011 (dos mil once); es decir, el Contrato de Arrendamiento continuara vigente hasta el dia 15 (quince) de agosto del ano 2011 (dos mil once), salvo que el ARRENDATARIO haga uso del derecho de prorroga que le concede el parrafo 6.2. del Contrato de Arrendamiento, o que el mismo fuera rescindido o terminado anticipadamente en los terminos del mismo.

CLAUSES:

FIRST. EXTENSION AUTHORIZATION. The LESSOR and the LESSEE agree to extend the term of the Lease Agreement up to August 15 (fifteen) of year 2011 (two thousand eleven); that is, the Lease Agreement will continue to be in effect until August 15 (fifteen)

of year 2011 (two thousand eleven), unless the LESSEE exercises its right to further extend the life of the lease granted under paragraph 6.2 of the Lease Agreement, or that the lease be rescinded or early terminated under the terms thereof.

SEGUNDA. RESTO DEL CONTRATO DE ARRENDAMIENTO. Las partes convienen que todas aquellas disposiciones del Contrato de Arrendamiento distintas a las mencionadas en la cláusula inmediata anterior y que no hayan sido expresamente modificadas en el presente convenio, continuarán inalteradas y en plena vigencia, salvo aquellas que por medio de otros convenios escritos hayan sido modificadas por las partes.

TERCERA. CONSENTIMIENTO DE GE REAL ESTATE MEXICO, S. DE R.L. DE C.V. Y DE PALL CORPORATION. Mediante la firma de sus representantes o apoderados, tanto GE REAL ESTATE MEXICO, S. DE R.L. DE C.V. y PALL CORPORATION manifiestan su conformidad y autorización para la celebración del presente convenio modificatorio y la consecuente prórroga del término de vigencia del Contrato de Arrendamiento.

CUARTA. IDIOMA. El presente convenio modificatorio se redacta en los idiomas Español e Inglés para facilitar la referencia de las partes participantes; sin embargo, estas convienen que en caso de discrepancia entre ambas versiones, será la redactada en idioma Español la que prevalezca.

QUINTA. LEY APLICABLE Y JURISDICCION. Las partes convienen que el presente convenio deba ser interpretado de conformidad con lo dispuesto por las leyes aplicables del Estado de Baja California. Por otro lado, ambas partes acuerdan en someter la interpretación y ejecución del presente contrato a la jurisdicción de los tribunales competentes en la ciudad de Tijuana, Baja California, Mexico, renunciando en forma expresa a cualquier fuero que pudiera corresponderles por razón de sus domicilios presentes o futuros, o por cualquier otra razón.

SECOND. REST OF THE LEASE AGREEMENT. The parties agree that all the provisions of the Lease Agreement not mentioned in the preceding clause and that have not been expressly modified in this amendment agreement, shall continue unaltered and in full force, save for those that have been previously modified by the parties through other written amendment agreements.

THIRD. CONSENT OF GE REAL ESTATE MEXICO, S. DE R.L. DE C.V. AND OF PALL CORPORATION. With the execution hereof by the representatives or attorneys-in-fact of GE REAL ESTATE MEXICO, S. DE R.L. DE C.V. and PALL CORPORATION, both entities express their conformity with and authorization of this amendment agreement and the consequent extension of the term of the Lease Agreement.

FOURTH. LANGUAGE. This amendment agreement is written in the Spanish and English languages to facilitate the reference of all parties involved; however, all parties agree that in the event of discrepancy between both versions, the Spanish version shall prevail.

FIFTH, GOVERNING LAW AND JURISDICTION. The parties agree that this agreement shall be interpreted in accordance with the applicable laws for the State of Baja California. Also, the parties agree to submit the interpretation and enforcement of this agreement to the jurisdiction of the competent courts in the City of Tijuana, Baja California, Mexico, expressly waiving any other forum they may otherwise be entitled to by reason of their present or future domiciles or for any other reason.

EN TESTIMONIO DE LO CUAL, ambas partes celebran y firman el presente convenio modificatorio el día 25 de julio de 2008, ante dos testigos que también lo firman.

IN WITNESS WHEREOF, the parties execute and sign this amendment agreement on July 25, 2008, in the presence of two witnesses who also sign it.

**“ARRENDADOR” / “LESSOR”
BBVA BANCOMER SERVICIOS, S.A.
FIDUCIARIO DEL FIDEICOMISO “SUBMETROPOLI DE TIJUANA”**

Por / By: Fernando Silvestre Llamas Fierro

Por / By: Gabriel Leon Pena

**“ARRENDATARIO” / “LESSEE”
ENSATEC, S.A. DE C.V.**

Por / By: Héctor M. Machado B.

**GE REAL ESTATE MEXICO,
S. DE R.L. DE C.V.**

Por / By: Federico Rios Patron

PALL CORPORATION

[GRAPHIC APPERS HERE]

[GRAPHIC APPERS HERE]

Por / By: Roberto Perez

Por /By: Roger Roberts

TESTIGOS / WITNESSES

Nombre:

Nombre:

AGREEMENT (THE “**AGREEMENT**”) WITH EFFECTIVE DATE OF AUGUST 14, 2011, ENTERED INTO BY PARTY OF THE FIRST PART **PROCADEF 1, S.A.P.I. DE C.V.**, HEREINAFTER REFERRED TO AS THE “**LESSOR**,” REPRESENTED IN THIS ACT BY DR. GEORGINA SERRANO CUEVAS AND MR. JOSÉ LUIS NORIEGA BALCÁRCEL, AND PARTY OF THE SECOND PART **ENSATEC, S.A. DE C.V.**, HEREINAFTER REFERRED TO AS THE “**LESSEE**,” REPRESENTED IN THIS ACT BY MR. HÉCTOR MACHADO BARRAZA, ENGINEER, WITH THE APPEARANCE OF **PALL CORPORATION**, REPRESENTED IN THIS ACT BY MR. ROBERT KUHACH AND MR. JAMES PORRETTO, AND OF **FC2010, S.A. DE C.V.**, HEREINAFTER REFERRED TO AS “**FC**,” REPRESENTED IN THIS ACT BY DR. GEORGINA SERRANO CUEVAS AND MR. JOSÉ LUIS NORIEGA BALCÁRCEL, IN ACCORDANCE WITH THE FOLLOWING STATEMENTS AND CLAUSES:

STATEMENTS:

The parties to this agreement state and certify as follows:

1. On February 21, 2000, BBVA BANCOMER SERVICIOS, S.A., in its capacity as Trustee of the “Submetrópoli de Tijuana” Trust and the LESSEE entered into a Lease Contract in relation to the industrial unit and ancillary improvements located at Calle Colinas 11730, Fraccionamiento Parque Industrial El Florido, Sección Colinas, Delegación La Presa, Tijuana, Baja California, Mexico.
2. Paragraph 6.2 of Clause Six of the lease contract mentioned in Statement 1 above, sets out the following exact wording: “6.2 *The Lessee shall have the right to renew the Lease Terms for two consecutive periods of 5 years each. The Lessee shall exercise its right to extend the Lease Terms by written notice delivered to the Lessor at the domicile indicated in this contract at least six (6) months before expiration of the Lease Terms, or of the first renewal of five (5) years. In order to exercise its right to extend the contract, the Lessee must be in compliance with this contract.*”
3. Several agreements have been entered into related to the lease contract mentioned in Statement 1 above.
4. The lease contract mentioned in Statement 1 above, as amended to date, shall hereinafter be referred to as the “**Lease Contract**.”
5. The LESSOR is the current holder of the rights and obligations as lessor under the Lease Contract and FC is the owner of the building being leased to the LESSEE in the Lease Contract.
6. Dr. Georgina Serrano Cuevas and Mr. José Luis Noriega Balcárcel declare under oath that they have sufficient powers to represent the LESSOR and FC in the signature of the present Agreement.

7. Mr. Héctor Machado Barraza, Engineer, states that he proves that he has sufficient powers to represent the LESSEE in the signature of the present Agreement with the documentation attached hereto as a copy in **Annex “A.”**

[signatures]

8. Mr. Robert Kuhbach and Mr. James Porreto state that they prove that they have sufficient powers to represent PALL CORPORATION in the signature of the present Agreement with the documentation attached hereto as a copy in **Annex "B."**
9. The undersigned state that the power of attorney with which each of them is appearing in order to sign this Agreement has not been revoked or limited in any way.
10. Clause One of the Amending Agreement to the Lease Contract dated July 25 (twenty-five), 2008 (two thousand eight) was entered into with the following exact wording: ***"ONE. EXTENSION. The LESSOR and the LESSEE agree to extend the effective period of the Lease Contract until August 15, (fifteen), 2011 (two thousand eleven); that is to say, the Lease Contract shall remain in effect until August 15, (fifteen), 2011 (two thousand eleven), unless the LESSEE exercises its right of extension granted under paragraph 6.2 of the Lease Contract, or the said contract is rescinded or terminated early in the terms thereunder."***
11. Prior to the signature of this instrument and in accordance with paragraph 6.2 of Clause Six of the Lease Contract and Clause One of the Amending Agreement to the Lease Contract dated July 25, (twenty-five), 2008 (two thousand eight), the LESSEE informed the LESSOR of its intention to exercise the first renewal period of the Lease Terms.
12. The parties to this Agreement state that they have agreed to extend the effective period of the Lease Contract in accordance with the terms and conditions set out herein.

Now therefore, the parties agree to the following:

CLAUSES:

ONE. Extension of the Lease Contract. The LESSOR and the LESSEE hereby agree to extend the effective period of the Lease Contract so that it will remain effective until **August 16 (sixteen), 2018 (two thousand eighteen)**. In light of the foregoing, the parties to this Agreement state and certify that the Lease Terms shall continue to remain in effect until **August 16 (sixteen), 2018 (two thousand eighteen)**, on which date the effective period of the said Lease Contract shall cease, unless it is extended or renewed for an additional period of five (5) years in accordance with paragraph 6.2 of the Lease Contract, or rescinded or terminated early by the LESSOR in accordance with the terms thereunder.

TWO. Extension Option. For all appropriate legal purposes, the LESSOR and the LESSEE state and certify that the present Agreement is entered into as a result of the LESSEE's exercise of its first right to extend

[signatures]

the Lease Terms mentioned in paragraph 6.2 of Clause Six of the Lease Contract, with it being agreed that the said first renewal shall be for a period of seven (7) years instead of the five (5) years agreed in the said Clause of the Lease Contract and therefore, the LESSEE shall only have the right to extend the effective period of the Lease Contract based on the provisions set out in paragraph 6.2 of Clause Six of the said Lease Contract for a single additional period of five (5) years. Notwithstanding the provisions set forth in paragraph 6.2 of Clause Six of the Lease Contract, the parties hereby agree that the agreed term shall not be extendable, and therefore the LESSEE hereby waives the benefits granted in Article 2359 of the Civil Code for the State of Baja California.

THREE. Waiver of the pre-emptive right and the right of first refusal. The LESSEE, as of the signature of the present Agreement, waives its pre-emptive right and the right of first refusal referred to in Article 2321 of the Civil Code for the State of Baja California. Furthermore, the LESSEE hereby agrees that the legitimate owner of the building under the Lease Contract, as well as whoever assumes that capacity in the future, shall be authorized to sell, assign, or in any other way freely transfer the ownership of the building under the Lease Contract.

FOUR. Rent. With regard to the extension referred to in Clause One above, the LESSOR and the LESSEE agree that the monthly rent under the Lease Contract effective as of **August 16 (sixteen), 2011 (two thousand eleven) till July 30 (thirty), 2012 (two thousand twelve)** shall be for an amount of US\$ 24,953.60 (twenty-four thousand nine hundred fifty-three US dollars 60/100, legal tender of the United States of America) per month, plus the amount corresponding to Value Added Tax.

In addition, it is understood and agreed between the LESSOR and the LESSEE that the monthly rent during the agreed extension period shall be cumulatively increased from **August 1 (one), 2012 (two thousand twelve)** by 3% (three percent) for each period of 12 (twelve) months. In other words, the rent for each month in the period from **August 1 (one), 2012 (two thousand twelve) to July 30 (thirty), 2013 (two thousand thirteen)** shall be for an amount of \$25,702.20 (twenty-five thousand seven hundred and two US dollars 20/100 legal tender of the United States of America) per month, plus the amount corresponding to Value Added Tax, and this amount shall be increased cumulatively in the following twelve-month period and for the subsequent twelve-month periods by 3% (three percent) for each twelve-month period.

FIVE. Assignment of the Lease Contract and Cancellation of Guarantee 2000. By entering into the Agreement, the LESSOR authorizes the LESSEE to assign to Pall Mexico Manufacturing, S. de R. L. de C.V., all its rights and obligations as lessee in the Lease Contract, as long as Pall Corporation issues and delivers a Guarantee to the LESSOR, in the terms established in the document attached as **Annex "C"** (the "Guarantee").

The LESSOR and the LESSEE agree that the said assignment shall take effect immediately after: (i) the LESSOR and Pall Mexico Manufacturing, S. de R. L. de C.V. has notified the LESSOR in writing that the said assignment has been performed and (ii) Pall Corporation has signed and delivered the guarantee to the LESSOR.

[signatures]

The LESSOR and the LESSEE agree that it will not be necessary to obtain any other authorization from the LESSOR in order for the said assignment to take effect, and that as of the date on which the said assignment takes effect, the LESSOR shall, where appropriate, release Ensatec, S.A. de C.V. from the fulfillment of any obligation derived from the Lease Contract, whereupon such release cannot be revoked, limited, or modified in any way, thus granting it the fullest settlement permitted by law.

Furthermore, the LESSOR agrees that as soon as Pall Corporation has delivered the Guarantee, the guarantee that Pall Corporation entered into in the month of February 2000, a copy of which is attached as **Annex "D"** (the **"Guarantee 2000"** shall be immediately and automatically cancelled, thus releasing Pall Corporation as of delivery of the Guarantee from any obligation derived from the Guarantee 2000.

SIX. Consent of Pall Corporation. By signing this Agreement, Pall Corporation states and ratifies its authorization and consent, as guarantor of the LESSEE, in relation to the signature of the present Agreement and consequent extension of the effective period of the Lease Contract.

SEVEN. Consent of FC2010, S.A. de C.V. By signing this Agreement, FC states and certifies its authorization and consent in relation to the terms established in this Agreement, thus undertaking to observe those terms in their entirety in the event that the usufruct on the building in favor of the LESSOR ends before the commitments agreed in this Agreement and in the Lease Contract, and agrees to bind any assignee or new owner of the said building to comply with the terms established in this Agreement and in the Lease Contract in the event that the ownership of the said building is transferred.

EIGHT. Domiciles. For the purposes of this Agreement and of the Lease Contract, the parties indicate the following as their domiciles to hear and receive all types of notifications and notices, even those of a personal nature, including summons:

THE LESSOR: Paseos de los Héroes 9188, Piso 5, Zona Urbana Río Tijuana, Tijuana, Baja California, Mexico.

THE LESSEE: Calle Colinas 11730 del Fraccionamiento Parque Industrial El Florido, Sección Colinas, Delegación La Presa, Tijuana, Baja California, Mexico.

PALL CORPORATION: 2200 Northern Boulevard, East Hills, New York 11458-1289, USA.

FC: Paseos de los Héroes 9188, Piso 5, Zona Urbana Río Tijuana, Tijuana, Baja California, Mexico.

[signatures]

NINE.- Statements. The parties agree that the statements in this Agreement are an integral part of the terms and conditions herein, and therefore are deemed to be incorporated herein by reference.

TEN.- Scope. The parties agree and acknowledge that the present Agreement is an integral part of the Lease Contract, and are thus subject to all its terms and conditions since they do not object to the content herein.

LESSOR
PROCADEF 1, S.A.P.I. DE C.V.

| | |
|-----------------------------|---------------------------------|
| [signature] | [signature] |
| Dr. Georgina Serrano Cuevas | Mr. José Luis Noriega Balcárcel |
| Attorney in fact | Attorney in fact |

LESSEE

ENSATEC, S.A. DE C.V.

PALL CORPORATION

[signature]

[signature]

Mr. Héctor Machado Barraza, Engineer

Mr. Robert Kuhbach

[signature]

Mr. James Porretto

FC2010, S.A. DE C.V.

| | |
|-----------------------------|---------------------------------|
| [signature] | [signature] |
| Dr. Georgina Serrano Cuevas | Mr. José Luis Noriega Balcárcel |
| Attorney in fact | Attorney in fact |

WITNESSES

Pall Mexico Manufacturing, S. de R.L. de C.V.
Calle Colinas 11730,
Fraccionamiento Parque Industrial El Florido,
Seccion Colinas, Delegacion La Presa,
Tijuana, Baja California, Mexico

Atencion/Attention: Lic. Leobardo Tenorio Malof

Estimado/Dear Lic. Tenorio:

En nombre y representacion de PROCADEF 1 SAPI. de C.V. ("PROCADEF") y de FC2010, S.A. de C.V. ("FC"), senalando ambas sociedades como domicilio para oir y recibir todo tipo de notificaciones el ubicado en Paseo de los Heroes 9188, Piso 5, Zona Urbana Rio Tijuana, en Tijuana, Baja California, Mexico, por medio de la presente hacemos constar lo siguiente:

En relation con la nave industrial y mejoras accesorias ubicadas en Calle Colinas 11730, del Fraccionamiento Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, en Tijuana, Baja California, Mexico (el "Inmueble"), la cual es objeto de cierto Contrato de Arrendamiento de fecha 21 de febrero del ano 2000, FC en su caracter de nudo propietario del Inmueble, y PROCADEF en su caracter de actual arrendador bajo el mismo, de conformidad con el articulo 2321 y demas disposiciones aplicables del Codigo Civil de Baja California, en este acto otorgamos a favor de Pall Mexico Manufacturing, S. de R.L. de C.V., sus filiales y subsidiarias (en conjunto "Pall"), el derecho del tanto para adquirir el Inmueble en caso de que se desee vender el Inmueble a cualquier tercero.

Pall, FC y PROCADEF acuerdan que dicho derecho del tanto estara en vigor durante todo el tiempo en que: (i) se encuentre en vigor el contrato de arrendamiento del Inmueble (el

On behalf of PROCADEF 1 S.A.P.I. de C.V. ("PROCADEF") and FC2010, S.A. de C.V. ("FC"), stating as their domicile to hear and receive all types of notices the one located at Paseo de los Heroes 9188, Piso 5, Zona Urbana Rio Tijuana, in Tijuana, Baja California, Mexico, we hereby would like to confirm the following:

With regard to the industrial building and improvements located at Calle Colinas 11730, in Fraccionamiento Parque Industrial EI Florido, Seccion Colinas, Delegacion La Presa, in Tijuana, Baja California, Mexico (the "Real Property"), which is the subject matter of certain Lease Agreement dated February 21, 2000, FC, as the legitimate owner of the Real Property, and PROCADEF, as the current lessor thereunder, in accordance with articles 2321 and other applicable of the Civil Code for the State of Baja California, hereby grant to Pall Mexico Manufacturing, S. de R.L. de C.V., its affiliates and subsidiaries (jointly "Pall"), the preferential right to acquire the Real Property in the event that it is decided to sell it to any third party.

Pall, FC and PROCADEF agree that such preferential right will be in force during all of the time that: (i) the lease agreement for the Real Property (the "Agreement") entered currently with

"Contrato") celebrado actualmente con ENSATEC, S.A. de C.V., como arrendatario, y Pall Corporation como garante, y (ii) durante todo el tiempo en que Pall, Pall Corporation, o una empresa filial o subsidiaria de Pall Corporation sea parte en el Contrato como arrendatario o garante.

No obstante lo anterior, Pall y FC en este acto acuerdan que FC o podra libremente transmitir la propiedad del Inmueble a cualquiera de las personas que se enlistan a continuacion, sin necesidad de otorgar dicho derecho del tanto a favor de Pall siempre que el nuevo propietario otorgue a favor de Pall el derecho del tanto para adquirir el Inmueble en los mismos terminos que los aqui establecidos simultaneamente al momento de adquisicion del Inmueble. Las personas a las que FC podra transmitir libremente la propiedad del Inmueble son: (i) PROCADEF; (ii) cualquier persona fisica o moral que sea accionista de la sociedad denominada EL FLORIDO CALIFORNIA, S.A, DE C.V.; (iii) cualquier persona fisica o moral que sea accionista de los accionistas de la sociedad denominada EL FLORIDO CALIFORNIA, S.A. DE C.V.; (iv) cualquier sociedad en la que EL FLORIDO CALIFORNIA, S.A. DE C.V. sea socio o accionista; (v) cualquier sociedad en la que cualquiera de los accionistas de la sociedad denominada EL FLORIDO CALIFORNIA, S.A, DE C.V. sean accionistas o socios; y (vi) cualquier sociedad en la que cualquiera de los accionistas de los accionistas de la sociedad denominada EL FLORIDO CALIFORNIA, S.A. DE C.V. sean socios o accionistas. Asimismo queda convenido y acordado por Pall, que cualesquiera de las personas anteriormente enlistadas y sus sucesores podran a su vez transmitir libremente la propiedad del Inmueble a cualesquiera de la personas anteriormente enlistadas, sin necesidad de otorgar dicho derecho del tanto a favor de Pall siempre que el nuevo propietario del Inmueble otorgue a favor de Pall el derecho del tanto para adquirir el Inmueble en los mismos terminos que

ENSATEC, S.A. de C.V., as lessee, and Pall Corporation, as guarantor, is in force, and (ii) during all of the time that Pall, Pall Corporation and any affiliate or subsidiary of Pall Corporation is a party in the Agreement as lessee or guarantor.

Notwithstanding the foregoing, Pall and FC hereby agree that FC may transfer the ownership of the Real Property to any of the persons listed below without the need of granting such preferential right in favor of Pall if the new owner grants in favor of Pall the preferential right to acquire the Real Property in the same terms that the ones provided herein simultaneously at the time of acquisition the Real Property. The persons to whom FC may freely transfer ownership to such Real Property are: (i) PROCADEF; (ii) any individual or entity that is shareholder of EL FLORIDO CALIFORNIA, S.A. DE C.V.; (iii) any individual or entity that is shareholder of any shareholder of EL FLORIDO CALIFORNIA, S.A, DE C.V.; (iv) any company on which EL FLORIDO CALIFORNIA, S.A. DE C.V. is a partner or shareholder; (v) any company on which any of the shareholders of EL FLORIDO CALIFORNIA, S.A. DE C.V. is a shareholder or partner; and (vi) any company on which any of the shareholders of the shareholders of EL FLORIDO CALIFORNIA, S.A, DE C.V. are partners or shareholders. Likewise, it is agreed by Pall that any of the above listed persons and entities and their successors may freely transfer ownership to the Real Property to any of the above listed persons and entities, without the need of granting such preferential right in favor of Pall if the new owner grants in favor of Pall the preferential right to acquire the Real Property in the same terms that the ones provided herein simultaneously at the time of acquisition the Real Property

los aqui establecidos simultaneamente al momento de adquisicion del Inmueble.

Atentamente/Truly yours,

(Graphics appears hear)

Dr .Georgina Serrano Cuevas
Representante legal de
Legal Agent of
PROCADEF 1, S.A.P.I de C.V.

(Graphics appears hear)

Lic. Jose Luis Noriega Balcarcel
Representante legal de
Legal Agent of
PROCADEF 1, S.A.P.I de. C.V.

FC2010, S.A. DE C.V., en su caracter de nudo propietario del Inmueble/ as legal owner of the Real Property,

(Graphics appears hear)

Dra .Georgina Serrano Cuevas
Representante legal de
Legal Agent of
FC2010,S.A. DE C.V.

(Graphics appears hear)

Lic. Jose Luis Noriega Balcarcel
Representante legal de
Legal Agent of
FC2010,S.A. de C.V.

Acepto de conformidad:

(Graphics appears hear)

Lic. Leobardo Tenorio Malof
Representante legal de
Legal Agent of
Pall Mexico Manufacturing , S.de R.L. de C.V.

Tijuana, B.C., a 23 de febrero de 2012

PROCADEF 1, S.A.P.I. DE C.V

Paseos de los Heroes 9188

Piso 5

Zona Urbana Rio Tijuana

Tijuana, Baja California, Mexico.

Re: Aviso de cesion.

En relacion con el Contrato de Arrendamiento celebrado con fecha 21 de febrero del año 2000, entre BBVA Bancomer Servicios, S. A., en su caracter de Fiduciario del Fideicomiso "Submetropoli de Tijuana" y Ensatec, S.A. de C.V., respecto a la nave industrial y mejoras accesorias ubicadas en la Calle Colinas11730 del Fraccionamiento Parque industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, Baja California, Mexico, asi como con el Convenio que celebramos con ustedes con fecha efectiva del 14 de agosto de 2011 (el "Convenio") venimos a avisarle y notificarle lo siguiente:

- I. Que de conformidad con la Clausula Quinta del Convenio Ensatec S.A. de C.V. con fecha efectiva del **23 de febrero de 2012**, cedio todos y cada uno de sus derechos a favor de Pall Mexico Manufacturing, S. de R.L. de C.V.
- II. Que en lo relacionado con la Clausula Octava del Convenio, Ensatec, S.A. de C.V. señala como su domicilio para oír y recibir toda clase de notificaciones y avisos el ubicado en; Blvd. Agua Caliente 10470, Desp #1, Centro Comercial Barranquitas, Col. Revolución, Tijuana, B.C. Mexico 22015.

Sin mas por el momento, agradecemos sus atenciones al presente aviso y notificacion.

Atentamertte,

Pall Mexico Manufacturing, S. de R.L. de C.V.

Ensatec, S.A. de C.V.

[Graphic appears here]

Lic. Leobardo Tenorio Malof

[Graphic appears here]

Ing. Hector machado Barraza

LEASE CONTRACT

The year two thousand two the 2nd day of the month of November in Ascoli Piceno

between

The Company TEMPERA INFISSI srl with registered office in Ascoli Piceno (AP), Zona Industriale Campolungo [Campolungo Industrial Zone], Tax ID and VAT no. 01241950441, registered in the Business Registry at the C.C.I.A.A. [Chamber of Commerce, Industry, Small Business and Agriculture] of Ascoli Piceno at no. 122340, represented by Ms. Anna Casciani, born in Ascoli Piceno (AP) on 11/29/1949, domiciled at Via del Commercio 14, Ascoli Piceno, referred to hereinafter as “LESSOR”

and

PALL ITALIA Srl with registered office in Milano - Via Bruzzesi 38/40 - Tax ID (VAT no.) 01679980159, represented by Chief Executive Officer Giuseppe Bolli, born in Milan on 04/29/1945 and residing in Rho, Via A. Moro n. 30 A, and by the Ascoli Piceno Plant Manager Patrizio Giorgi, born in Venarotta on 12/22/1960 and residing in Ascoli Piceno, Via dei Platani 31, referred to hereinafter as “LESSEE”

THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

Art. 1 - Exhibits to the contract -

Exhibits A (cadastral floor plans) and B (certification of delivery and acceptance) constitute an integral and substantive part of this contract.

Art. 2 - Subject of the lease -

The Lessor hereby leases to the Lessee the premises for industrial use shown in the floor plans attached (Exh. A) located in Ascoli Piceno - Zona Industriale Campolungo registered at the land-registry office at NCEU [New Urban Building Land Register] sheet 85 lot no. 191.

Art. 3 - Adapting the leased premises to the Lessee's needs -

The Lessor agrees to contribute up to a total maximum amount of EUR 51,645 to the work adapting the premises to the level of standard fittings, including such additional fittings for the purpose of achieving the specific functionality necessary for the Lessee's specific business, with the costs exceeding that amount to be borne by the Lessee. The Lessor also agrees to deliver the premises no later than the month of November 2002.

The delivery of the premises will be set forth in a Certification of Delivery and Acceptance (Exh. B), which will certify the functionality and conformity with current building and zoning laws.

All legal certifications (fitness for use; zoning use; title; building permit, retroactive building permit or building authorization and related graphic representations; real property registration; fire prevention; compliance of mechanicals with Law 46/90, existing ISPESL [Italian Prevention and Workplace Safety Institute] elevator testing, etc.), must be made available by the Lessor on the date the premises are delivered.

Art. 4 - Term of the lease and Lessor's election to not renew the contract -

The lease shall have a term of six (6) years from 11/02/2002 to 10/31/2008 and will renew automatically for subsequent six-year terms pursuant to Art. 28 of Law no. 392 of July 27, 1978.

The Lessor, in relation to notice of nonrenewal of the contract at its first expiration and of nonrenewal at expirations following the first term, states that the combined provisions of Arts. 28 (Renewal of the contract) and 29 (Notice of nonrenewal of the contract at its first expiration) of Law no. 392 of July 27, 1978, are applicable. At the expiration of the first six years, therefore, that Landlord may exercise the right of

nonrenewal only for one of the reasons stated in the cited Art. 29, in the manner and by the deadlines set forth therein, as well as in compliance with the manner and deadlines stated in Art. 28 for purposes of the notice of nonrenewal.

Art. 5 - Rent commencement and payment of the rent -

The Lessor expressly accepts that payment of rent by the Lessee shall take effect on the date of actual delivery of the premises under Art. 3 above. The aforesaid clause is an essential condition for the execution of this contract. The annual rental payment is agreed to be EUR 74,369.79 (seventy-four thousand three hundred sixty-nine and 79/100), plus VAT, to be paid in monthly installments *in advance* of EUR 6,197.48 (six thousand one hundred ninety-seven and 48/100) plus VAT, upon presentation of an invoice to be sent to PALL ITALIA srl, Via Bruzzesi 38/40 -Milano-. Payment of such installments shall be made within 15 days after the due date thereof to the bank account that will be communicated later by the Lessor.

If this lease contract is renewed for another 6 years (six years), after the first six-year term, the parties agree that the annual rental payment shall be EUR 61,974.83 (sixty-one thousand nine hundred seventy-four and 83/100) to be paid in the same manner described above in monthly installments of 5,164.57 (five thousand one hundred sixty-four and 57/100) net of ISTAT [Italian National Statistics Institute] adjustments made from the date of execution of this contract in accordance with the procedure under Art. 7 of this contract.

Art. 6 - Lessee's withdrawal and indemnification of the Lessor -

The Lessee may withdraw from this contract at any time, by providing notice to the Landlord by registered mail with receipt of delivery to

be sent at least six months prior to the intended effective date of the withdrawal, in accordance with the provisions of Art. 27, para. 7, of Law no. 392 of July 27, 1978, subject to payment of rent for the entire six-months' notice period, even if the withdrawal takes effect before the end of such six-month period.

Art. 7 - ISTAT adjustment to the rent -

Pursuant to Art. 32 of Law no. 392 of July 27, 1978, as replaced by Art. 1, para. 9 *sexies* of Law no. 118 of April 5, 1985, the rent may be adjusted annually at the Lessor's request starting at the beginning of the second year of the lease.

The Lessor's request must be received by the Lessee no later than the last day of each year of the lease. Otherwise, the adjustment will be applied as of the first day of the month following the month when the request was received, and the Lessor shall not be entitled to the payment of amounts in arrears and/or the application, with a compounding effect, of ISTAT adjustments made but that were not requested. Increases in the rent may not exceed 75% of the increases, determined by ISTAT, in the consumer price index for families of workers and employees published monthly in the Official Gazette.

Art. 8 - Use of the premises, compensation for loss of goodwill and covenant of quiet enjoyment -

The lease is for the sole use of Pall Italia srl. This declaration cites and references the contents and the consequences of Arts. 34 and 35 of Law no. 392 of July 27, 1978. The Lessor agrees to covenant, for the entire term of the contract, the quiet enjoyment of the premises subject to this contract.

Art. 9 - Additional expenses -

The Lessee shall bear all of the expenses listed in Art. 9, paragraphs 1 and 2, of Law no. 392 of July 27, 1978. The payment shall be made by the Lessee by the deadlines stated in Art. 9, para. 3 of the cited Law. The Lessee may provide for the supplying of electricity, gas, water, etc., where it deems it appropriate, by directly subscribing for service and/or via its own systems.

Art. 10 - Transfer of the leased premises and right of first refusal -

Pursuant to Art. 38 of Law no. 392 of July 27, 1978 and in accordance with the procedures stated therein, the Lessor grants the Lessee a right of first refusal and agrees to grant preference to the Lessee over others in the transfer of ownership of the leased premises for valuable consideration.

Art. 11 - Sublease and assignment of the contract -

Without the Lessor's written consent, the Lessee may not: 1) sublease the premises, in whole or in part, even for no consideration; 2) assign this contract to third parties; or 3) transfer the leased premises and/or lend them free of charge, either partially or entirely, to third parties. The provisions of Art. 36 of Law no. 392 of July 27, 1978 shall apply, thus permitting, in any event, the Lessee to freely assign the contract, with the release of the assignor, to affiliated, subsidiary or parent companies.

Art. 12 - Ordinary and extraordinary maintenance -

The Lessee, in regard to the certification of delivery and acceptance (Exh. B) under Art. 3 above, represents that it has visited the premises and deems them to be perfectly suitable for the use for which they are intended.

Pursuant to Arts. 1576 and 1609 C.C. [Civil Code], the Lessee shall pay all costs of ordinary maintenance and all small maintenance repairs. Mechanicals, fixtures, improvements and changes that are not removed by the Lessee upon redelivery of the premises shall be deemed owned by the Lessor, with the Lessor having no obligation to pay any compensation. In accordance with the provisions of Art. 1576 C.C., the Lessor shall pay costs of extraordinary maintenance and for remodeling, modifications and changes required by law. If the Lessee, in violation of the provisions of the cited law, does not perform necessary extraordinary maintenance, the Lessee, after a demand to perform made within 15 days, may take care of the same at its own expense and may deduct the cost from the rent payments until the total amount of the costs incurred has been covered, subject to the Lessee's right to compensation for any additional damages.

Art. 13 - Modifications, changes and improvements to the leased premises -

During the lease, the Lessee may not make any modification, addition, improvement or change of a prejudicial nature to the leased premises and to its mechanicals without the Lessor's prior written consent.

Art. 14 - Lessee's obligations/liability and release of the Lessor -

The Lessee is made the custodian of the leased premises and is liable, under Art. 2051 C.C., for damages caused during this lease to the leased premises, the related mechanicals and to property owned by the Lessor, third parties and others. Pursuant to Art. 1587 C.C.,

the premises shall be managed during the lease with care and diligence by the Lessee, who guarantees its functionality and appearance, and shall perform all work necessary for that purpose at its expense.

The Lessee shall be liable for injuries and damages that may occur to individuals, property and mechanicals due to inaction, negligence or failure to perform the work it is obligated to perform. It shall also give immediate notice to the Lessor if the need arises for repairs that the Lessee is not obligated to provide. In addition, the Lessor disclaims any liability:

- regarding the Lessee's possession of all legal requirements necessary to conduct its business, including in relation to health, workplace hygiene, tax and social security matters;
- for injuries or damages that may occur to any person in accessing the leased premises/portion of the real property leased and/or remaining therein.

Art. 15 - Security deposit -

In accordance with Art. 11 of Law no. 392 of July 27, 1978, the Lessee, to guarantee all the obligations it assumes under this contract, shall pay to the Lessor 6,197.48 (six thousand one hundred ninety-seven and 48/100), corresponding to one month's rent, as a security deposit bearing legal interest, which interest shall be paid to the Lessee at the end of each lease year. Such deposit will be returned to the Lessee following due redelivery of the premises and may not be used for rent. The security deposit must be replenished if it is used.

Art. 16 - Legal expenses and tax charges -

This contract is subject to Value Added Tax and therefore, pursuant to Art. 40 of Presidential Decree of 04/26/1986, no. 131, registration tax will

be applied in a fixed amount. The tax for any registration of this contract shall be borne by the parties equally. The Lessee and Lessor shall bear the costs of drafting this document and stamp duty equally.

Art. 17 - Compliance with laws and regulations -

The Lessee agrees to comply with all laws and regulations governing the conducting of the business for which the premises were leased.

Art. 18 - Reference to legal provisions -

For all matters not addressed in this contract, the contracting Parties expressly reference the provisions of the Civil Code and current laws relating to the lease of real property for non-residential use.

Art. 19 - Court with jurisdiction -

The Parties agree that the Court of Milan shall have exclusive jurisdiction over any judicial disputes that in any way arise from this contract.

This contract has been prepared in three original counterparts, each of which consists of nine pages.

Read, approved and signed

Dated 11/02/2002

THE LESSOR

Tempera Infissi Srl

[stamp:]

TEMPERA INFISSI Srl

WOODEN DOORS AND WINDOWS FACTORY

ZONA INDUSTRIALE CAMPOLUNGO

63100 ASCOLI PICENO

C.C.I.A.A. 122340 - Tax ID no. 01241950441

[signature]

THE LESSEE

Pall Italia Srl

_____[signature]_____ [signature]____

In accordance with Arts. 1341 and 1342 C.C., the Parties, by mutual agreement, having read the clauses contained in this contract, particularly with respect to the following articles, state that they approve them, and reject any challenge to them by either party:

Art. 1) Exhibits to the contract

Art. 2) Subject of the lease

Art. 3) Adapting the leased premises to the Lessee's needs

Art. 4) Term of the lease and Lessor's election to not renew the contract

Art. 5) Rent commencement and payment of the rent

Art. 6) Lessee's withdrawal and indemnification of the Lessor

Art. 7) ISTAT adjustment to the rent

Art. 8) Use of the premises, compensation for loss of goodwill and covenant of quiet enjoyment

Art. 9) Additional expenses

Art. 10) Transfer of the leased premises and right of first refusal

Art. 11) Sublease and assignment of the contract

Art. 12) Ordinary and extraordinary maintenance

Art. 13) Modifications, changes and improvements to the leased premises

Art. 14) Lessee's obligations/liability and release of the Lessor

Art. 15) Security deposit

Art. 16) Legal expenses and tax charges

Art. 17) Compliance with laws and regulations

Art. 18) Reference to legal provisions

Art. 19) Court with jurisdiction

TENANT:
Haemoscope Corporation

PROPERTY:
HOWARD COMMONS
620 -6295 HOWARD STREET
NILES, ILLINOIS 60714

SUITE: 6227

PREMISES RENTABLE SQUARE FOOTAGE:16,748

TENANT'S PROPORTIONATE SHARE: 5.3%

SECURITY DEPOSIT: \$10,000.00

DATE OF LEASE: MARCH 23, 2004

INDUSTRIAL/OFFICE BUILDING LEASE

BETWEEN

HOWARD COMMONS ASSOCIATES, L.L.C.,

LANDLORD,

AND

HAEMOSCOPE CORPORATION

TENANT

THIS INDUSTRIAL/OFFICE BUILDING LEASE, made as of March 23, 2004, WITNESSETH: **HOWARD COMMONS ASSOCIATES, L.L.C.**, a Delaware limited liability company, (herein called "Landlord"), hereby leases to **Haemoscope Corporation, an Illinois corporation**, (herein called "Tenant"), and Tenant hereby accepts the premises as outlined on the depiction attached hereto as **Exhibit A** (herein called the "Premises") and referred to as Suite 6227 of the building known as Howard Commons, located at 6201 West Howard Street, Niles, Illinois 60714 (herein called the "Building") which is situated on the property legally described in **Exhibit A-1**, together with the right to use in common with other tenants any portions of the Building or property which are designated by the Landlord as common areas, for a term (herein called "Term") of Five (5) years, commencing (the "Commencement Date") upon July 15, 2004 or delivery of the premises with Landlord's Work (as defined below) substantially complete, whichever is later, and shall expire five (5) years thereafter (or, if the Commencement Date did not occur on the first day of a calendar month, then the term shall expire on the last day of the 60th calendar month which is after the Commencement Date) unless sooner terminated as provided herein. Tenant shall pay as rent therefor the sums hereinafter provided, without any setoff, abatement, counterclaim or deduction whatsoever, except as set forth below.

IN CONSIDERATION THEREOF, THE PARTIES HERETO COVENANT AND AGREE:

1. **Base Rent.** Tenant shall pay an annual base rent (herein called "Base Rent") to Landlord for the Premises which Base Rent shall be payable in equal monthly installments (herein called "Monthly Base Rent"), in advance on the first day of each calendar month of the Term in the amounts set forth in, and in accordance with the provisions of, **Exhibit B**, attached hereto and incorporated herein by this reference thereto. If the Term shall begin on any date except the first day, or shall end on any day except the last day of a calendar month, Base Rent shall be payable at a per diem rate based on the then current monthly payment.

Base Rent, Additional Rent (as hereinafter defined), and all other amounts becoming due from Tenant to Landlord hereunder (herein collectively called the "Rent") shall be paid in lawful money of the United States to Landlord at the office of Landlord, or as otherwise designated from time to time by written notice from Landlord to Tenant. Concurrently with the execution hereof and at Landlord's request. Tenant shall pay Landlord Monthly Base Rent for the first full calendar month of the Term.

Landlord may authorize Tenant to take possession of all or any part of the Premises prior to the beginning of the Term. If Tenant does take possession pursuant to authority so given, all of the covenants and conditions of this lease shall apply to and shall control such pre-Term occupancy, except as to the payment of Rent, as provided in the First Addendum hereto. If applicable, Rent for such pre-Term occupancy shall be paid upon occupancy and on the first day of each calendar month thereafter at the rate set forth in Sections 1 and 2 hereof. If the Premises are occupied for a fractional month, Rent shall be prorated on a per diem basis for such fractional month. The payment of Rent hereunder is independent of each and every other covenant and agreement contained in this lease.

If any payment of Rent is not received by Landlord within five (5) days after the date due, then Tenant shall pay Landlord a late charge equal to three percent (3%) of the amount of said delinquent payment.

2. **Additional Rent.** In addition to Base Rent, Tenant shall also pay Additional Rent (as hereinafter defined) in accordance with the following provisions:

(a) **Definitions.** As used in this lease,

(i) "Expenses" shall mean and include all reasonable expenses, costs, fees and disbursements paid or incurred by or on behalf of the Landlord for owning, managing, operating, maintaining and repairing the "Real Property" (hereinafter defined) and the personal property used in conjunction therewith (said Real Property and personally being herein collectively called the "Project"), including (without limitation): the cost of electricity, steam, water, gas, fuel, heating, lighting, air conditioning; window cleaning; insurance, including but not limited to, fire, extended coverage, liability, workmen's compensation, elevator, or any other insurance carried by the Landlord and applicable to the Project; painting; uniforms; management fees, not to exceed 3% of gross rents per year; costs of maintaining an on-site management office; supplies, sundries, sales or use taxes on supplies or services; cost of wages and salaries of all persons engaged in the operation, administration, maintenance and repair of the Project; and fringe benefits, including social security taxes, unemployment insurance taxes, cost for providing coverage for disability benefits, cost of any pensions, hospitalization, welfare or retirement plans, or any other similar or like expenses incurred under the provisions of any collective bargaining agreement, or any other cost or expense which Landlord pays or incurs to provide benefits for on-site employees so engaged in the operation, administration, maintenance, management and repair of the Project; the charges of any independent contractor who, under contract with the Landlord or its representatives, does any of the work of operating, maintaining or repairing of the Project; legal and accounting expenses, including, but not to be limited to, such expenses as relate to seeking or obtaining reductions in and refunds of real estate taxes; any costs or expenses allocated to the Project under easement agreements, service or operating agreements, declarations, covenants or other instruments providing for sharing of facilities or payment for services; or any other expense or charge, whether or not hereinbefore mentioned, which would be considered as an expense of owning, managing, operating, maintaining or repairing the Project. Expenses shall not include costs or other items included within the meaning of the term "Taxes" (as hereinafter defined), those items set forth in Exhibit "F" attached hereto, costs of alterations of the premises of tenants of the Building, costs of capital improvements to the Real Property, depreciation charges, interest and principal payments on mortgages, ground rental payments, and real estate brokerage and leasing commissions, except as hereinafter otherwise provided, notwithstanding anything contained in this clause (i) of Section 2(a) to the contrary:

(A) The cost of any capital improvements to the Real Property made after the date of this lease which are intended to reduce Expenses or enhance the safety of the Real Property or which are required under any governmental laws, regulations, or ordinances applicable to the Real Property, whether or not in effect at the date this lease was executed, amortized over such reasonable period as Landlord shall determine, together with interest on the unamortized cost of any such improvement (at the prevailing loan rate available to Landlord on the date the cost of such improvement was incurred) shall be included in Expenses.

(ii) "Taxes" shall mean real estate taxes, assessments (whether they be general or

special), sewer rents, rates and charges, transit taxes, taxes based upon the receipt of rent, and any other federal, state or local governmental charge, general, special, ordinary or extraordinary (but not including income or franchise taxes, capital stock, inheritance, estate, gift, or any other taxes imposed upon or measured by the Landlord's income or profits, unless the same shall be imposed in lieu of real estate taxes or other ad valorem taxes), which may now or hereafter be levied, assessed or imposed against the Building or the land on which the Building is located (the "Land"), or both. The Building and the Land are herein collectively called the "Real Property."

Notwithstanding anything contained in this clause (ii) of Section 2(a) to the contrary.

(A) If at any time during the Term of this lease the method of taxation then prevailing shall be altered so that any new tax, assessment, levy, imposition or charge or any part thereof shall be imposed upon Landlord in place or partly in place of any such Taxes, or contemplated increase therein, and shall be measured by or be based in whole or in part upon the Real Property or the rents or other income therefrom, then all such new taxes, assessments, levies, impositions or charges or part thereof, to the extent that they are so measured or based, shall be included in Taxes levied, assessed or imposed against the Real Property to the extent that such items would be payable if the Real Property were the only property of Landlord subject thereto and the income received by Landlord from the Real Property were the only income of Landlord.

(B) Notwithstanding the year with respect to which any such taxes or assessments are levied, (i) in the case of special taxes or assessments which may be payable in installments, the amount of each installment, plus any interest payable thereon, paid during a calendar year shall be included in Taxes for that year and (ii) if any taxes or assessments payable during any calendar year shall be computed with respect to a period in excess of twelve calendar months, then taxes or assessments applicable to the excess period shall be included in Taxes for that year. Except as provided in the preceding sentence, all references to Taxes "for" a particular year shall be deemed to refer, at Landlord's option, to (i) Taxes levied, assessed or imposed for such year without regard to when such Taxes are payable, or (ii) Taxes paid or payable for such year without regard to when such Taxes are levied, assessed or imposed, so long as Landlord throughout the Term consistently applies the chosen method of determining Taxes.

(C) Taxes shall also include any personal property taxes (attributable to the calendar year in which paid) imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems and appurtenances used in connection with the Real Property or Project or the operation thereof.

(D) If the Building is not at least ninety percent (90%) occupied by tenants during all or a portion of any year, then Landlord may elect to make an appropriate adjustment for such year of components of Taxes which may vary depending upon the occupancy level of the Building such that the amount of such Taxes which would have been incurred if the Building had been fully occupied during the entire year shall also be deemed taxes levied or assessed against the

Real Property and included in Taxes for such year.

- (iii) "Rentable Area of the Building" shall be deemed to be 310,983 square feet. If, during the Term of this lease, the actual Rentable Area of the Buildings increased or decreased as a result of adding space to the Building or removing space from the Building, Landlord may change the Rentable Area of the Building and Tenant's Proportionate Share by written notice to Tenant.
- (iv) "Rentable Area of the Premises" is stipulated by the parties to be 16,748 square feet.
- (v) "Tenant's Proportionate Share" shall mean 5.3% which is the percentage obtained by dividing the Rentable Area of the Premises by the Rentable Area of the Building.
- (vi) "Additional Rent" shall mean Tenant's Proportionate Share of Taxes and Expenses.

(b) **Computation of Additional Rent.** Tenant shall pay Tenant's Proportionate Share of Taxes in excess of "Base Amount Taxes" and Tenant's Proportionate Share of Expenses in excess of "Base Amount Expenses." For purposes hereof, "Base Amount Taxes" shall be an amount equal to Tenant's Proportionate Share of Taxes for the 2004 calendar year and "Base Amount Expenses" shall be an amount equal to Tenant's Proportionate Share of Expenses for the 2004 calendar year. Commencing in the 2005 year, Tenant's Proportionate Share of Expenses other than insurance and snowplowing shall not increase by more than ten cents per square foot over the previous calendar year.

(c) **Payments of Additional Rent; Projections.** Tenant shall make payments on account of its Additional Rent with respect to each year that Taxes and Expenses (on an aggregated basis per square foot of the Premises) exceed or are estimated to exceed Base Amount Taxes and Expenses, effective as of the first day of each calendar year (the "Adjustment Date") as follows:

- (i) Landlord may, prior to each Adjustment Date or from time to time during the year, deliver to Tenant a written notice or notices ("Projection Notice") setting forth (A) Landlord's reasonable estimates, forecasts or projections (collectively, the "Projections") of Taxes and Expenses with respect to such year, and (B) Tenant's Proportionate Share of Taxes and Expenses with respect to such year based upon the Projections.
- (ii) Until such time as Landlord furnishes a Projection Notice with respect to any year, Tenant shall pay to Landlord a monthly installment of Additional Rent (at the time of and together with each payment of Monthly Base Rent) equal to the latest monthly installment of Additional Rent. On or before the first day of the next calendar month following Landlord's service of a Projection Notice, and on or before the first day of each month thereafter, Tenant shall pay to Landlord one-twelfth (1/12) of Tenant's Proportionate Share of Taxes and Expenses shown in the Projection Notice. Within fifteen (15) days following Landlord's service of a Projection Notice, Tenant shall also pay Landlord a lump sum equal to the monthly Tenant's Proportionate Share of Taxes and Expenses shown in the Projection Notice for January to and including the month(s) in which the Projection Notice was sent (the "Gap Period") less the sum of any previous

payments of Additional Rent made during such Gap Period.

(d) **Readjustments.**

At any time and from time to time following the end of each year (and after Landlord shall have determined the actual amounts of Taxes and Expenses to be used in calculating Tenant's Proportionate Share of Taxes and Expenses with respect to such year) if the actual Tenant's Proportionate Share of Taxes and Expenses owed for such year exceeds the Additional Rent paid by Tenant during such year, then Tenant shall, within thirty (30) days after the date of Landlord's statement, pay to Landlord an amount equal to such excess. If the Additional Rent paid by Tenant during such year exceeds the actual Tenant's Proportionate Share of Taxes and Expenses owed for such year, then Landlord shall credit such excess to Rent payable after the date of Landlord's statement until such excess has been exhausted. If this lease shall expire prior to full application of such excess, Landlord shall promptly pay to Tenant the balance thereof not theretofore applied against Rent and not reasonably required for payment of Additional Rent for the year in which the lease expires. No interest or penalties shall accrue on any amounts which Landlord is obligated to credit or pay to Tenant by reason of this Section 2(d). Unless Tenant shall take written exception to any item within one hundred eighty (180) days after the furnishing of Landlord's statement, Landlord's statement shall be considered final and accepted by Tenant.

(e) **Proration and Survival.**

With respect to any year which does not fall entirely within the Term, Tenant shall be obligated to pay as Additional Rent for such year only a pro rata share of Additional Rent as hereinabove determined, based upon the number of days of the Term falling within the year. Following expiration or termination of this lease, Tenant shall pay any Additional Rent due to the Landlord within fifteen (15) days after the date of Landlord's statement sent to Tenant. Without limitation on other obligations of Tenant which shall survive the expiration or termination of this lease, the obligations of Tenant to pay Additional Rent provided for in this Section 2 shall survive the expiration or termination of this lease.

(f) **No Decrease In Base Rent.**

In no event shall any Additional Rent result in a decrease of the Base Rent payable hereunder as set forth in Section I hereof.

3. **Security Deposit.** Tenant has deposited with Landlord the sum of Ten Thousand Dollars (\$10,000.00) as security for the full and faithful performance of every obligation to Landlord to be performed by Tenant. If Tenant defaults with respect to any such obligation, including, but not limited to, the provisions relating to the payment of Rent, after any required notice is given and the expiration of any applicable cure period, Landlord may use, apply or retain all or any part of this security deposit for the payment of any Rent and any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default, or which is otherwise owing by Tenant to Landlord. If any portion of said deposit is to be used or applied, Tenant shall within five (5) business days after written demand therefor deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach of this lease. Tenant may not elect to apply any portion of the security deposit toward the payment of Rent or other charges payable by Tenant under this lease. Landlord shall not be required to keep this security deposit separate from its general funds and Tenant shall not be entitled to interest on such deposit. If Tenant shall perform every obligation to be performed by Tenant, the security deposit or any balance thereof shall be returned to Tenant (or at Landlord's option to the last assignee of Tenant's

interest hereunder) within thirty (30) days after the expiration of the lease Term and Tenant's vacation of the Premises. Tenant hereby agrees not to look to any mortgagee as mortgagee, mortgagee in possession, or successor in title to the Building for accountability for any security deposit required by the Landlord hereunder, unless said sums have actually been received by said mortgagee or successor in title as security for the Tenant's performance of this lease. In connection with a purchase of the Building, the security deposit shall be deemed to have been actually received by the purchaser to the extent same received a credit therefor on any so called "closing" statement or the like. The Landlord may deliver the funds deposited hereunder by Tenant to the purchaser of Landlord's interest in the Building, in the event that such interest is sold, or credit same on any closing statement, and thereupon Landlord shall be discharged from any further liability with respect to such security deposit.

4. **Use of Premises.** Subject to the terms and provisions herein contained, Tenant shall use and occupy the Premises only for manufacturing, assembly and warehousing of medical instruments and related consumables and for general office purposes. Tenant shall not use or occupy the Premises or permit the use or occupancy of the Premises for any purpose or in any manner which (i) is unlawful or in violation of any applicable legal or governmental requirement, ordinance or rule; (ii) may be dangerous to persons or property; (iii) may invalidate or increase the amount of premiums for any policy of insurance affecting the Project, and if any additional amounts of insurance premiums are so incurred, Tenant shall pay to Landlord the additional amounts on demand or (iv) may create a nuisance, disturb any other tenant of the Building or injure the reputation of the Building.

Except for small quantities of Hazardous Materials necessary to the conduct of Tenant's business which Tenant shall use, store and dispose of in strict compliance with applicable laws, Tenant shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, or used in or about the Premises or the Project by Tenant, its agents, employees, contractors, or invitees, without the prior written consent of Landlord (which Landlord shall not unreasonably withhold as long as Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's business and will at all times be used, kept, stored and disposed of in a manner that complies at all times with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Premises and/or the Project and such storage will not create an undue risk to other tenants of the Building, giving consideration to the nature of the Building). If Tenant breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Premises or the Project caused or permitted by Tenant results in contamination of the Premises or the Project or if contamination of the Premises or the Project, by Hazardous Material otherwise occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Premises or the Project, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Project, damages arising from any adverse impact on marketing of space in the Building, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this lease as a result of such contamination or the presence of mold within the Premises. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in, on, or about the Premises or the Project or in the soil or ground water on or under the Premises or the Project. Without limiting the foregoing, if the presence of any Hazardous Material in, on or about the Premises or the Project caused or permitted by Tenant results in any contamination of the Premises or the Project, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises or the Project to the condition existing prior to the introduction of any such Hazardous Material thereto; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably

withheld so long as such actions would not potentially have any material (as determined by Landlord) adverse long-term or short-term effect on the Premises or the Project or exposes Landlord to any liability therefor and such actions are undertaken in accordance with all applicable laws, rules and regulations and accepted industry practices.

Tenant, at its sole cost and expense, shall reasonably monitor the Premises for the presence of mold or for any conditions that reasonably can be expected to give rise to mold ("Mold Conditions"), including, but not limited to, observed or suspected instances of water damage, mold growth, repeated complaints of respiratory ailment or eye irritation by Tenant's employees or any other occupants in the Premises, or any notice from a governmental agency of complaints regarding the indoor air quality at the Premises. Tenant is not responsible to monitor for the presence of mold behind walls unless water leakage has occurred through act or neglect of Tenant. Tenant shall promptly notify Landlord in writing if it suspects mold or Mold Conditions at the Premises. In the event that mold or Mold Conditions are present at the Premises which were caused by the act or neglect of Tenant, then Tenant, at its sole cost and expense, shall promptly retain a qualified environmental contractor to remediate the Mold Conditions and the causes thereof in the Premises. The environmental contractor and the proposed remediation plan shall be subject to prior approval by Landlord.

"Hazardous Material" is used in this lease in its broadest sense and shall mean any asbestos, petroleum based products, toxic mold, pesticides, paints and solvents, polychlorinated biphenyl, lead, cyanide, DDT, acids, ammonium compounds and other chemical products and any substance or material defined or designated as hazardous or toxic substance, or other similar term, by any federal, state or local environmental statute, regulation, or ordinance affecting the Premises or the Project presently in effect or that may be promulgated in the Future, as such statutes, regulations and ordinances may be amended from time to time, including but not limited to the statutes listed below ("Environmental Laws"):

Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq.

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 40 U.S.C. § 1801 et seq.

Clean Air Act, 42 U.S.C. §§ 7401-7626.

Water Pollution Control Act (Clean Water Act of 1977), 33 U.S.C. § 1251 et seq.

Insecticide, Fungicide, and Rodenticide Act (Pesticide Act of 1987), 7 U.S.C. § 135 et seq.

Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.

Safe Drinking Water Act, 42 U.S.C. § 300(f) et seq.

National Environmental Policy Act (NEPA) 42 U.S.C. § 4321 et seq.

Refuse Act of 1899, 33 U.S.C. § 407 et seq.

Landlord represents and warrants to Tenant that, to its actual knowledge, as of the date of this Lease, and as of the Commencement Date, the Premises do not contain any Hazardous Materials and are in compliance with Environmental Laws and do not contain any Mold Conditions. Landlord shall protect, indemnify and save harmless Tenant, Landlord's shareholders, and their agents, employees, officers and directors, from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs

and expenses, including, without limitation, attorneys fees and expenses, incurred, arising or asserted try reason of Hazardous Materials released, deposited, discharged, stored, moved onto, created upon or removed from the Premises on or before the date of this Lease or the Commencement Date, or any Mold Condition existing on the Commencement Date, including, without limitation, (i) claims of third parties, including governmental entities, for damages, penalties, remediation and response costs, clean-up costs, injunctive or other relief; and (ii) costs and expenses relating to remediation, restoration, removal and disposal of Hazardous Materials, including fees and costs of environmental engineers, attorneys and experts, audit costs and costs of reporting the existence of Hazardous Materials to any governmental agency, and Landlord agrees to be responsible for any required remediation in connection therewith. Landlord's indemnification obligations set forth in this lease shall survive the expiration or termination of this lease

5. **Utilities/Services.**

Tenant shall pay for all utility services furnished for the operation of the Premises. Tenant shall apply to the applicable utility company or municipality for gas, electricity, telephone and all other utility services required by Tenant for use in the Premises, and Tenant shall be responsible for the connection and installation of same. In the event that any such utilities are provided to Tenant in common with other tenants in the Building and not metered directly to Tenant, Tenant agrees to pay Landlord for such utility usage based upon Landlord's allocation of such utility usage among such tenants, including Tenant. In the event Tenant fails to pay any utility bill within forty-five (45) days after the due date, Landlord may but shall not be obligated to pay such bills (without any duty to investigate the validity thereof). in which event Tenant shall immediately reimburse Landlord for the amount paid by Landlord plus interest at the default interest rate set forth in this lease.

Landlord shall not provide any janitorial service to the Premises. Tenant shall be responsible, at its sole cost and expense, for providing janitorial service to the Premises on a daily basis, or alternatively, securing a janitorial service contract for the Premises which is reasonably acceptable to Landlord.

Tenant shall have the right to 24/7 365 Day access to the Premises. Landlord shall clear sidewalks and Parking areas of snow and debris as Landlord deems reasonably necessary. Landlord shall properly maintain the exterior lighting from Premises office doors to the parking lot.

Tenant agrees that Landlord and its agents shall not be liable in damages, by abatement of Rent or otherwise, for any failure of Tenant to secure gas, electrical or other utility services from local utilities. Tenant further agrees that Landlord and its agents shall not be liable in damages, by abatement of Rent or otherwise, for Landlord's failure to furnish or delay in furnishing any service which Landlord is obligated to provide pursuant to the terms and provisions of this lease, or for Landlord's failure to perform or delay in performing any other obligation required to be performed by Landlord under this lease or by operation of law, when such failure or delay is occasioned, in whole or in part, by repairs, renewals or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building after reasonable effort so to do, by any accident or casualty whatsoever, by the act or default of Tenant or other parties, or by any cause beyond the reasonable control of Landlord; and such failures or delays, or the nonexistence of any utility, whether occasioned by Landlord or some third party, shall never be deemed to constitute an eviction or disturbance of the Tenant's use and possession of the Premises or relieve the Tenant from paying Rent or performing any of its obligations under this lease. Tenant will look to its own business interruption insurance for any losses or damages arising from such interruptions.

Tenant agrees to cooperate fully, at all times, with Landlord in abiding by all reasonable

regulations and requirements which Landlord may prescribe for the proper functioning and protection of all utilities and services reasonably necessary for the operation of the Premises and the Building. Landlord, throughout the term of this lease, shall have free access to any and all mechanical installations, and Tenant agrees that there shall be no construction or partitions or other obstructions which might interfere with the moving of the servicing equipment of Landlord to or from the enclosures containing said installations, provided that Landlord gives Tenant at least 24 hour's advance notice of such access (except in cases of emergency), and that such access does not interfere with the conduct of Tenant's business. Tenant further agrees that neither Tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time tamper with, adjust or otherwise in any manner affect Landlord's mechanical installations.

6. Condition and Care of Premises.

Subject to the terms of the First Addendum, Tenant's taking possession of the Premises or any portion thereof shall be conclusive evidence against Tenant that the portion of the Premises taken possession of was then in satisfactory condition. Tenant acknowledges that it has had the opportunity to inspect the condition of the Premises prior to execution hereof. Except as otherwise expressly provided in this Lease, no promises of the Landlord to alter, remodel, improve, repair, decorate or clean the Premises or any part thereof have been made, and no representation respecting the condition of the Premises, the Building or the Land, has been made to Tenant by or on behalf of Landlord and Tenant accepts the Premises in AS IS condition. Any and all work necessary or desirable to repair, alter or improve the Premises for Tenant's use and occupancy, shall be performed by Tenant at its sole cost and expense. Tenant agrees that blinds, shades, drapes or other forms of window coverings and treatments shall not be placed in, on or about the outside windows in the Premises, except to the extent that the character, shape, color, material and make thereof is expressly approved by the Landlord. This lease does not grant any rights to light or air over or about the property of Landlord. Except for any damage resulting from any act of Landlord or its employees and agents, and subject to the provisions of Section 14 hereof, Tenant shall at its own expense keep the Premises in good repair and tenantable condition, including without limitation (to the extent the following exist within or serve only the Premises) the walls, doors, windows, floors, electrical, plumbing, HVAC, mechanical and other systems and components therein, and shall promptly and adequately perform all maintenance, repairs and replacements thereto as and when necessary. Tenant shall enter and maintain throughout the Lease Term an HVAC maintenance contract on terms and with a contractor reasonably satisfactory to Landlord. Provided that Tenant has properly serviced the HVAC units, Landlord shall replace rooftop HVAC units as necessary unless damaged by the act or neglect of Tenant or its contractors. Tenant shall further (i) repair all damage to the Premises caused by Tenant or any of its employees, agents or invitees, including replacing or repairing all damaged or broken glass, fixtures and appurtenances resulting from any such damage, and (ii) maintain and, to the extent necessary, alter the Premises in accordance and compliance with all applicable governmental laws and regulations both currently existing and hereinafter enacted, with any such work to the Premises to be performed under the supervision and with the approval of Landlord and within any reasonable period of time specified by Landlord. If Tenant does not do so promptly and adequately, Landlord may, but need not, make such repairs and replacements and Tenant shall pay Landlord the cost thereof on demand.

Landlord shall maintain and repair the building structure, roof and parking areas and other common areas as Landlord deems reasonably necessary from time to time, the cost of which shall be included in Expenses.

As of the date hereof, Landlord has received no written notice of code violations of the Building or the Premises which have not heretofore been corrected.

7. **Return of Premises.** At the termination of this lease by lapse of time or otherwise or upon termination of Tenant's right of possession without terminating this lease, Tenant shall surrender possession of the Premises to Landlord and deliver all keys to the Premises to Landlord and make known to the Landlord the combination of all locks of vaults then remaining in the Premises, and shall (subject to the following paragraph) return the Premises and all equipment and fixtures of the Landlord therein to Landlord in as good condition as when Tenant originally took possession, ordinary wear, loss or damage by fire or other insured casualty or eminent domain, damage resulting from the act of Landlord or its employees and agents, and alterations made with Landlord's consent excepted, failing which Landlord may restore the Premises and such equipment and fixtures to such condition and Tenant shall pay the cost thereof to Landlord on demand.

All installations, additions, partitions, hardware, light fixtures, non-trade fixtures and improvements, temporary or permanent, except movable furniture and equipment belonging to Tenant, in or upon the Premises, whether placed there by Tenant or Landlord, shall be Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant; provided, however, that if Tenant requests Landlord's consent to such installation Landlord shall notify Tenant within five (5) business days after receipt thereof whether Tenant will be required to remove the same upon termination of the Lease. If Landlord so notifies Tenant (or if Tenant makes installations without written notice to Landlord) then on demand of Landlord, Tenant, at Tenant's sole cost and expense, shall promptly remove such of the installations, additions, partitions, hardware, light fixtures, non-trade fixtures and improvements placed in the Premises by Tenant and repair any damage to the Premises caused by such removal, failing which Landlord may remove the same and repair the Premises upon advance written notice to Tenant and Tenant shall pay the cost thereof to Landlord on demand.

Tenant shall leave in place any floor covering without compensation to Tenant. Tenant shall also remove Tenant's furniture, machinery, safes, trade fixtures and other items of movable personal property of every kind and description from the Premises prior to the end of the Term or ten (10) days following termination of this lease or Tenant's right of possession, whichever might be earlier, failing which Landlord may do so and thereupon the provisions of Section 16(c) shall apply.

All obligations of Tenant under this Section shall survive the expiration of the Term or sooner termination of this lease.

8. **Holding Over.** The Tenant shall pay Landlord for each day Tenant retains possession of the Premises or any part thereof after termination of this lease, by lapse of time or otherwise, an amount which is 150% of the amount of Rent for a day (computed on a year of 360 days) based on the annual rate of Base Rent and Additional Rent applicable under Sections 1 and 2 to the period in which such possession occurs (and if such possession occurs following the full Term of this lease, 150% of the annual Base Rent and Additional Rent applicable in the last year of this lease). In addition, if such holdover exceeds sixty days, Tenant shall be liable for any and all damages, consequential as well as direct, sustained by Landlord by reason of such holdover. Nothing in this Section contained, however, shall be construed or operate as a waiver of Landlord's right of re-entry or any other right of Landlord.

9. **Rules and Regulations.** Tenant agrees to observe the rights reserved to Landlord contained in Section 10 hereof and agrees, for itself, its employees, agents, clients, customers, invitees and guests, to comply with the rules and regulations set forth in **Exhibit C** attached to this lease and by this reference incorporated herein and such other rules and regulations as shall be adopted by Landlord pursuant to Section 10(m) of this lease.

Any violation by Tenant of any of the rules and regulations contained in **Exhibit C** attached to this lease or other Section of this lease, or as may hereafter be adopted by Landlord pursuant to Section 10(m) of this lease, may be restrained: but whether or not so restrained, Tenant acknowledges and agrees that it shall be and remain liable for all damages, loss, costs and expense resulting from any violation by the Tenant of any of said rules and regulations. Nothing in this lease contained shall be construed to impose upon Landlord an duty or obligation to enforce said rules and regulations, or the terms, covenants and conditions of any other lease against any other tenant or any other persons, and Landlord and its beneficiaries shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, invitees, or by any other person.

10. Rights Reserved to Landlord. Landlord reserves the following rights, exercisable without notice and without liability to Tenant for damage or injury to property, person or business and without effecting an eviction or disturbance of Tenant's use or possession or giving rise to any claim for setoff or abatement of rent or affecting any of Tenant's obligations under this lease:

(a) To change the name or Street address of the Building.

(b) To install and maintain signs on the exterior and interior of the Building, and to prescribe the location and style of the suite number and identification sign or lettering for the Premises occupied by the Tenant.

(c) To designate the character, shape, color, material and make of all window coverings and treatments on all outside windows in the Premises.

(d) To retain at all times, and to use in appropriate instances, pass keys to the Premises.

(e) To grant to anyone the right to conduct any business or render any service in the Building, whether or not it is the same as or similar to the use expressly permitted to Tenant by Section 4.

(f) To exhibit the Premises during regular business hours, upon at least 24 hours' advance notice to Tenant.

(g) To have access for Landlord and other tenants or occupants of the Building to all mail chutes according to the rules of the United States Postal Service.

(h) To enter the Premises at reasonable hours for reasonable purposes, upon reasonable advance notice to Tenant, including the posting of notices of nonresponsibility, inspection and supplying services to be provided to Tenant hereunder.

(i) To require all persons entering or leaving the Building during such hours as Landlord may from time to time reasonably determine to identify themselves to security personnel by registration or otherwise, and to establish their right to enter or leave. Landlord shall not be liable in damages for any error with respect to admission to or eviction or exclusion from the Building of any person. In case of fire, invasion, insurrection, mob, riot, civil disorder, public excitement or other commotion, or threat thereof, Landlord reserves the right to limit or prevent access to the Building during the continuance of the same, shut down elevator service, activate elevator emergency controls, or otherwise take such action or preventive measures deemed necessary by Landlord for the safety of the tenants or other occupants of the Building or the protection of the Building and the property in the Building. Tenant agrees to cooperate in any reasonable safety program developed by Landlord.

(j) To control and prevent access to common areas and other areas.

(k) Provided that reasonable access to the Premises shall be maintained and the business of Tenant shall not be interfered with unreasonably, to relocate, enlarge, reduce or change corridors, exits, entrances in or to the Building and to decorate and to make repairs, alterations, additions and improvements, structural or otherwise, in or to the Building or any part thereof, and any adjacent building, land, street or alley, including for the purpose of connection with or entrance into or use of the Building in conjunction with any adjoining or adjacent building or buildings, now existing or hereafter constructed, and may for such purposes erect scaffolding and other structures reasonably required by the character of the work to be performed, and during such operations may enter upon the Premises and take into and upon or through any part of the Building, including the Premises, all materials that may be required to make such repairs, alterations, improvements, or additions, and in that connection Landlord may temporarily close public entry ways, other public spaces, stairways or corridors and interrupt or temporarily suspend any services or facilities agreed to be furnished by Landlord, all without the same constituting an eviction of Tenant in whole or in part and without abatement of rent by reason of loss or interruption of the business of Tenant or otherwise and without in any manner rendering Landlord liable for damages or relieving Tenant From performance of Tenant's obligation under this lease; Landlord may at its option make any repairs, alterations, improvements and additions in and about the Building and the Premises during ordinary business hours, provided Landlord shall use reasonable efforts to minimize disruption to the conduct of Tenant's business.

(l) From time to time to make and adopt such reasonable rules and regulations, in addition to or other than or by way of amendment or modification of the rules and regulations contained in Exhibit C attached to this lease or other Sections of this lease, for the protection, welfare, and harmonious operation of the Building and its tenants and occupants, as the Landlord may reasonably determine, and the Tenant agrees to abide by all such rules and regulations.

H. Alterations.

(a) Without Landlord's prior written consent, which shall not be unreasonably withheld, Tenant shall not make or cause to be made any decorating, painting, exterior, structural, electrical, plumbing, ventilation, air conditioning or other type of alterations, improvements, additions, changes or repairs in or to the Premises or the Building, except to the extent the same is non-structural and costs less than \$10,000. As a condition to granting its consent, Landlord may impose reasonable requirements in addition to any set forth in this lease, including, without limitation, requirements as to the manner and time for the performance of any such work, the posting of security to assure payment for such work, and the type and amount of insurance and bonds Tenant must acquire and maintain in connection therewith. In addition, at Landlord's option, Landlord shall have the right: to approve the contractors or mechanics performing the work; to approve all plans and specifications relating to the work; to review the work of Tenant's architects, engineers, contractors or mechanics and to control any construction or other activities being undertaken within the Building, with Landlord to be reimbursed on demand of same for any costs incurred in connection with such review or control; and to require correction of the work in instances in which materials or workmanship is defective or not in accordance with plans or specifications previously approved by Landlord. Landlord's approval of any plans and specifications shall create no responsibility on the part of Landlord for the completeness, design, sufficiency or compliance with all laws, ordinances, regulations, rules and requirements of governmental entities having jurisdiction. Tenant shall deliver to Landlord for Landlord's files, at Tenant's sole cost and expense, complete copies of all final working drawings and plans and specifications. Except as expressly provided herein, all alterations, improvements, additions, changes or repairs shall be provided by and paid for by Tenant at its sole expense, but shall become the property of Landlord and shall be surrendered with the Premises upon termination of this lease; provided, however, that Landlord may, by written notice to Tenant as provided

in Section of this Lease, require that Tenant, at Tenant's sole cost and expense, remove any or all improvements, alterations, additions or fixtures installed or made by Tenant on or to the Premises and to repair any damages to the Premises caused by such removal. Notwithstanding the foregoing, Tenant shall not be required to remove the improvements which constitute Landlord's Work.

(b) All work in connection with any alterations, improvements, changes, additions or repairs in the Premises or the Building made by or for the benefit of Tenant shall be performed in full compliance with all laws, ordinances, regulations, rules and requirements of all governmental entities having jurisdiction and in full compliance with all insurance rules, orders, directions, regulations and requirement, and Tenant shall be responsible for all such compliance. If there is now or if there shall be installed in the Building a sprinkler system, and if any fire rating bureau or an similar body having jurisdiction or any governmental authority having jurisdiction requires or recommends that any changes, modifications, alterations, additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business or the improvements it has added, Tenant shall, at its own cost, promptly make and supply all such changes, modifications, alterations, additional sprinkler heads or other equipment; otherwise, Landlord shall be responsible.

(c) Before work is commenced as provided in this Section II, Tenant shall give Landlord at least fifteen (15) days' written notice. Landlord shall be entitled to enter the Premises during regular hours to post a notice of non-responsibility. If the cost of such work exceeds \$75,000, Tenant shall provide Landlord with such assurances as Landlord may reasonably require regarding the payment of such work and avoidance of liens. During the progress of the work, Tenant shall at its sole cost and expense, upon Landlord's request, furnish Landlord with sworn contractor's statements and lien waivers covering all work theretofore performed, together with such endorsements to Landlord's title insurance policy as Landlord may require. Any mechanic's liens for work claimed to have been performed for, or materials claimed to have been furnished to, Landlord or Tenant shall be discharged by Tenant, at Tenant's sole expense as provided in Section 31. Tenant agrees to indemnify, hold harmless and defend Landlord from any loss, cost, damage or expense, including attorney's fees, arising out of any such lien claim or out of any other claim relating to work done or materials supplied to the Premises at Tenant's request or on Tenant's behalf.

12. Assignment and Subletting.

(a) Tenant shall not: (i) voluntarily mortgage, pledge, hypothecate or encumber or subject to or permit to exist upon or be subjected to any lien or charge, this lease or any interest under it. (ii) assign this Lease or sublet the Premises or any part thereof without, Landlord's consent which shall not be unreasonably withheld subject to the provisions set forth below, or (iii) permit the use or occupancy of the Premises or any part thereof by anyone other than the Tenant and Tenant's employees. In no event shall this lease be assigned or assignable by voluntary or involuntary bankruptcy proceedings or otherwise, and in no event shall this lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings.

(b) Tenant shall, by notice in writing, advise Landlord of its intention from, on and after a stated date (which shall not be less than thirty (30) days after the date of Tenant's notice) to assign this lease or sublet any part or all of the Premises for the balance or any part of the Term, and, in such event, Landlord shall have the right, to be exercised by giving written notice to Tenant within fifteen (15) days after receipt of Tenant's notice, to recapture the space described in Tenant's notice and such recapture notice shall, if given, terminate this lease with respect to the space therein described as of the date stated in Tenant's notice. Tenant's notice shall state the name and address of the proposed subtenant or assignee and a true and complete copy of the proposed sublease or assignment shall be delivered to Landlord with

said notice. If Tenant's notice shall cover all of the space hereby demised, and if Landlord shall give the aforesaid recapture notice with respect thereto, the Term of this lease shall expire and end on the date stated in Tenant's notice as fully and completely as if that date had been herein definitely fixed for the expiration of the Term. If, however, this lease be terminated pursuant to the foregoing with respect to less than the entire Premises, the Rent and the Tenant's Proportionate Share as defined herein shall be adjusted by Landlord on the basis of the number of rentable square feet retained by Tenant, and this lease as so amended shall continue thereafter in full force and effect. If Landlord, upon receiving Tenant's notice with respect to any such space, shall not exercise its right to terminate as aforesaid, Landlord will not unreasonably withhold its consent to Tenant's assignment or subletting the space covered by its notice; provided, however, that in addition to other circumstances under which Landlord's consent may be withheld (whether similar or dissimilar to the following reasons), Tenant agrees that the withholding by Landlord of its consent to Tenant's assignment or subletting the space covered by its notice will not be deemed "unreasonable" if (i) the proposed assignee or subtenant is disreputable or otherwise not in keeping with the nature or class of tenants in the Building, (ii) the proposed assignee or subtenant is not sufficiently financially responsible, or in Landlord's reasonable opinion will not in the future be sufficiently financially responsible, to perform its obligations under the lease or its sublease, (iii) the use of the Premises by the proposed assignee or subtenant would, in Landlord's reasonable judgment, significantly increase the pedestrian traffic in and out of the Building or would require Landlord to perform any alterations to the Building to comply with applicable building code requirements or other laws, (iv) there is at the time of such notice, any uncured default by Tenant pursuant to this lease; or (v) the proposed subtenant or assignee has expressed an interest in other available space owned by Landlord or its affiliates.

(c) Tenant agrees that all advertising by Tenant or on Tenant's behalf with respect to the leasing of space in the Building must be approved in writing by Landlord prior to publication.

(d) If Tenant is a corporation, (other than a corporation whose stock is traded through a national or regional exchange or over-the-counter), any transaction or series of transactions (including, without limitation, any dissolution, merger, consolidation or other reorganization of Tenant, or any issuance, sale, gift, transfer or redemption of any capital stock of Tenant, whether voluntary, involuntary or by operation of law, or any combination of any of the foregoing transactions) resulting in the transfer of control of Tenant, other than by reason of death, shall be deemed to be transfer of Tenant's interest under this lease for the purpose of Section 12(a). If Tenant is a partnership, any transaction or series of transactions (including, without limitation, any withdrawal or admittance of a partner or any change in any partner's interest in Tenant, whether voluntary, involuntary or by operation of law, or any combination of any of the foregoing transactions) resulting in the transfer of control of Tenant, other than by reason of death, shall be deemed to be a transfer of Tenant's interest under this lease for the purposes of Section 12(a). The term "control" as used in this Section 12(e) means the power to directly or indirectly direct or cause the direction of the management or policies of Tenant. If Tenant is a corporation, a change or series of changes in ownership of stock which would result in direct or indirect change in ownership by the stockholders or an affiliated group of stockholders of less than fifty percent (50%) of the outstanding stock as of the date of the execution and delivery of this lease or which are effected through a recognized stock exchange to stockholders not acting in concert to obtain control shall not be considered a change of control.

Notwithstanding the foregoing, with prior written notice to Landlord, Tenant may sublease not more than 25% of the Premises to an affiliate of Tenant, including, without limitation, Tenant's parent or subsidiary, or a entity owned or controlled by Tenant's or Tenant's parent or subsidiary.

(e) Consent by Landlord to any assignment, subletting, use or occupancy, or transfer shall

not operate to relieve the Tenant from any covenant or obligation hereunder, except to the extent, if any, expressly provided for in such consent, or be deemed to be a consent to or relieve Tenant from obtaining Landlord's consent to any subsequent assignment, transfer, lien, charge, subletting, use or occupancy. Tenant shall pay all of Landlord's costs, charges and expenses, including attorney's fees incurred in connection with any assignment or sublease requested or made by Tenant.

13. Waiver of Certain Claims: Indemnity by Tenant.

(a) To the extent not expressly prohibited by law, Landlord and Tenant each releases and waives any and all claims for, and rights to recover, damages against and from the other, and the other's respective agents, partners, shareholders, officers, directors (and, in the case of claims by Tenant, any trustee ("Trustee") holding legal title to the Real Property if same is held in trust) and employees (collectively, the "Released Parties"), for loss, damage or destruction to any of its property (including the Premises, the Building and their contents), the elements of which are insured against or which would have been insured against had such party suffering such loss, damage or destruction maintained the property or physical damage insurance policies required under Section 20 hereof. In no event shall this clause be deemed, construed or asserted (i) to affect or limit any claims or rights against any Released Parties other than the right to recover damages for loss, damage or destruction to property, or (ii) to benefit any third party other than the Released Parties.

(b) To the extent not expressly prohibited by law, Tenant agrees to hold harmless and indemnify the Landlord and the Landlord's agents, partners, shareholders, officers, directors, Trustee, and employees (collectively, the "Landlord Indemnitees") from any losses, damages, judgments, claims, expenses, costs and liabilities imposed upon or incurred by or asserted against the Landlord Indemnitees, including reasonable attorney's fees and expenses, for death or injury that may arise from or be caused directly or indirectly by any negligent act of omission or commission of any willful misconduct of Tenant or any of Tenant's agents, partners, or employees or any default by Tenant under this Lease. Such third parties shall not be deemed third party beneficiaries of this agreement. In case any action, suit or proceeding is brought against any of the Landlord Indemnitees by reason of any such act of the Tenant or any of Tenant's agents, partners or employees, then the Tenant will, at the Tenant's expense and at the option of said Landlord Indemnitees, by counsel reasonably approved by Landlord, resist and defend such action, suit or proceeding.

To the extent not expressly prohibited by law, Landlord agrees to hold harmless and indemnify the Tenant and Tenant's agents, partners, shareholders, officers, directors, Trustee, and employees (collectively, the "Tenant Indemnitees") from any losses, damages, judgments, claims, expenses, costs and liabilities imposed upon or incurred by or asserted against the Tenant indemnitees, including reasonable attorney's fees and expenses, for death or injury that may arise from or be caused directly or indirectly by any negligent act of omission or commission of any willful misconduct of the Landlord or any of Landlord's respective agents, partners, or employees or any default by Landlord under this Lease. Such third parties shall not be deemed third party beneficiaries of this agreement. In case any action, suit or proceeding is brought against any of the Tenant Indemnitees by reason of any such act of the Landlord or any of Landlord's agents, partners or employees, then the Landlord will, at Landlord's expense and at the option of said Tenant Indemnitees, by counsel reasonably approved by Tenant, resist and defend such action, suit or proceeding.

(c) Subject to the provisions of Section 13(a) to the extent permitted by law, no agreement of Tenant in this Section 13 shall be deemed to exempt Landlord from liability or damages for injury to

persons or damage to property caused by or resulting from the willful negligence of Landlord, its agents, servants or employees, in the operation or maintenance of the Premises or Building.

14. **Damage or Destruction by Casualty.** If the Premises or any part of the Building shall be damaged by fire or other casualty and if such damage does not render all or a "material portion" (as reasonably determined) of the Premises or the Building untenable, then Landlord shall proceed to repair and restore the Premises with reasonable promptness, subject to reasonable delays for insurance adjustments and delays caused by matters beyond Landlord's control. If any such damage renders all or a material portion of the Premises or the Building untenable, Landlord shall, with reasonable promptness after the occurrence of such damage, estimate the length of time that will be required to substantially complete the repair and restoration of such damage and shall by notice advise Tenant of such estimate. If it is so estimated that the amount of time required to substantially complete such repair and restoration will exceed one hundred eighty (180) days from the date such damage occurred, then either Landlord or Tenant (but as to Tenant, only if all or a material portion of the Premises are rendered untenable) shall have the right to terminate this lease as of the date of such damage upon giving notice to the other at any time within twenty (20) days after Landlord gives Tenant the notice containing said estimate (it being understood that Landlord may, if it elects to do so, also give such notice of termination together with the notice containing said estimate). Unless this lease is terminated as provided in the preceding sentence, Landlord shall proceed with reasonable promptness to repair and restore the Premises, subject to reasonable delays for insurance adjustments and delays caused by matters beyond Landlord's control, and also subject to zoning laws and building codes then in effect. Landlord shall have no liability to Tenant, and Tenant shall not be entitled to terminate this lease if such repairs and restoration are not in fact completed within the time period estimated by Landlord, as aforesaid, or within said one hundred eighty (180) days, so long as Landlord shall proceed with reasonable diligence to complete such repairs and restoration. Notwithstanding anything to the contrary herein set forth, Landlord shall have no duty pursuant to this Section 14 to repair or restore any portion of the alterations, additions or improvements made by Tenant in the Premises or to expend for any repair or restoration amounts in excess of insurance proceeds paid to Landlord and available for repair or restoration.

in the event any such fire or casualty damage renders the Premises untenable, and to the extent Tenant vacates the Premises as a result, and if this lease shall not be terminated pursuant to the foregoing provisions of this Section 14 by reason of such damage, then Rent shall abate during the period beginning with the date of such damage and ending with the date when Landlord completes its repair and restoration. Such abatement shall be in an amount bearing the same ratio to the total amount of Rent for such period as the portion of the Premises not ready for occupancy from time to time bears to the entire Premises. In the event of termination of this lease pursuant to this Section 14, Rent shall be apportioned on a per diem basis and be paid to the date of the fire or casualty.

15. **Eminent Domain.** If all or a substantial portion of the Building, or any part thereof which includes all or a substantial portion of the Premises, shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, the Term of this lease shall end upon and not before the date when the possession of the part so taken shall be required for such use or purpose, and without apportionment of the award to or for the benefit of Tenant. If any condemnation proceeding shall be instituted in which it is sought to take or damage any part of the Building, the taking of which would, in Landlord's reasonable opinion, prevent the economical operation of the Building, or if the grade of any street or alley adjacent to the Building is changed by any competent authority, and such taking, damage or change of grade makes it reasonably necessary to remodel the Building to conform to the taking, damage or changed grade, Landlord shall have the right to terminate this lease upon not less than ninety (90) days' notice prior to the date of termination designated in the notice. In either of the events above referred to, Rent at the then current rate shall be apportioned as of the date of the termination. No money or other

consideration shall be payable by the Landlord to the Tenant for the right of termination, and the Tenant shall have no right to share in the condemnation award, whether for a partial or total taking, for loss of Tenant's leasehold or improvements, or in any judgment for damages caused by the change of grade.

16. **Default: Landlord's Rights and Remedies.**

(a) If default shall be made in the payment of the Rent or any installment thereof or any other sum required to be paid by Tenant under the terms of any other agreement between Landlord and Tenant, and such monetary default shall continue for five (5) business days after written notice to Tenant, or if a default involves a hazardous condition and is not cured by Tenant within five (5) business days' written notice to Tenant, or if the interest of Tenant in this lease shall be levied or under execution or other legal process, or if any voluntary petition in bankruptcy or for corporate reorganization or any similar relief shall be filed by Tenant, or if any involuntary petition in bankruptcy shall be filed against Tenant under any federal or state bankruptcy or insolvency act and shall not have been dismissed within sixty (60) days from the filing thereof, or if a receiver shall be appointed for Tenant or any of the property of Tenant by any court and such receiver shall not have been dismissed within sixty (60) days from the date of his appointment, or if Tenant shall make an assignment for the benefit of creditors, or if Tenant shall admit in writing Tenant's inability to meet Tenant's debts as they mature, or if Tenant shall abandon or vacate the Premises during the Term, or if default shall be made in the observance or performance of any of the other covenants or conditions in this lease which Tenant is required to observe and perform and such non-monetary default shall continue for thirty (30) days after written notice to Tenant (provided that, if such default cannot reasonably be cured by Tenant within said 30 day time period, such time period for cure shall be extended to such time period as is reasonably necessitated to effect such cure, provided that the Tenant acts diligently, but in event longer than an additional ninety (90) days), then Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this lease, and thereupon at its option may, with or without notice or demand of any kind to Tenant or any other person, have any one or more of the following described remedies (any of which may be pursued by Landlord in its own name or by and in the name of the beneficiaries of Landlord or the agent of such beneficiaries) in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- (i) Landlord may terminate this lease and the Term created hereby, in which event Landlord may forthwith repossess the Premises and be entitled to recover forthwith as damages a sum of money equal to the value of the Rent provided to be paid by Tenant for the balance of the original Term, less the rental value of the Premises for said period ("Rental Value"), and plus any other sum of money and damages owed by Tenant to Landlord. Should the Rental Value exceed the value of the Rent provided to be paid by Tenant for the balance of the original Term of the lease, Landlord shall have no obligation to pay to Tenant the excess or any part thereof.
- (ii) Landlord may terminate Tenant's right of possession and may repossess the Premises by forcible entry and detainer suit, by taking peaceful possession or otherwise, without terminating this lease, in which event Landlord may, but shall be under no obligation to, relet the same for the account of Tenant, for such rent and upon such terms as shall be satisfactory to Landlord. For the purpose of such reletting, Landlord is authorized to decorate or to make any repairs. If Landlord shall fail to relet the Premises, Tenant shall pay to Landlord as damages a sum equal to the amount of the Rent reserved in this lease for the balance of its original Term. If the Premises are relet and a sufficient sum shall not be realized from such reletting after paying all of the costs and expenses of such decorations,

repairs, changes, alterations and additions and the other expenses of such reletting and of the collection of the rent accruing therefrom to equal or exceed the Rent provided for in this lease for the balance of its original Term, Tenant shall satisfy and pay such deficiency upon demand therefor from time to time. Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Section 16 from time to time and that no suit or recovery of any portion due Landlord hereunder shall be any defense to any subsequent action brought for any amount theretofore reduced to judgment in favor of Landlord.

(b) If Landlord exercises either of the remedies provided for in subparagraphs (i) and (ii) of the foregoing Section 16(a), Tenant shall surrender possession and vacate the Premises immediately and deliver possession thereof to the Landlord, and Landlord may then or at any time thereafter re-enter and take complete and peaceful possession of the Premises, with or without process of law, full and complete license so to do being hereby granted to the Landlord, and Landlord may remove all occupants and property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law.

(c) All property removed from the Premises by Landlord pursuant to any provisions of this lease or of law may be handled, removed or stored by the Landlord at the cost and expense of the Tenant, and the Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay Landlord for all expenses incurred by Landlord in such removal and storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. All property not removed from the Premises or retaken from storage by Tenant within thirty (30) days after the end of the Term, however terminated, shall, at Landlord's election, be conclusively deemed to have been conveyed by Tenant to Landlord as by bill of sale without further payment or credit by Landlord to Tenant.

(d) Tenant shall pay all of Landlord's costs, charges and expenses, including court costs and attorneys' fees, incurred in enforcing Tenant's obligations under this lease or incurred by Landlord in any litigation, negotiation or transactions in which Tenant causes the Landlord, without Landlord's fault, to become involved or concerned.

(e) In the event that Tenant shall file for protection under any chapter of the Bankruptcy Code now or hereafter in effect, or a trustee-in-bankruptcy shall be appointed for Tenant, Landlord and Tenant agree, to the extent permitted by law, to request that the debtor-in-possession or trustee-in-bankruptcy, if one is appointed, shall assume or reject this lease within sixty (60) days thereafter.

17. **Subordination.**

(a) Landlord may have heretofore or may hereafter encumber with a mortgage or trust deed the Real Property or any interest therein, and may have heretofore and may hereafter sell and tease back the Land, or any part of the Real Property, and may have heretofore or may hereafter encumber the leasehold estate under such lease with a mortgage or trust deed. (Any such mortgage or trust deed is herein called a "Mortgage" and the holder of any such mortgage or the beneficiary under any such trust deed is herein called a "Mortgagee". Any such lease of the underlying land is herein called a "Ground Lease", and the lessor under any such lease is herein called a "Ground Lessor". Any Mortgage which is a first lien against the Building, the Land, the Real Property, the leasehold estate under a Ground Lease or any interest therein is herein called a "First Mortgage" and the holder or beneficiary of any First Mortgage

is herein called a 'First Mortgagee').

(b) If requested by a Mortgagee or Ground Lessor, Tenant will either (i) subordinate its interest in this lease to said Mortgage or Ground Lease, and to any and all advances made thereunder and to the interest thereon, and to all renewals, replacements, supplements, amendments, modifications and extensions thereof, provided, such Mortgagee or Ground Lessor shall concurrently therewith provide Tenant with a non-disturbance agreement in customary form or (ii) make certain of Tenant's rights and interest in this lease superior thereto; and Tenant will promptly execute and deliver such agreement or agreements as may be reasonably required by such Mortgagee or Ground Lessor; provided however, Tenant covenants it will not subordinate this lease to any Mortgage other than a First Mortgage without the prior written consent of the First Mortgagee.

(c) It is further agreed that (i) if any Mortgage shall be foreclosed, or if any Ground Lease be terminated. (A) the liability of the Mortgagee or purchaser at such foreclosure sale or the liability of a subsequent owner designated as Landlord under this lease shall exist only so long as such Mortgagee, purchaser or owner is the owner of the Building, Land or Real Property, and such liability shall not continue or survive after further transfer of ownership; (B) the Mortgagee or Ground Lessor or their successors or assigns that succeeds to the interest of the Landlord in the Building or the Land, or acquires the right to possession of the Building or the Land, shall not be (j) liable for any act or omission of the party named above (or any successor in title thereto) as the Landlord, under this lease; (2) liable for the performance of Landlord's covenants pursuant to the provisions of this lease which arise and accrue prior to such entity succeeding to the interest of Landlord (or any successor in title thereto) under this lease or acquiring such right to possession; (3) subject to any offsets or defenses which Tenant may have at any time against Landlord (or any successor in title thereto); (4) bound by any Rent which the Tenant may have paid previously for more than one (1) month; (5) liable for the performance of any covenant of Landlord under this lease which is capable of performance only by the original Landlord (or any successor in title thereto); and (C) upon request of the Mortgagee, if the Mortgage shall be foreclosed, Tenant will attorn, as Tenant under this lease, to the purchaser at any foreclosure sale under any Mortgage or upon request of the Ground Lessor, if any Ground Lease shall be terminated, Tenant will attorn as Tenant under this lease to the Ground Lessor, and Tenant will execute such instruments as may be necessary or appropriate to evidence such attornment; and (ii) this lease may not be modified or amended so as to reduce the Rent or shorten the Term, or so as to adversely affect in any other respect to any material extent the rights of the Landlord, nor shall this lease be cancelled or surrendered, without the prior written consent, in each instance, of the First Mortgagee or any Ground Lessor.

(d) Should any prospective First Mortgagee or Ground Lessor require a modification or modifications of this lease, which modification or modifications will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, in the reasonable judgment of Tenant, then and in such event, Tenant agrees that this lease may be so modified and agrees to execute whatever documents are required therefor and deliver the same to Landlord within ten (10) days following the request therefor. Should any prospective Mortgagee or Ground Lessor require execution of a short form of lease for recording (containing, among other customary provisions, the names of the parties, a description of the Premises and the Term of this lease), Tenant agrees to execute such short form of lease and deliver the same to Landlord within ten

(10) days following the request therefor.

Landlord shall provide Tenant with a Subordination, Non-Disturbance and Attornment Agreement from its existing mortgage lender, LaSalle Bank, NA, in such form as LaSalle Bank may reasonably require, on or before the Commencement Date.

18. **Mortgagee and Ground Lessor Protection.** Tenant agrees to give any First Mortgagee and any Ground Lessor, by registered or certified mail, a copy of any notice or claim of default served upon the Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing (by way of service on Tenant of a copy of an assignment of Landlord's interests in leases, or otherwise) of the address of such First Mortgagee or Ground Lessor (hereinafter the "Notified Party"). Tenant further agrees that if Landlord shall have failed to cure such default within twenty (20) days after such notice to Landlord (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if Landlord has commenced within such twenty (20) days and is diligently pursuing the remedies or steps necessary to cure or correct such default), then the Notified Party shall have an additional thirty (30) days within which to cure or correct such default (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if such Notified Party has commenced within such thirty (30) days and is diligently pursuing the remedies or steps necessary to cure or correct such default, including the time necessary to obtain possession if possession is necessary to cure or correct such default) before Tenant may exercise any right or remedy which it may have on account of any such default of Landlord.

19. **Insurance.**

(a) At all times during the Term of this lease, Tenant shall at its sole cost and expense maintain in full force and effect insurance protecting Tenant and Landlord (and Landlord's beneficiaries if Landlord is ever a land trust), and provided Tenant is provided with written notice thereof), and their respective agents, and any other parties designated by Landlord from time to time, with terms, coverages and in companies at all times satisfactory to Landlord as follows:

(i) Commercial General Liability Insurance against claims for personal injury, death or property damage occurring in connection with the use and occupancy of the Premises, including contractual liability insuring the indemnification provisions contained in this lease, naming Landlord, and Landlord's mortgagee, principals and principals' beneficiaries, and the management of the Building, as additional insureds, such insurance to afford protection to the limit of not less than Two Million Dollars (\$2,000,000.00) for each occurrence and annual aggregate.

(ii) Workers Compensation Insurance, as required to meet the applicable laws of the state in which the Building is located, and Employers Liability Insurance.

(iii) At all times when any work is in process in connection with any change or alteration being made by Tenant. Tenant shall require all contractors and subcontractors to maintain the insurance described in (i) and (ii). Landlord and Landlord's mortgagee, principals and principals' beneficiaries and the management of the Building will be added as additional insureds to such policies, and evidence of same shall be delivered to Landlord.

(iv) Property insurance on an "all risk" basis (including sprinkler leakage, if applicable) for the full replacement cost of all additions, improvements and alterations to the Premises and of all office equipment, furniture, trade fixtures, merchandise and all other items of Tenant's property on the Premises. Tenant agrees to have such insurance policies endorsed to provide for a waiver of subrogation against Landlord by the insurance carrier.

Tenant shall, prior to the commencement of the Term hereof and prior to the expiration of any policy, furnish Landlord certificates evidencing that all required insurance is in force and providing that such insurance may not be cancelled or changed without at least thirty (30) days' prior written notice to Landlord and Tenant (unless such cancellation is due to nonpayment of premiums, in which event ten

(10) days' prior notice shall be provided).

(b) Tenant shall comply with all applicable laws and ordinances, all orders and decrees of court and all requirements of other governmental authority and shall not directly or indirectly make any use of the Premises which may thereby be prohibited or be dangerous to person or property or which may jeopardize any insurance coverage, or may increase the cost of insurance or require additional insurance coverage.

(c) Landlord and Tenant hereby waive all claims of recovery from the other party for loss or damage to any of its property to the extent of any recovery collectible under valid and collectible property insurance policies.

Landlord agrees to maintain property coverage for the replacement cost of the Building and general liability insurance, in such form and amounts as Landlord may in its discretion deem prudent. The premiums for such policies shall be included in Expenses.

20. **Nonwaiver.** No waiver of any condition expressed in this lease shall be implied by any neglect of either party to enforce any remedy on account of the violation of such condition whether or not such violation be continued or repeated subsequently, and no express waiver shall affect any condition other than the one specified in such waiver and that one only for the time and in the manner specifically stated. Without limiting the provisions of Section 8, it is agreed that no receipt of moneys by Landlord from Tenant after the termination in any way of the Term or of Tenant's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend the Term or affect any notice given to Tenant prior to the receipt of such moneys. It is also agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Landlord may receive and collect any moneys due, and the payment of said moneys shall not waive or affect said notice, suit or judgment.

21. **Estoppel Certificate.** Tenant agrees that from time to time upon written request by Landlord, or the holder of any Mortgage or any ground lessor, Tenant (or any permitted assignee, subtenant or other occupant of the Premises claiming by through or under Tenant) will deliver to Landlord or to the holder of any Mortgage or ground lessor or contract purchaser of an interest in Landlord or in the Building, within ten (10) business days after such written request shall have been served upon Tenant, a statement in writing signed by Tenant, addressed to such person or persons as Landlord shall request, certifying (a) that this lease is unmodified and in full force and effect (or if there have been modifications, that the lease as modified is in full force and effect and identifying the modifications); (b) the date upon which Tenant began paying Rent and the dates to which the Rent and other charges have been paid, (c) the date upon which the Term shall end, (d) that the Landlord is not in default under any provision of this lease, or, if in default, the nature thereof in detail; (e) that the Premises have been completed in accordance with the terms hereof and Tenant is in occupancy and paying Rent on a current basis with no rental offsets or claims, or otherwise, if applicable; (f) that there has been no prepayment of Rent other than that provided for in the lease; (g) the amount of any security deposit made by Tenant or Tenant-successor, (h) that there are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy laws of the United States or any State thereof, and (i) such other matters as may be reasonably required by the Landlord, holder of a Mortgage, ground lessor or contract purchaser.

Landlord agrees that from time to time upon written request by Tenant, that Landlord will deliver to Tenant, within ten (10) business days after such written request, a Landlord estoppel certificate in substantially the same form as required of Tenant above, addressed to such person or persons as Tenant shall request.

22. **Tenant-Corporation or Partnership.** In case Tenant is a corporation, Tenant (a) represents and warrants that this lease has been duly authorized, executed and delivered by and on behalf of the Tenant and constitutes the valid and binding agreement of the Tenant in accordance with the terms hereof and (b) if Landlord so requests, it shall deliver to Landlord or its agent, concurrently with the delivery of this lease executed by Tenant, certified resolutions of the board of directors (and shareholders, if required) authorizing Tenant's execution and delivery of this lease and the performance of Tenant's obligations hereunder. In case Tenant is a partnership, Tenant represents and warrants that all of the persons who are general or managing partners in said partnership have executed this lease on behalf of Tenant, or that this lease has been executed and delivered pursuant to and in conformity with a valid and effective authorization therefor by all of the general or managing partners of such partnership, and is and constitutes the valid and binding agreement of the partnership and each and every partner therein in accordance with its terms. Also, it is agreed that each and every present and future general partner in Tenant shall be and remain at all times jointly and severally liable hereunder and that the death, resignation or withdrawal of any partner shall not release the liability of such partner under the terms of this lease unless and until the Landlord shall have consented in writing to such release, Landlord being under no obligation to so consent.

23. **Real Estate Brokers.** Tenant and Landlord represents to each other that neither has directly dealt with any broker other than Colliers, Bennett & Kahnweiler (whose commission, if any, shall be paid by Landlord pursuant to separate agreement) as broker in connection with this lease. Each party agrees to indemnify and hold the other harmless from all damages, liability and expense (including reasonable attorneys' fees) arising from any claims or demands of any other broker or brokers or finders for any commission alleged to be due such broker or brokers or finders in connection with its participating in the negotiation with such party of this lease.

24. **Notices.** All notices to or demands upon Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing. Any notices or demands from Landlord to Tenant shall be deemed to have been given if a copy thereof has been personally delivered to Tenant or Tenant's agent (including without limitation delivery by messenger or courier, with evidence of receipt) or mailed by United States registered or certified mail, return receipt requested, or by recognized overnight courier service, addressed to Tenant at the address of the Premises after Tenant's occupancy of the Premises; prior to occupancy notices to Tenant shall be given at 5693 W. Howard Street, Niles, IL 60714. Any notices or demands from Landlord to Tenant may be signed by Landlord, its beneficiaries, the managing agent for the Building or any agent of any of them. Any notices or demands from Tenant to Landlord shall be deemed to have been given if a copy thereof has been personally delivered to Landlord or the managing agent of the Building (including without limitation delivery by messenger or courier, with evidence of receipt) or by recognized overnight courier service or mailed by United States registered or certified mail, return receipt requested, to Landlord in care of Christina Fitzgerald, 6201 West Howard Street, Niles, Illinois 60714. with a copy to James G. Haft, 131 S. Dearborn Street 30th floor, Chicago, Illinois 60603. Landlord, its beneficiaries, or the managing agent of the Building may, upon notice to Tenant, change either the address for, or the party who shall receive, notices or demands from Tenant to Landlord on Landlord's behalf. All notices to or demands upon Landlord or Tenant mailed by registered or certified mail, return receipt requested, shall be deemed served two (2) business days after the date the same were posted. Notices may be given by telecopy provided that simultaneous duplicate notice is given by one of the methods provided above.

25. **Miscellaneous.**

(a.) Each provision of this lease shall extend to and shall bind and inure to the benefit not

only of Landlord and Tenant, but also their respective heirs, legal representatives, successors and assigns. but this provision shall not operate to permit any transfer, assignment, mortgage, encumbrance, lien, charge, or subletting contrary to the provisions of Section 12.

(b) All of the agreements of Landlord and Tenant with respect to the Premises are contained in this lease; and no modification, waiver or amendment of this lease or of any of its conditions or provisions shall be binding upon Landlord unless in writing signed by Landlord.

(c) Submission of this instrument for examination shall not constitute a reservation of or option for the Premises or in any manner bind Landlord and no lease or obligation on Landlord shall arise until this instrument is signed and delivered by Landlord and Tenant; provided, however, the execution and delivery by Tenant of this lease to Landlord or the agent of Landlord's beneficiary shall constitute an irrevocable offer by Tenant to lease the Premises on the terms and conditions herein contained, which offer may not be revoked for thirty (30) days after such delivery.

(d) The word "Tenant" whenever used herein shall construed to mean Tenants or any one or more of them in all cases where there is more than one Tenant; and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other organizations, partnerships or other entities, or individuals, shall in all cases be assumed as though in each case fully expressed. In all cases where there is more than one Tenant, the liability of each shall be joint and several.

(e) Clauses, plats, and riders, if any, signed by Landlord and Tenant and endorsed on or affixed to this lease are part hereof and in the event of variation or discrepancy the duplicate original hereof, including such clauses, plats and riders, if any, held by Landlord shall control.

(f) The headings of Sections are for convenience only and do not limit, expand or construe the contents of the Sections.

(g) Time is of the essence of this lease and of each and all provisions thereof.

(h) All amounts (including, without limitation, Base Rent and Additional Rent) owed by Tenant to Landlord pursuant to any provision of this lease shall not be deemed a loan but shall bear interest from the date due until paid at the annual rate equal to five percent (5%) plus the rate of interest announced from time to time by Bank of America or any successor thereto, as its corporate base rate, changing as and when said corporate base rate changes, unless a lesser rate shall then be the maximum rate permissible by law with respect thereto, in which event said lesser rate shall be charged.

(i) The invalidity of any provision of this lease shall not impair or affect in any manner the validity, enforceability or effect of the rest of this lease.

(j) All understandings and agreements, oral or written, heretofore made between the parties hereto are merged in this lease, which alone fully and completely expresses the agreement between Landlord (and its beneficiary and their agents) and Tenant.

(k) The parties agree that, in the event any legal action is brought by either party against the other party in connection with this lease, the prevailing party in such action shall be entitled to recover its reasonable attorney's fees incurred in connection with such action.

26. **Delivery of Possession.** If the Landlord shall be unable to give possession of the

Premises on the date of the commencement of the Term for any reason, Landlord shall not be subject to any liability for failure to give possession. Under such circumstances the Rent reserved and covenanted to be paid herein shall not commence until the Premises are available for occupancy, and no such failure to give possession on the date of commencement of the Term shall affect the validity of this lease or the obligations of the Tenant hereunder. Provided, however, if the Premises are not delivered to Tenant by the Commencement Date as stated on page one of this lease, the Commencement Date and the stated expiration date as set forth on page one of this lease shall be adjusted so as to accord the parties hereto with the term they would have had if the Premises had been delivered on the original Commencement Date. In accordance therewith, and in such event, Landlord and Tenant shall execute an amendment to this lease reflecting the new commencement date and the new expiration date.

27. **Intentionally Deleted.**

28. **Intentionally Deleted.**

29. **Signs.** No signs shall be installed on the exterior of, or adjacent to, the Premises or the Building, except as provided herein. Tenant shall have the right to display its corporate name in the building lobby sign and at the entry area to the Premises, provided such signs shall be in accordance with the building signage standard designated by Landlord and subject to Landlord's prior written approval. The installation and maintenance of any and all signs by or on behalf of Tenant shall be in full compliance with all applicable laws, ordinances, regulations, rules and orders of any governmental authority having jurisdiction, and Tenant shall obtain all necessary licenses and permits in connection therewith. Tenant shall install and promptly repair, maintain and service all such signs in accordance with proper techniques and procedures, and shall indemnify, hold harmless and defend Landlord from all loss, cost, damage or expense, including attorney's fees, arising out of any claim relating to the installation, existence, operation, maintenance, repair, removal or condition of any such sign. On or before the termination of this lease, Tenant shall, at its sole expense, remove all such signs in a manner satisfactory to Landlord and shall immediately repair, at Tenant's sole expense, any injury or damage caused by removal. All costs and expenses relating to the installation, maintenance and removal of such signs shall be borne solely by Tenant.

30. **Landlord.** The term "Landlord" as used in this lease means only the owner or owners at the time being of Landlord's interest in the Building and the Land so that in the event of any assignment, conveyance or sale, once or successively, of Landlord's interest in the Land and Building, or any assignment of this lease by Landlord, said Landlord making such sale, conveyance or assignment shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing after such conveyance, sale or assignment, and Tenant agrees to look solely to such purchaser, grantee or assignee with respect thereto. This lease shall not be affected by any such conveyance, assignment or sale, and Tenant agrees to attorn to the purchaser, grantee or assignee.

31. **Title and Covenant Against Liens.** The Landlord's title is and always shall be paramount to the title of the Tenant and nothing in this lease contained shall empower the Tenant to do any act which can, shall or may encumber the title of the Landlord. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen to be placed upon or against the Real Property any portion thereof including the Premises or against the Tenant's leasehold interest in the Premises and, in case of any such lien attaching, to immediately pay and remove same. Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon the Real Property, Land, Building or

Premises, and any and all liens and encumbrances created by Tenant shall attach only to Tenant's interest in the Premises. If any such liens created, caused or permitted by Tenant so attach and Tenant fails to pay and remove same within ten (10) days, Landlord, at its election, may pay and satisfy the same. In such event the sums so paid by Landlord shall be deemed to be additional rent due and payable by Tenant at once without notice or demand, with interest from the date of payment at the rate set forth in Section 26(i) hereof for amounts owed Landlord by Tenant.

32. **Exculpatory Provisions.** The liability of any Landlord under this lease or any amendment to this lease, or any instrument or document executed in connection with this lease, shall be limited to and enforceable solely against the assets of such Landlord constituting an interest in the Land or Building (including, where the Landlord is a trustee of a land trust, the subject matter of the trust) and not other assets of such Landlord. Assets of a Landlord which is a partnership do not include the assets of the partners of such Landlord, and negative capital account of a partner in a partnership which is a Landlord and an obligation of a partner to contribute capital to the partnership which is Landlord shall not be deemed to be assets of the partnership which is Landlord. No directors, officers, employees or shareholders of any corporation which is Landlord shall have any personal liability arising from or in connection with this lease. At any time during which Landlord is trustee of a land trust, all of the representations, warranties, covenants and conditions to be performed by it under this lease or any documents or instruments executed in connection with this lease are undertaken solely as trustee, as aforesaid, and not individually, and no personal liability shall be asserted or be enforceable against it or any of the beneficiaries under said trust agreement by reason of any of the representations, warranties, covenants or conditions contained in this lease or any documents or instruments executed in connection with this lease.

33. **Financial Statements.** Tenant shall deliver to Landlord, upon Landlord's request, from time to time, current financial statements of Tenant in the form required by Tenant's bank or financial institution, provided that such request may not be made more than twice in any calendar year.

34. **Jurisdiction and Venue.** TENANT HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY EITHER PARTY AND ARISING DIRECTLY OR INDIRECTLY OF THIS LEASE SHALL BE LITIGATED IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS, OR THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS. TENANT HEREBY EXPRESSLY SUBMIT AND CONSENT IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED BY EITHER PARTY IN ANY OF SUCH COURTS, AND HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREE THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO TENANT AT THE ADDRESSES TO WHICH NOTICES ARE TO BE SENT PURSUANT TO THIS LEASE. TENANT WAIVES ANY CLAIM THAT COOK COUNTY ILLINOIS OR THE FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE. THE EXCLUSIVE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT, BY LANDLORD, OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING, BY LANDLORD OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION. AND TENANT HEREBY WAIVES THE RIGHT, IF ANY, TO COLLATERALLY ATTACH ANY SUCH JUDGMENT OR ACTION.

35. **Waiver of Right of Jury Trial.** TENANT ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER OR WITH RESPECT TO THIS LEASE

IN WITNESS WHEREOF, the parties have caused this lease, to be executed on the date first above written.

LANDLORD:

HOWARD COMMONS ASSOCIATES, L.L.C.,
A DELAWARE LIMITED LIABILITY COMPANY

BY ITS MANAGER

MCZ/JAMESON, INC

AN ILLINOIS CORPORATION

BY: [Graphic appears here]

JAMES G. HAFT, VICE-PRESIDENT

TENANT:

HAEMOSCOPE CORPORATION,

AN ILLINOIS CORPORATION

By: [Graphic appears here]

ITS: [Graphic appears here]

EXHIBIT A
PREMISES FLOOR PLAN

[Graphic appears here]

EXHIBIT A-1

DESCRIPTION OF PREMISES

PARCEL 1:

THAT PART OF THE NORTH 19 CHAINS OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED BY A LINE DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION 29; THENCE SOUTH 89 DEGREES 23 MINUTES 23 SECONDS WEST ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 29, A DISTANCE OF 1018.95 FEET TO A POINT IN SAID LINE 299.0 FEET EAST OF (AS MEASURED ALONG SAID NORTH LINE) THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER SECTION; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST ALONG THE LAST LINE OF THE WEST 299.0 FEET OF THE SOUTHWEST 1/4 OF SAID SECTION 29 (SAID EAST LINE ALSO BEING THE EAST LINE OF A PUBLIC ROAD KNOWN AS CRONAME ROAD) 962.51 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST 586.24 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 383.37 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 431.86 FEET TO A POINT IN THE EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION 29; THENCE NORTH 00 DEGREES 04 MINUTES 38 SECONDS EAST ALONG THE LAST MENTIONED EAST LINE, 589.99 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM THE FOLLOWING:

THAT PART OF THE NORTH 19 CHAINS OF THE WEST 1/2 OF THE SOUTH WEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED BY A LIEN DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION 29; THENCE WEST ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 29, TO ITS INTERSECTION WITH THE NORTHERLY EXTENSION OF THE CENTERLINE OF CRONAME ROAD (SAID POINT OF INTERSECTION BEING HEREINAFTER REFERRED TO AS POINT "A"); THENCE SOUTH ALONG SAID CENTERLINE 319.46 FEET THENCE EAST 30.0 FEET TO THE EAST LINE OF CRONAME ROAD; THENCE NORTHEASTERLY TO A POINT 47.51 FEET EAST OF THE CENTERLINE OF CRONAME ROAD AND 99.41 FEET SOUTH (AS MEASURED ALONG SAID CENTERLINE) OF POINT "A" HEREINBEFORE DESCRIBED; THENCE NORTHEASTERLY TO A POINT 64.51 FEET EAST OF THE CENTERLINE OF CRONAME ROAD AND 64.46 FEET SOUTH (AS MEASURED ALONG SAID CENTERLINE) OF POINT "A" HEREINBEFORE DESCRIBED; THENCE NORTHEASTERLY TO A POINT 49.37 FEET SOUTH OF SAID NORTH LINE OF THE SOUTHWEST 1/4 OF SECTION 29 AND 83.80 FEET EAST (AS MEASURED ALONG SAID NORTH LINE) OF POINT "A" HEREINBEFORE DESCRIBED; THENCE NORTHEASTERLY TO A POINT ON A LINE 40.0 FEET SOUTH OF AND PARALLEL WITH SAID NORTH LINE OF THE SOUTHWEST 1/4 OF SECTION 29, 118.81 FEET EAST (AS MEASURED ALONG SAID NORTH LINE) OF POINT "A" HEREINBEFORE DESCRIBED; THENCE EAST ALONG SAID PARALLEL LINE TO THE EAST LINE OF SAID WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29; THENCE NORTH ALONG SAID WEST LINE TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

ALSO EXCEPTING THEREFROM THAT PART DEDICATED FOR CRONAME ROAD AND HOWARD STREET, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

BASEMENT FOR THE BENEFIT OF PARCEL I AS CREATED BY GRANT RECORDED SEPTEMBER 26, 1985 AS DOCUMENT 85206474 FOR INGRESS AND EGRESS OVER THE FOLLOWING:

THAT PART OF THE NORTH 19 CHAINS OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED BY A LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION 29: THENCE SOUTH 00 DEGREES 04 MINUTES 38 SECONDS WEST, ALONG THE EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29 AFORESAID, 589.99 FEET, THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 431.86 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 383.37 FEET TO THE POINT OF BEGINNING OF THE PARCEL TO BE DESCRIBED; THENCE CONTINUING SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 86.00 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 8.00 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 56.50 FEET; THENCE NORTH 88 DEGREES 10 MINUTES 39 SECONDS EAST, 52.44 FEET; THENCE SOUTH 00 DEGREES 04 MINUTES 40 SECONDS EAST, 53.83 FEET; THENCE SOUTH 52 DEGREES 59 MINUTES 13 SECONDS EAST, 41.75 FEET TO THE NORTHERLY LINE OF GROSS POINT ROAD; THENCE SOUTH 64 DEGREES 03 MINUTES 29 SECONDS WEST, ALONG SAID NORTHERLY LINE OF GROSS POINT ROAD, 43.42 FEET; THENCE NORTH 47 DEGREES 06 MINUTES 06 SECONDS WEST, 51.63 FEET; THENCE NORTH 34 DEGREES 24 MINUTES 37 SECONDS WEST, 34.82 FEET; THENCE NORTH 58 DEGREES 50 MINUTES 18 SECONDS WEST, 57.84 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 145.00 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 68.20 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

**EXHIBIT B
BASE RENT**

| Lease Year/Period | Rentable Square Footage | Base Rent per. Rentable sq. ft. | Annual Base Rent | Monthly Base Rent |
|-------------------|-------------------------|---------------------------------|------------------|-------------------|
| Year 1 | | \$ | \$120,000.00 | 10,000.00 |
| Year 2 | | \$ | \$123,000.00 | \$10,250.00 |
| Year 3 | | \$ | \$126,075.00 | \$10,506.25 |
| Year 4 | | \$ | \$129,227.00 | \$10,768.90 |
| Year 5 | | | \$132,458.00 | \$11,038.13 |

Base Rent shall abate for fifteen (15) days after the Commencement Date

For the above purposes, Year 1 commences on the Commencement Date and ends 12 months thereafter, except that if the Commencement Date does not occur on the first day of a month, then Year 1 shall end 12 months after the end of the calendar month in which the Commencement Date occurs. Each subsequent Year shall be a 12 month period.

EXHIBIT C
RULES AND REGULATIONS

ATTACHED TO AND MADE A PART OF THE LEASE

The following Rules and Regulations shall be in effect at the Building. Landlord reserves the right to adopt reasonable modifications and additions hereto. In the case of any conflict between these regulations and the Lease, the Lease shall be controlling.

1. Except with the prior written consent of Landlord, no tenant shall conduct a retail sales in or from the Premises, or any business other than that specifically provided for in the Lease.
2. Landlord reserves the right to prohibit personal goods and services vendors from access to the Building except upon such reasonable terms and conditions, including but not limited to a provision for insurance coverage, as are related to the safety, care and cleanliness of the Building, the preservation of good order thereon, and the relief of any financial or other burden on Landlord occasioned by the presence of such vendors or the sale by them of personal goods or services to a tenant or its employees. If reasonably necessary for the accomplishment of these purposes, Landlord may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Building. The term "personal goods or services vendors" means persons who periodically enter the Building of which the Premises are a part for the purpose of selling goods or services to a tenant, other than goods or services which are used by a tenant only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services, and shoeshining services.
3. The sidewalks, halls, passages, and stairways shall not be obstructed by any tenant or used by it, its employees, invitees, and any visitors for any purpose other than for ingress to and egress from their respective premises. Tenant shall not and shall not permit its employees, invitees, and any visitors to loiter or wait for transportation in the halls passages, entrances, stairways, sidewalks or any other area in or around the Building, except those areas, if any, which may be specifically designated by Landlord. The halls, passages, entrances, stairways, janitorial closets, if any, and roof are not for the use of the general public, and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals only for the purpose of conducting its business on the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. No tenant and no employees of any tenant shall go upon the roof of the Building without the written consent of Landlord.
4. The sashes, sash doors, windows, glass lights, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilet rooms, water and wash closets and other water apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the tenant who, or whose clerks, agents, employees, or visitors, shall have caused it.
5. No sign, advertisement or notice visible from the exterior of the Premises or Building shall be

inscribed, painted or affixed by Tenant on any part of the Building or the Premises without the prior written consent of Landlord. If Landlord shall have given such consent at any time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to each and every such sign, advertisement or notice other than the particular sign, advertisement or notice, as the case may be, so consented to by Landlord.

6. In order to maintain the outward professional appearance of the Building, all window coverings to be installed at the Premises shall be subject to Landlord's prior reasonable approval. If Landlord, by a notice in writing to Tenant, shall object to any curtain, blind, shade or screen attached to, or hung in, or used in connection with, any window or door of the Premises, such use of such curtain, blind, shade or screen shall be forthwith discontinued by Tenant. No awnings shall be permitted on any part of the Premises.
7. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire insurance on the Building, or on the property kept therein, or obstruct or interfere with the rights of other tenants, or in any way injure or annoy them; or conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy upon the Building, or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.
8. Except as approved by Landlord, no safes or other large objects shall be brought into or installed in that portion of the Premises intended to be used for general office purposes. Landlord shall have the power to prescribe the weight, method of installation and position of such safes or other objects. The moving of safes shall occur only between such hours as may be designated by, and only upon previous notice to, the manager of the Building, and the persons employed to move safes in or out of the Building must be acceptable to Landlord. No freight, furniture or bulky matter of any description shall be received into the Building, excluding warehouse space, except during hours and in a manner approved by Landlord.
9. No tenant shall sweep or throw or permit to be swept or thrown from the Premises any dirt or other substance into any of the corridors or halls, or out of the doors or windows or stairways of the Building, and Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be kept in or about the Building. Smoking or carrying lighted cigars or cigarettes in the elevators of the Building is prohibited.
10. Except for the use of microwave ovens and coffee makers and a toaster oven for Tenant's personal use, no cooking shall be done or permitted by Tenant on the Premises, nor shall the Building be used for lodging.
11. Tenant shall not use or keep in the Building any kerosene, gasoline, or inflammable fluid or any other illuminating material, or use any method of heating other than that supplied by Landlord.
12. If Tenant desires telephone or telegraph connections, Landlord will direct electricians as to where and how the wires are to be introduced. No boring or cutting for wires or other otherwise shall be

made without directions from Landlord.

13. Each tenant, upon the termination of its tenancy, shall deliver to Landlord all the keys of offices, rooms and toilet rooms, and security access card/keys which shall have been furnished such tenant or which such tenant shall have had made, and in the event of loss of any keys so furnished, shall pay Landlord therefor.
14. No tenant shall lay linoleum or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except by a paste, or other material which may easily be removed with water, the use of cement or other similar adhesive materials being expressly prohibited. The method of affixing any such linoleum or other similar floor covering to the floor, as well as the method of affixing carpets or rugs to the Premises shall be subject to reasonable approval by Landlord. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant by whom, or by those agents, clerks, employees or visitors, the damage shall have been caused.
15. No furniture, packages or merchandise will be received in the Building, except between such Building hours as shall be designated by Landlord.
16. Landlord shall in no case be Liable for damages for the admission to or exclusion from the Building of any person whom Landlord has the right to exclude under Rule 3 above, In case of invasion, mob, riot, public, excitement, or other commotion, Landlord reserves the right but shall not be obligated to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building.
17. Tenant shall be responsible for securing the Premises and in accordance therewith shall see that the windows and doors of' the Premises are closed and securely locked before leaving the Building and Tenant shall exercise extraordinary' care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that Tenant shall be responsible for maintaining a temperature within the Premises at all times as to prevent waste or damage of the fire safety, plumbing and mechanical systems servicing the Premises, and for any default or carelessness Tenant shall make good all injuries sustained by other tenants or occupants of the Building or Landlord.
18. Tenant shall not alter, or allow to be altered, any lock or install a new or additional lock or any bolt on any door of' the Premises without prior written consent of Landlord. If Landlord shall give its consent, Tenant shall in each case furnish Landlord with a key for any such lock.
19. Tenant shall not install equipment, such as but not limited to electronic tabulating or computer equipment, requiring electrical or air conditioning service in excess of those to be provided by Landlord under the Lease.
20. No shopping cart, or other vehicle or any animal with the exception of' humans or fish shall be brought into the Premises or the halls, corridors, elevators or any part of the Building by Tenant.
21. Landlord shall have the right to prohibit the use of the name of the Building or Project or any other publicity by Tenant which in Landlord's opinion tends to impair the reputation of the Building or Project or their desirability for other tenants, and upon written notice from Landlord, 'Tenant will refrain from or discontinue such publicity.

22. Tenant shall not erect any aerial or antenna on the roof or exterior walls of the Premises, Building, or Project without the prior written consent of Landlord.
23. The Tenant shall not install in the Premises any equipment which uses an excessive amount of electricity without the advance written consent of the Landlord. The Tenant shall ascertain from the Landlord the maximum amount of electrical current which can safely be used in the Premises taking into account the capacity of electric wiring in the Building and the Premises and the needs of other tenants in the Building and shall not use more than such safe capacity. The Landlord's consent to the installation of electric equipment shall not relieve the Tenant from the obligation not to use more electricity than such safe capacity.
24. The following rules and regulations govern the parking and the use of the parking areas on the Project and shall not be deemed to expand any parking rights or privileges granted or restrictions thereon contained in this Lease. These parking rules and regulations shall apply to any and all vehicles owned, leased or rented by Tenant, its employees, agents, representatives, invitees, customers, contractors, servicemen and deliverymen. Tenant shall be responsible for compliance with the following rules and regulations by any and all of its employees, agents, representatives, invitees, customers, contractors, servicemen and deliverymen.

a. Parking at the Project is for standard passenger size vehicles only. No vehicles may be parked in any assigned parking stalls except the vehicle which has been granted permission to park in such stall as designated by Landlord. Parking spaces clearly marked for the use by a specific party shall not be used at any time by any other tenant, or by their employees, invitees, or any other visitor. Any and all oversized vehicles (i.e., those that cannot fit within the individually marked parking stalls either in length or width), including without limitation any trucks, delivery trucks and vans, and semi-trailers, may not be parked in any location on the Project without Landlord's prior written consent. In granting its consent, Landlord reserves the right to determine in its sole discretion the length of time that any said oversized vehicle may be parked at the Project and to determine in its sole discretion the location where any said oversized vehicle may be parked on the Project. The foregoing shall not be deemed to prohibit any said oversized vehicle from parking at any loading dock or drive-in door servicing the Premises for any reasonable period of time while loading or unloading. Landlord reserves the right to grant exceptions to the foregoing rule as Landlord may determine in its sole discretion, including without limitation an exception for the parking of oversized vehicles for commercial overnight courier services while overnight packages are being delivered to tenants and occupants of the Project.

b. No type of maintenance, service or repair work of any type may be performed at any time on any vehicle located any where on the Project, provided however, that emergency repair work may be performed on a vehicle located on the Project only to the extent needed to be able to remove said vehicle from the Project (i.e. getting a dead battery replaced or "jumped" in order to be able to start said vehicle, or replacing a flat tire). The foregoing exception shall not be deemed to allow major repair work to be performed on the Project (i.e. replacement of engine or engine parts or transmission or transmission parts), which if needed shall require said vehicle to be towed of the Project for repair or service.

c. No vehicles of any type may at any time, park, stand, drop off or pick up, load or unload in the any driveway or traffic lane servicing the Project. Landlord reserves the right to designate areas to be used for any standing vehicles, including without limitation, any cars, step vans, truck, busses, or taxis, which provide services to any tenant, their employees, invitees, or any other

EXHIBIT D
FIRST ADDENDUM

THIS FIRST ADDENDUM TO INDUSTRIAL BUILDING LEASE (this "First Addendum") is attached to and made a part of the Industrial Building Lease dated as of March 23, 2004 (the "Lease") between Howard Commons Associates, L.L.C. ("Landlord") and Haemoseope Corporation ("Tenant").

ARTICLE I
Addendum Controls/Definitions

1.01 First Addendum Controls. To the extent that the terms and provisions of this First Addendum conflict with the terms and provisions of the body of this Lease to which this First Addendum is attached and incorporated therein by reference thereto, the terms and provisions of this First Addendum shall control.

1.02 Definitions. To the extent not otherwise defined herein to the contrary, all capitalized terms and phrases used in this First Addendum shall have the respective meanings ascribed to them in this Lease.

ARTICLE II

2.01 Landlord's Work.

(a) Prior to delivery of possession of the Premises to Tenant, Landlord shall complete the work described in Exhibit "E" (referred to as "Landlord's Work"). Landlord shall provide an allowance of \$12.50 per square foot of the office area only to cover the cost of Landlord's Work, and in addition, Landlord shall pay for the cost of installing the bathrooms and demising walls (which shall be in addition to the \$12.50 allowance.) Tenant shall be responsible for any costs in excess of \$12.50/ft of the office area, which excess shall be paid to Landlord upon demand.

(b) Provided Tenant has paid the first month's rent, and security deposit and delivered evidence of insurance as required by this Lease, Landlord shall use reasonable efforts to complete Landlord's Work and deliver possession of the Premises to Tenant by

July 15, 2004, subject to Tenant delays, delays in vacating by Nightingale Conant, permit delays, and other delays beyond Landlord's reasonable control. All work shall be performed by Landlord in a good and workmanlike manner, using new materials where components are being replaced or added, and upon completion of the Work the Premises will be delivered to Tenant in compliance with all applicable laws, ordinances and codes. Tenant acknowledges that Landlord intends to utilize many existing components and systems within the Premises, including without limitation the HVAC system. Landlord shall deliver the Premises with all mechanical, HVAC, electrical, plumbing and other related systems in good working order on the Commencement Date. Except for Tenant delays, if Landlord has not substantially completed the Landlord's Work on or before July 15, 2004, then the Commencement Date shall be extended one day for each day of delay until Landlord is able to deliver possession of the Premises to Tenant with Landlord's Work complete. Landlord shall have the right to complete punchlist items of Landlord's Work during Tenant's occupancy and Tenant shall not unreasonably interfere with Landlord's Work.

(c) Within ten (10) days of delivery of possession to Tenant of the Premises, Landlord shall schedule with Tenant a walk through for the purpose of determining unperformed and improperly performed work.

visitor.

d. Landlord reserves the right to take any action necessary to keep the fire lane and drive lanes in the parking lot clear for free access at all times.

e. Landlord reserves the right to charge any Tenant for its costs incurred in enforcing the above parking rules and regulations.

25. Landlord retains the right to designate the entrance and exit locations to be used by the tenant and their staff and employees during the regular business day.

Landlord and Tenant shall jointly determine and set forth in writing signed by both Landlord and Tenant said items and the cost and expense of completing same (the "Punchlist Items"). Landlord shall thereafter promptly proceed with the correction of the Punchlist Items following delivery of possession to Tenant, subject in any and all events to delays outside the control of Landlord.

2.02 Tenant Work. Except for Landlord's Work, Landlord has made no agreement to make any improvements to the Premises, and Tenant accepts the same in AS IS condition. Any and all other work necessary or desirable for Tenant's use and occupancy of the Premises shall be Tenant's sole responsibility. Tenant acknowledges and agrees that Tenant at its sole cost shall be responsible for obtaining, delivering and installing in the Premises all necessary and desired furniture, telephone equipment, computer cabling, telephone cabling, telephone service, business equipment, art work and other similar items, and that Landlord shall have no responsibility whatsoever with regard thereto. Provided such access to the Premises does not interfere with Landlord's obligations under this lease. Tenant shall be allowed access to the Premises prior to the Commencement Date to install its equipment and furnishings and to perform such other related activity in the Premises preparatory to its occupancy, without the obligation of payment of Rent. Landlord shall use its reasonable efforts to accommodate Tenant's access to the Premises for such purposes, but in no event shall Tenant interfere, disrupt or delay with Landlord's obligations under this lease.

2.03 Safe. Tenant shall have the right to keep a fireproof safe in the Premises, provided such safe shall not be permanently affixed to the Premises and Tenant shall remove such safe upon expiration or termination of this Lease.

2.04 Parking. Subject to compliance with the Rules and Regulations, Tenant shall have the right to utilize up to forty (40) parking spaces in the Building parking lot in common with other tenants of the Building.

2.05 Nightingale Consent. As of the date hereof, the Premises are leased to Nightingale-Conant Co. ("Nightingale"). Landlord's obligations hereunder are conditioned upon Landlord and Nightingale executing a partial termination agreement of Nightingale's lease with respect to the Premises hereunder. If Landlord and Nightingale have not executed such partial termination agreement by March 31, 2003, then either party may terminate this Lease by written notice to the other given before execution of such partial termination agreement and thereafter neither party shall have any further obligation hereunder.

2.06 Temporary Space. If the Landlord's Work is not completed by July 15, 2004, then Tenant, at its option, may temporarily take occupancy of such then available suites in the Building as Landlord may identify and as may be reasonably acceptable to Tenant ("Temporary Premises"). All terms and conditions of this Lease shall apply to Tenant's occupancy of such Temporary Premises, except that during such temporary occupancy, rent otherwise due hereunder shall be adjusted in proportion to the square footage of the Temporary Premises, Tenant shall vacate and surrender the Temporary Premises (and repair any damage to such spaces caused by Tenant) within five business days after Landlord delivers possession of the Premises with Landlord's Work substantially complete.

EXHIBIT E

LANDLORD WORK 1. UP TO FOUR 12X12 OFFICES

2. UP TO THREE 12X16 OFFICES

3. ONE STORAGE ROOM, APPROXIMATELY 16X21

4. ONE LARGE CONFERENCE ROOM, 16X21

5. ONE CLEAN ROOM, 12X24. CLEAN ROOM INCLUDES DROPPED CEILING, SOLID FLOOR (I.E. NOT TILED). WINDOWS AROUND THE WALLS (NOT NECESSARILY OUTSIDE WINDOWS).

6. ONE LUNCH ROOM APPROX 16x20. LUNCHROOM MUST BE ADJACENT TO BATHROOM.

7. ONE BANK OF BATHROOMS. WOMEN'S TO HAVE TWO STALLS. MENS TO HAVE ONE URINALS AND ONE STALL. ANY UPGRADE TO BATHROOM SPECIFIC SHALL BE AT TENANTS EXPENSE.

8. THE FOLLOWING SHOULD HAVE DROPPED CEILINGS: CLEAN ROOM, KITCHEN, BATHROOMS. AND ANY OTHER ROOM LOCATED AGAINST BACK WALL OF OFFICE AREA. ALL DROPPED-CEILING ROOMS WILL BE NEXT TO ONE ANOTHER SO THAT THERE IS ONLY ONE DROPPED-CEILING AREA.

EXHIBIT F
EXCLUSIONS FROM EXPENSES

- i. Ground rental payments, interest and principal payments on mortgages, and other costs for borrowed funds, if any;
- ii. Depreciation charges;
- iii. Expenses incurred in leasing or procuring new tenants, such as real estate brokers' leasing commissions (including all renewal leasing commissions or compensation, fees of counsel, costs of maintaining a leasing office and advertising and promotional expenses with respect thereto;
- iv. To the extent covered by insurance, expenses for repairs or other work occasioned by: (a) fire, wind storm or other casualty, or (b) the exercise of the right of eminent domain, or (c) the negligence of Landlord;
- v. Court cost, fees of counsel and any other ancillary expenses incurred in connection with any other lease, license, or concession agreement;
- vi. Any amount payable by Landlord to any tenant by reason of Landlord's default in obligations to such tenant or as damages, reimbursement or indemnity to any person because of any act or omission of Landlord or its agents;
- vii. Renovating or otherwise improving or decorating, painting or redecorating any leaseable space in the Building other than ordinary maintenance supplied to all tenants equally and other than to common areas;
- viii. Landlord's cost of electricity or other utilities which are provided without cost to certain tenants of the Building and not supplied to all tenants of the Building or which are sold separately to tenants of the Building and for which Landlord is entitled to be reimbursed;
- ix. Costs due to violation by Landlord or its agent of the terms and conditions of any lease or debt instrument.
- x. Overhead and profit paid to Landlord or to subsidiaries or affiliates of Landlord for services on or to the Building to the extent that fees paid for such services exceed competitive costs of such services.
- xi. Any expense associated with the operation of Landlord's business entity or interest therein as distinguished from the cost and operation of the Building.
- xii. Compensation paid to clerks, attendants or other personnel in commercial concessions.

- xiii. Any cost or expense incurred in connection with the treatment, encapsulation or removal of currently existing asbestos, PCBs or other hazardous materials that are in violation of applicable law.
- xiv. Any expense for which Landlord is compensated by proceeds through insurance or warranties.
- xv. Any cost or expense incurred in connection with leasing or improving vacant space at the Project, and utilities consumed by such vacant space

FIRST AMENDMENT TO LEASE

TI-US FIRST AMENDMENT TO LEASE (this "Amendment"), is entered into as of June 10, 2004, by and between HOWARD COMMONS ASSOCIATES, L.L.C., a Delaware limited liability company, (hereinafter "Landlord" or "Lessor"), and HAEMOSCOPE CORPORATION, an Illinois corporation, (hereinafter "Tenant" or "Lessee").

RECITALS:

A. Landlord and Tenant are parties to that certain Industrial/Office Lease Agreement dated March 23, 2004, for the space known as Suites 6227 (the "Premises"), located in the building, (the "Building"), commonly known as Howard Commons, 6201 West Howard Street, Niles, Illinois.

B. Tenant and Landlord desire to modify' the Lease as herein provided.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Defined Terms; Conflicts. To the extent not otherwise defined or modified herein, all capitalized terms and capitalized phrases used in this Amendment shall have the respective meanings ascribed to them in the Lease. To the extent the terms and provisions of this Amendment conflict with the terms and provisions of the Lease and/or previous Amendments thereto, the terms and provisions of this Amendment shall control.

2. Amendment to the Lease. The Lease is hereby amended as follows:

A. The introductory paragraph of the Lease is amended as follows: The Term of the Lease shall be seven (7) years, commencing on the date Landlord delivers possession of the Premises with Landlord's Work substantially complete ("Commencement Date"), and expiring seven (7) years thereafter, except that if the Commencement Date does not occur on the first day of a month, then the Term shall expire 84 months after the last day of the calendar month in which the Commencement Date occurs.

B. Exhibit "B" to the Lease is deleted and replaced by Exhibit "B" attached hereto

C. Exhibit "E" to the Lease is deleted and replaced by Exhibit "E" attached hereto.

D. Tenant shall have the right to terminate this Lease effective on the last day of the 60th month after the month in which the Commencement Date occurs, by giving Landlord no less than six (6) months prior written notice thereof which notice shall be accompanied by a termination payment of \$37,000. In addition, Tenant shall have the right to terminate this Lease effective on the last day of the 72nd month after month in which the Commencement Date occurs, by giving Landlord no less than six (6) months prior written notice thereof which notice shall be accompanied by a termination payment of \$18,500. Tenant shall not have the right to exercise any such early termination option if Tenant is in default under this Lease, either on the date of exercise or effective date of termination.

E. Subsection 2.01(a) of Exhibit "D" is deleted and replaced by the following "Prior to the delivery of the Premises to Tenant, Landlord shall substantially complete the work described in Exhibit "E" (referred to as "Landlord's Work"), at Landlord's expense, except that Tenant shall pay Landlord as Tenant's contribution toward the cost of such work the sum of Fifty Thousand Dollars (\$50,000.00) upon execution of this Amendment and an additional Fifty Thousand Dollars (\$50,000.00) within 30.. days of commencement of Landlord's Work. Any changes to the Landlord's Work requested by Tenant shall be subject to Landlord approval, and if approved, Tenant shall pay the cost of such changes, and any delays resulting from such changes shall not operate to extend the Commencement Date. Except for acts of Tenant, Tenant shall not be responsible for any increases in the cost of Landlord's Work."

F. In Subsection 2.0 1(b) and Section 2.06 of Exhibit "D" delete "July 15, 2004" each place it appears and replace with "60 days after commencement of work". Landlord makes no warranties as to whether the 60 days delivery can be achieved, and shall not be obligated to use double shifts, overtime or other extraordinary measures to achieve such date. However, if Landlord is unable to complete Landlord's work by 60 days after commencement of work, Landlord will, subject to the requirements of Landlord's contractor and the Village of Niles, allow Tenant to occupy such portions of the Premises as Landlord's contractor may designate, provided, Tenant shall not interfere with or delay the completion of Landlord's Work and neither Landlord nor its contractor shall be responsible for any loss, damage or injury to person or property within the Premises during such construction; all such risk being assumed by Tenant. During such occupancy. all provisions of the Lease shall apply except that Base Rent shall not commence until the Commencement Date.

3. Confirmation. As modified hereby, the Lease remains in full force and effect,

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first-above written.

LANDLORD: HOWARD COMMONS ASSOCIATES, L.L.C.,
a Delaware limited liability company

By its manager
MCZ/Jameson, inc., an Illinois corporation

By [Graphic appears here]

James G. Haft, Vice-President

TENANT: HAEMOSCOPE CORPORATION
By [Graphic appears here]

EXHIBIT B

BASE RENT

| Lease Year/Period | Rentable Square Footage | Base Rent per. Rentable sq. ft. | Annual Base Rent | Monthly Base Rent |
|-------------------|-------------------------|---------------------------------|------------------|-------------------|
| Year 1 | 16,478 | 7.28 | \$120,000.00 | \$10,000.00 |
| Year 2 | 16,748 | 7.34 | \$123,000.00 | \$10,250.00 |
| Year 3 | 16,748 | 7.53 | \$126,075.00 | \$10,506.25 |
| Year 4 | 16,748 | 7.72 | \$129,226.88 | \$10,768.91 |
| Year 5 | 16,748 | 7.91 | \$132,457.55 | \$11,038.13 |
| Year 6 | 16,748 | 8.11 | \$135,768.99 | \$11,314.08 |
| Year 7 | 16,748 | 8.31 | \$139,163.21 | \$11,596.93 |

Base Rent shall abate for fifteen (15) days after the Commencement Date

For the above purposes, Year 1 commences on the Commencement Date and ends 12 months thereafter, except that if the Commencement Date does not occur on the first day of a month, then Year I shall end 12 months after the end of the calendar month in which the Commencement Date occurs. Each subsequent Year shall be a 12 month period.

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 5th day of June 2007 (the "Effective Date"), by and between CABOT II - ILL W02— W03, LLC, a Delaware limited liability company ("Landlord"), and HAEMOSCOPE CORPORATION, an Illinois corporation ("Tenant").

WHEREAS, Landlord's predecessor-in-interest, and Tenant entered into a certain industrial/Office Building Lease dated as of March 23, 2004, as amended by a certain First Amendment to Lease dated as of June 10, 2004 (as amended, the "Lease"), pursuant to which Tenant leases certain premises consisting of approximately 16,748 rentable square feet (Suite 6227) (the "Existing Premises") in the building commonly known as Howard Commons, 6201 West Howard Street, Niles, Illinois (the "Building");

WHEREAS, Tenant desires to lease an additional 3,680 rentable square feet in the Building (Suite 6225) as shown on Exhibit A attached hereto (the "Expansion Premises", which together with the Existing Premises shall be referred to as the "Premises"). and Landlord desires to lease the Expansion Premises to Tenant on the terms set forth herein;

WHEREAS, Landlord and Tenant desire to memorialize their understanding and modify the Lease consistent therewith;

NOW, THEREFORE, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Expansion Premises. As of July 1, 2007 (the "Expansion Commencement Date"), the Premises shall hereby be expanded to include the Expansion Premises. Tenant shall have the right to enter the Expansion Premises following the Effective Date of this Amendment and prior to the Expansion Commencement Date for the sole purpose of installing its furniture, fixtures and equipment, provided, however, that Tenant shall observe all of the terms and provisions of the Lease (other than the obligation to pay rent until the Expansion Commencement Date).

2. Base Rent. Commencing on the Expansion Commencement Date, Tenant hereby agrees to pay to Landlord monthly installments of Base Rent for the Premises on the first day of each month in advance, without offset, deduction or prior demand as follows:

| <u>Time Period</u> | <u>Annual Base Rent</u> | <u>Monthly Base Rent</u> |
|--------------------|-------------------------|--------------------------|
| 7.1.07 – 7.31.07 | \$153,822.84 | \$12,818.57 |
| 8.1.07 – 7.31.08 | \$157,704.16 | \$13,142.01 |
| 8.1.08 – 7.31.09 | \$161,585.48 | \$13,465.46 |
| 8.1.09 – 7.31.10 | \$165,671.08 | \$13,805.92 |
| 8.1.10 – 7.31.11 | \$169,756.68 | \$14,146.39 |

3. Tenant's Proportionate Share. Commencing on the Expansion Commencement Date, Tenant's Proportionate Share shall be 6.57%.

4. Security Deposit. Concurrently with the execution of this Amendment, Tenant is increasing the Security Deposit by \$3,142.01 for a total Security Deposit of \$13,142.01.

5. Tenant Improvements. In connection with this Amendment, Tenant is accepting the Expansion Premises, in "as is" condition, and Landlord shall have no obligation to perform any work or construction to the Premises, provided, however, that Landlord shall deliver the Expansion Premises "broom clean".

6. Brokers. Tenant represents and warrants that it has dealt with no broker, agent, or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provisions of this paragraph shall survive the termination of the Lease.

7. No Other Amendments. In all other respects, the terms and provisions of the Lease are ratified and reaffirmed hereby, are incorporated herein by this reference and shall be binding upon the parties to this Amendment.

8. Definitions. All capitalized terms used and not otherwise defined herein, shall have the meanings ascribed to them in the Lease.

9. Conflicts. Any inconsistencies or conflicts between the terms and provisions of the Lease and the terms and provisions of this Amendment shall be resolved in favor of the terms and provisions of this Amendment.

10. Execution. The submission of this Amendment shall not constitute an offer, and this Amendment shall not be effective and binding unless and until fully executed and delivered by each of the parties hereto. Tenant represents and warrants for itself that all requisite organizational action has been taken in connection with this transaction, and the individuals signing this Amendment on behalf of Tenant represent and warrant that they have been duly authorized to bind the Tenant by their signatures.

11. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Additionally, telecopied signatures may be used in place of original signatures on this Amendment. Landlord and Tenant intend to be bound by the signatures on the telecopied document, are aware that the other party will rely on the telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Amendment based on the form of signature.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be duly executed, under seal, in multiple copies each to be considered an original hereof, as of the day and year first above written.

LANDLORD:

CABOT II— IL1 W02-W03, LLC,

By: Cabot Industrial Value Fund II Operating Partnership. L.P.

By: Graphic appears here

Name: Stephen P. vallarelli
Title: Senior Vice President

TENANT:

HAEMOSCOPE CORPORATION

By: Graphic appears here

Name: Margalit Tocher
Title: Chief Operating Officer

EXHIBIT A

EXPANSION PREMISES

Graphic appears here

FAX

Date: **March 7, 2006**

Number of pages including cover sheet: **4**

To:

Michael Lee

Ph. 312-207-6514

Fax 312-207-6400

CC:

From:

Deborah Weishaar

For Margalit Tocher

Ph. 847-588-.453/800-438-2834

Fax 847-588-0455

REMARKS

È

Urgent

È

For your review

È

Reply ASAP

È

Please comment

ACTIVITY REPORT

TIME : 03/07/2006 15:12

| DATE | TIME | FAX NO./NAME | DURATION | PAGE (S) | RESULT | COMMENT |
|-------|-------|--------------|----------|----------|--------|---------|
| 03/06 | 15:40 | 6308983166 | 40 | 1 | OK | RX ECM |
| 03/06 | 16:27 | 866-216-5303 | 55 | 1 | OK | RX ECM |
| 03/06 | 17:30 | 18176565305 | 03:02 | 9 | OK | TX |
| 03/06 | 18:33 | 206 598 6159 | 01:36 | 3 | OK | RX ECM |
| 03/06 | 19:32 | | 01:25 | 1 | OK | RX ECM |
| 03/06 | 19:35 | | 01:37 | 0 | NG | RX |
| 03/06 | 23:14 | 6567858005 | 01:26 | 1 | OK | RX |
| 03/07 | 09:33 | 847 671 5950 | 36 | 1 | OK | RX ECM |
| 03/07 | 09:38 | 18476715950 | 28 | 1 | OK | TX ECM |
| 03/07 | 09:40 | 5173464796 | 38 | 1 | OK | RX ECM |
| 03/07 | 09:41 | 5173464796 | 39 | 1 | OK | RX ECM |
| 03/07 | 09:49 | BHCS F | 01:16 | 2 | OK | RX |
| 03/07 | 10:06 | 116567858005 | 52 | 2 | OK | TX ECM |
| 03/07 | 10:33 | | 01:16 | 4 | OK | RX ECM |
| 03/07 | 10:51 | | 07:29 | 6 | OK | RX |
| 03/07 | 11:21 | LAWSONFAXSVR | 01:50 | 3 | OK | TX |
| 03/07 | 11:55 | +3042432971 | 39 | 2 | OK | RX ECM |
| 03/07 | 12:18 | 5083348021 | 02:02 | 6 | OK | RX ECM |
| 03/07 | 12:30 | | 46 | 1 | OK | RX ECM |
| 03/07 | 12:37 | 15083348021 | 38 | 2 | OK | TX ECM |
| 03/07 | 12:38 | 18176565305 | 50 | 2 | OK | TX |
| 03/07 | 12:40 | | 48 | 2 | OK | RX |
| 03/07 | 12:52 | 913 588 7239 | 01:39 | 4 | OK | RX ECM |
| 03/07 | 13:17 | 0 | 01:21 | 2 | OK | RX ECM |
| 03/07 | 13:30 | | 01:14 | 1 | OK | RX ECM |
| 03/07 | 13:32 | LAWSONFAXSVR | 01:51 | 3 | OK | RX |
| 03/07 | 13:54 | | 02:12 | 2 | OK | RX ECM |
| 03/07 | 14:23 | 13122076400 | 01:42 | 4 | OK | TX |
| 03/07 | 14:57 | S H C | 01:17 | 2 | OK | RX |
| 03/07 | 15:03 | 17082838607 | 07:04 | 15 | OK | TX ECM |

BUSY: BUSY/NO RESPONSE
 NG : POOR LINE CONDITION
 CV : COVERPAGE
 CA :CALL BACK MSG
 POL : POLLING
 RET : RETRIEVAL

TRANSMISSION VERIFICATION REPORT

TIME: 08/28/2007 11:21

| | |
|----------------|-----------------|
| DATE, TIME | 08/28 11:19 |
| FAX NO. / NAME | 18475100453 |
| PAGE (S) | 00:01:45 |
| | 5 |
| RESULT | OK |
| MODE | STANDARD ECM |

THIRD AMENDMENT TO AND ASSIGNMENT OF LEASE

THIS THIRD AMENDMENT TO AND ASSIGNMENT OF LEASE (this "Amendment") is made and entered into as of the 19th day of November, 2007 (the "Effective Date"), by and among CABOT II - ILI W02-W03, LLC, a Delaware limited liability company ("Landlord"), HAEMOSCOPE CORPORATION, a Delaware corporation ("Original Tenant"), and HURON ACQUISITION CORPORATION ("New Tenant");

WHEREAS, Landlord's predecessor-in-interest, and Original Tenant entered into a certain industrial/Office Building Lease dated as of March 23, 2004, as amended by a certain First Amendment to Lease dated as of June 10, 2004, as further amended by a certain Second Amendment to Lease dated as of June 5, 2007 (as amended, the "Lease"), pursuant to which Original Tenant leases certain premises consisting of approximately 20,428 rentable square feet (the "Existing Premises") in the building commonly known as Howard Commons, 6201 West Howard Street, Niles, Illinois (the "Building");

WHEREAS, Original Tenant desires to assign the Lease to New Tenant and New Tenant desires to assume the Lease (the "Lease Assignment");

WHEREAS, in connection with the Lease Assignment, the Existing Premises shall be reduced by 3,680 rentable square feet so that 16,748 rentable square feet shall be subject to the Lease;

WHEREAS, Landlord, Original Tenant and New Tenant desire to memorialize their understanding and modify the Lease consistent therewith;

NOW, THEREFORE, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landlord, Original Tenant and New Tenant hereby agree as follows:

1. Assignment and Assumption. As of the Effective Date, Original Tenant hereby assigns to New Tenant all of its right, title and interest to the Lease and New Tenant hereby assumes all of Original Tenant's right, title and interest to the Lease. From and after the Effective Date, the "Tenant" under the Lease shall mean New Tenant.

2. New Tenant Premises. As of the Effective Date, the Existing Premises shall be reduced by 3,680 rentable square feet. From and after the Effective Date, the "Premises" under the Lease shall mean Suite 6231 (formerly known as Suite 6227) containing approximately 16,748 rentable square feet as shown on Exhibit A attached hereto.

3. Base Rent. Commencing on the Effective Date, Tenant hereby agrees to pay to Landlord monthly installments of Base Rent for the Premises on the first day of each month in advance, without offset, deduction or prior demand as follows:

| <u>Time Period</u> | <u>Annual Base Rent</u> | <u>Monthly Base Rent</u> |
|--------------------------|-------------------------|--------------------------|
| Effective Date – 7/31/08 | \$129,294.56 | \$10,774.55 |
| 8/1/08 – 7/31/09 | \$132,476.68 | \$11,039.72 |
| 8/1/09 – 7/31/10 | \$135,826.28 | \$11,318.86 |
| 8/1/10 – 7/31/11 | \$139,175.88 | \$11,597.99 |

4. Tenant's Proportionate Share. Commencing on the Effective Date, Tenant's Proportionate Share shall, be 5.38% and the Rentable Area of the Building shall equal 311,103 square feet.

5. Security Deposit. The Security Deposit of \$13,142.01 under the Lease shall be applied by Landlord as the security deposit under that certain Industrial Office/Building Lease to be entered into between Landlord and Original Tenant as of the date hereof. Within ten (10) business days of the Effective Date, Tenant shall deposit with Landlord the sum of \$10,774.55 which shall constitute the "Security Deposit" under the Lease from and after the Effective Date.

6. Effect of Assignment. The Lease Assignment shall not release or discharge Original Tenant from any past liability under the Lease. Original Tenant acknowledges and agrees that Landlord shall have the right to pursue Original Tenant for any failure of payment or performance of any covenant or obligation of Original Tenant under the Lease which occurred prior to the Effective Date.

7. Guaranty. As a condition to this Amendment being executed by Landlord, Haemonetics Corporation is concurrently herewith executing a Guaranty of Lease which guaranties Tenant's obligations under this Lease.

8. Tenant Improvements. In connection with this Amendment, Tenant is accepting the Premises in "as is" condition and Landlord shall have no obligation to perform any work or construction to the Premises.

9. Brokers. Each of Original Tenant and Tenant represents and warrants that it has dealt with no broker, agent, or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Original Tenant and Tenant each agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Original Tenant or Tenant, respectively, with regard to this leasing transaction. The provisions of this paragraph shall survive the termination of the Lease.

10. No Other Amendments. In all other respects, the terms and provisions of the Lease are ratified and reaffirmed hereby, are incorporated herein by this reference and shall be binding upon the parties to this Amendment.

11. Definitions. All capitalized terms used and not otherwise defined herein, shall have the meanings ascribed to them in the Lease.

12. Conflicts. Any inconsistencies or conflicts between the terms and provisions of the Lease and the terms and provisions of this Amendment shall be resolved in favor of the terms and provisions of this Amendment.

13. Execution. The submission of this Amendment shall not constitute an offer, and this Amendment shall not be effective and binding unless and until fully executed and delivered by each of the parties hereto. Each of Original Tenant and Tenant represents and warrants for itself that all requisite organizational action has been taken in connection with this transaction, and the individuals signing this Amendment on behalf of Original Tenant and Tenant represent and warrant that they have been duly authorized to bind the Original Tenant and Tenant, respectively, by their signatures.

14. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Additionally, telecopied signatures may be used in place of original signatures on this Amendment. Original Tenant, Landlord and Tenant intend to be bound by the signatures on the telecopied document, are aware that the other party will rely on the telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Amendment based on the form of signature.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, Landlord, Original Tenant and Tenant have caused this Amendment to be duly executed, under seal, in multiple copies, each to be considered an original hereof, as of the day and year first above written.

LANDLORD:

CABOT II – ILIW02-W03, LLC,

By: Cabot Industrial Value Fund II Operating Partnership, LP.

By: [GRAPHIC APPEARS HERE]

Name: [GRAPHIC APPEARS HERE]

Title: [GRAPHIC APPEARS HERE]

ORIGINAL TENANT:

HAEMOSCOPE CORPORATION

By: [GRAPHIC APPEARS HERE]

Name: [GRAPHIC APPEARS HERE]

Title: [GRAPHIC APPEARS HERE]

TENANT:

HURON ACQUISITION CORPORATION

By: [GRAPHIC APPEARS HERE]

Name: [GRAPHIC APPEARS HERE]

Title: [GRAPHIC APPEARS HERE]

EXHIBIT A

PREMISES

[GRAPHIC APPEARS HERE]

FOURTH AMENDMENT TO AND ASSIGNMENT OF LEASE

THIS FOURTH AMENDMENT TO AND ASSIGNMENT OF LEASE (this "Amendment") is made and entered into as of the 22nd day of December, 2010 (the "Effective Date"), by and among CABOT II - IL1W02—W03, LLC, a Delaware limited liability company ("Landlord"), HAEMOSCOPE CORPORATION, a Massachusetts corporation ("Existing Tenant"), and HAEMONETICS CORPORATION, a Massachusetts corporation ("New Tenant" or "Tenant").

WITNESSETH:

WHEREAS, Landlord's predecessor-in-interest, and Haemoscope Corporation, an Illinois corporation ("Original Tenant"), entered into a certain Industrial/Office Building Lease dated as of March 23, 2004, as amended by a certain First Amendment to Lease dated as of June 10, 2004 (the "First Amendment"), as further amended by a certain Second Amendment to Lease dated as of June 5, 2007, and as further amended by a certain Third Amendment to and Assignment of Lease (the "Third Amendment") dated as of November 19, 2007 (as amended, the "Lease"), pursuant to which Existing Tenant leases certain premises consisting of approximately 16,748 rentable square feet (the "Premises") in the building commonly known as Howard *Commons*, 6201 West Howard Street, Niles, Illinois (the "Building"); and

WHEREAS, pursuant to letter dated March 23, 2006, Landlord consented to the assignment of the Lease from Original Tenant to Haemoscope, Inc. [Corporation], a Delaware corporation ("HC"), in connection with the merger of Original Tenant into HC (with HC as the surviving entity). Further, as described in the Third Amendment, Landlord further consented to assignment of the Lease from HC to Huron Acquisition Corporation, a Massachusetts corporation. By Articles of Amendment filed with the Massachusetts Secretary of State on November 21, 2007, Huron Acquisition Corporation changed its name to Haemoscope Corporation, a Massachusetts corporation, which entity is currently the "Tenant"; and

WHEREAS, Existing Tenant desires to assign the Lease to New Tenant and New Tenant desires to assume the Lease (the "Lease Assignment");

WHEREAS, Landlord and Tenant have agreed to extend the Term of the Lease for a period of one (1) year, pursuant to the terms hereof; and

WHEREAS, Landlord, Existing Tenant, and Tenant desire to memorialize their understanding and modify the Lease consistent therewith.

NOW, THEREFORE, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landlord, Existing Tenant, and Tenant hereby agree as follows:

1. Assignment and Assumption. As of the Effective Date, Existing Tenant hereby assigns to New Tenant all of its right, title and interest to the Lease, and New Tenant hereby assumes all of Original Tenant's right, title and interest to the Lease. From and after the

Effective Date, the "Tenant" under the Lease shall mean New Tenant, with a principal place of business at 400 Wood Road, Braintree, Massachusetts 02184", which address shall be Tenant's address for purposes of providing notices under the Lease.

2. Term. (a) Notwithstanding anything to the contrary contained in the Lease, the Term of the Lease will expire on July 31, 2012.

(b) The Lease is amended by deleting in its entirety without replacement Paragraph 2(D) of the First Amendment.

(c) The Lease is amended by adding the following as a new Section 2.07 to Exhibit D, First Addendum to the Lease:

"2.07 Extension Term. Provided Tenant is not in monetary default under this Lease, and Tenant is not otherwise in default hereunder beyond any applicable notice and cure period at the time an option may be exercised and at the time the Extension Option (as defined below) commences, Landlord grants to Tenant one option (the "Extension Option") to extend this Lease with respect to all of the Premises for one additional period of one (1) year (the "Extension Period"). The Extension Option may be exercised by Tenant delivering written notice (the "Extension Notice") to Landlord at least six (6) months prior to the expiration of the Lease Term (i.e., no later than January 31, 2012). In the event that Tenant fails timely to give such notice to Landlord, this Lease shall automatically terminate at the end of the Lease Term, and Tenant shall have no option to extend the Lease Term. Time is of the essence in the exercise of the Extension Option.

The rate of Base Rent (the "Extension Rental Rate") for the Extension Period shall be equal to one hundred percent of the then current market rental rate at the Building charged by Landlord, taking into account all relevant factors. Not later than thirty (30) days following Landlord's receipt of the Extension Notice, Landlord shall provide Tenant with Landlord's good faith estimate ("Landlord's FMV Notice") of such Extension Rental Rate. Tenant shall have fifteen (15) days from its receipt of Landlord's FMV Notice to notify Landlord whether Tenant accepts or rejects Landlord's determination of the Extension Rental Rate. If Tenant is unwilling to accept Landlord's determination of the Extension Rental Rate as set forth in Landlord's FMV Notice, and if the parties are unable to reach agreement thereon within thirty (30) days after the delivery of Tenant's notice to Landlord rejecting such rental determination, then the Extension Option shall lapse, the Lease shall automatically terminate at the end of the Term and Tenant shall have no further option to extend the term of this Lease.

Landlord and Tenant shall execute an amendment to this Lease within thirty (30) days after the determination of the Extension Rental Rate, which amendment shall set forth the extended Lease Term and the Extension Rental Rate. Except for the change in the rate of Rent, the Extension Period shall be subject to all of the terms and conditions of this Lease and the Premises shall be delivered in their then "as is" condition at the time the Extension Period commences.

Neither any option granted to Tenant in this Lease or in any collateral instrument to renew or extend the Lease Term, nor the exercise of any such option by Tenant, shall prevent Landlord

from exercising any option or right granted or reserved to Landlord in this Lease or in any collateral instrument or that Landlord may otherwise have, to terminate this Lease or any renewal or extension of the Lease Term either during the original Lease Term or during the renewed or extended Term. Any renewal or extension right granted to Tenant shall be personal to Tenant and may not be exercised by any assignee, subtenant or legal representative of Tenant. Any termination of this Lease shall serve to terminate any such renewal or extension of the Lease Term, whether or not Tenant shall have exercised any option to renew or extend the Lease Term. No option granted to Tenant to renew or extend the Lease Term shall be deemed to give Tenant any further option to renew or extend.”

3. Base Rent. The Lease is amended by deleting the last line of the Base Rent schedule added to the Lease by paragraph 3 of the Third Amendment and replacing such line as follows (such Base Rent to continue to be paid to Landlord in monthly installments on the first day of each month in advance, without offset, deduction or prior demand, and as otherwise set forth in the Lease):

| <u>Time Period</u> | <u>Annual Base Rent</u> | <u>Monthly Base Rent</u> |
|--------------------|-------------------------|--------------------------|
| 8/1/10 —2/28/11 | \$139,175.88 | \$11,597.99 |
| 3/1/2011 | \$142,358.00 | \$11,863.17” |

4. Base Year. Notwithstanding the provisions of the Lease to the contrary, effective as of March 1, 2011, “Base Amount Taxes” shall be an amount equal to Tenant’s Proportionate Share of Taxes for the 2011 calendar year, and “Base Amount Expenses” shall be an amount equal to Tenant’s Proportionate Share of Expenses for the 2011 calendar year. Commencing on March 1, 2011, Tenant’s payment of Additional Rent shall be computed based on the Base Amount Taxes and Base Amount Expenses described in this Fourth Amendment.

5. Heating and Air Conditioning. Tenant acknowledges and agrees that since the commencement of the Term, the HVAC serving the Premises has been, is, and will continue to be controlled by Tenant and separately metered. All utility bills of any type related to the such Premises HVAC system shall be paid for by Tenant pursuant to Section 5 of the Lease.

6. Brokers. Tenant represents and warrants that it has dealt with no broker, agent, or other person in connection with this transaction, other than Colliers International and Studley, Inc. (collectively, the “Broker”), and that no other broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. Landlord shall be solely responsible for any commissions or fees due the aforementioned Brokers in connection with this Amendment. The provisions of this paragraph shall survive the termination of the Lease.

7. No Other Amendments. In all other respects, the terms and provisions of the Lease are ratified and reaffirmed hereby, are incorporated herein by this reference and shall be binding upon the parties to this Amendment.

8. Definitions. All capitalized terms used and not otherwise defined herein, shall have the meanings ascribed to them in the Lease.

9. Conflicts. Any inconsistencies or conflicts between the terms and provisions of the Lease and the terms and provisions of this Amendment shall be resolved in favor of the terms and provisions of this Amendment.

10. Execution. The submission of this Amendment shall not constitute an offer, and this Amendment shall not be effective and binding unless and until fully executed and delivered by each of the parties hereto. Tenant represents and warrants for itself that all requisite organizational action has been taken in connection with this transaction, and the individual signing this Amendment on behalf of Tenant represents and warrants that he/she has been duly authorized to bind the Tenant by his/her signature.

11. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Additionally, telecopied

or e-mailed signatures may be used in place of original signatures on this Amendment. Tenant and Landlord intend to be bound by the signatures on the telecopied or e-mailed document, are aware that the other party will rely on the telecopied or e-mailed signatures, and hereby waive any defenses to the enforcement of the terms of this Amendment based on the form of signature.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be duly executed, under seal, in multiple copies, each to be considered an original hereof, as of the day and year first above written.

LANDLORD:

CABOT II- ILIWO2-W03, LLC

By: Cabot Industrial Value Fund II Operating Partnership, L.P.

By: _____ [Graphic appears here] _____

Name: Stephen P. Vallarell

Title: Senior Vice President

EXISTING TENANT:

HAEMOSCOPE CORPORATION, a Massachusetts corporation

By: _____ [Graphic appears here] _____

Name: Christopher Lindop

Title: President

NEW TENANT:

HAEMONETICS CORPORATION, a Massachusetts corporation

By: _____ [Graphic appears here] _____

Name: Christopher Lindop

Title: CFO

FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE (this "Amendment") is entered into as of the 24 day of July, 2012, by and between CABOT II — IL1W02 —W03, LLC, a Delaware limited liability company ("Landlord") and HAEMONETICS CORPORATION, a Massachusetts corporation ("Tenant").

WHEREAS, Landlord, as a successor-in-interest to Howard Commons Associates, L.L.C., a Delaware limited liability company, and Tenant, as a successor-in-interest to Haemoscope Corporation, an Illinois corporation, are parties to that certain Industrial/Office Building Lease dated as of March 23, 2004 (the "Lease Agreement") covering certain space in the building known as Howard Commons and located at 6201-6295 West Howard Street, Niles, Illinois 60714 (the "Building"), as more particularly described therein;

WHEREAS the Lease Agreement has been previously amended by that certain First Amendment to Lease dated as of June 10, 2004, that certain Second Amendment to Lease dated as of June 5, 2007, that certain Third Amendment to and Assignment of Lease dated as of November 19, 2007, and that certain Fourth Amendment to and Assignment of Lease (the "Fourth Amendment") dated as of December 22, 2010 (the Lease Agreement, as amended, the "Lease") whereby Tenant currently leases from Landlord approximately 16,748 rentable square feet of space known as Suite 6231 (the "Premises") in the Building;

WHEREAS, Landlord is the current owner of the Building and is the landlord under the Lease;

WHEREAS, the Term of the Lease is currently scheduled to expire on July 31, 2012, and Tenant desires to extend the Term for a period of twelve (12) months to expire on July 31, 2013;

WHEREAS, subject to the terms and conditions set forth below, Landlord has agreed to extend the Term for a period of twelve (12) months to expire on July 31, 2013; and

WHEREAS, Landlord and Tenant desire to amend the Lease to reflect their agreements as to the terms and conditions governing the extension of the Term.

NOW, THEREFORE, in consideration of the premises and the mutual covenants between the parties herein contained, Landlord and Tenant agree as follows:

1. Term. The Term of the Lease is hereby extended for a period of twelve (12) months to expire on July 31, 2013, unless sooner terminated in accordance with the terms of the Lease.
2. Base Rent. From and after the date hereof and continuing through July 31, 2012, Tenant shall continue to pay Base Rent in accordance with the terms of the Lease. Commencing August 1, 2012 and continuing through July 31, 2013, Tenant shall pay Base Rent for the Premises in the amount of \$13,258.83 per month. All such Base Rent shall be payable in accordance with the terms of the Lease.

3. Additional Rent. Tenant shall continue to pay Additional Rent in accordance with the terms of the Lease; provided that, effective as of August 1, 2012, the "Base Amount Taxes" shall be amended to mean an amount equal to Tenant's Proportionate Share of Taxes for the 2012 calendar year, and the "Base Amount Expenses" shall be amended to mean an amount equal to Tenant's Proportionate Share of Expenses for the 2012 calendar year. In connection with the updating of the base year, all caps on Expenses previously provided under the Lease are hereby deleted.
4. Utilities. Tenant shall continue to pay for all utilities provided to the Premises and for Tenant's insurance premiums in accordance with the terms of the Lease.
5. Acceptance of the Premises. Tenant acknowledges that it currently occupies the Premises and hereby accepts the Premises and the Project in "as is" condition. Landlord shall not be required to perform any leasehold improvements or provide any improvement allowance in connection with this Amendment.
6. Landlord's Addresses. Landlord's addresses for notices under the Lease are hereby amended in their entireties to the following:

CABOT II — IL1W02—W03, LLC
c/o Cabot Properties
One Beacon Street, Suite 1700
Boston, Massachusetts 02108
Attn: Asset Management

Payments of Rent only shall be made payable to the order of Landlord at the following address:

Cabot Industrial Value Fund II Operating Partnership, L.P.
Lockbox # 774066
4066 Solutions Center
Chicago, IL 60677-4000

or such other name and address as Landlord shall, from time to time, designate.

7. Expansion Option.

(a) At any time prior to October 31, 2012, Tenant shall have the option (the "Expansion Option") to lease the approximately 5,366 rentable square feet of space in the Building currently known as Suite 6233 (the "Expansion Space") in its entirety by providing Landlord written notice (the "Expansion Notice") from Tenant of the exercise of its Expansion Option, if:

(i) Tenant is not in default under the Lease, as amended hereby, beyond any applicable cure periods at the time that Landlord receives the Expansion Notice; and

(ii) No part of the Premises is sublet at the time Landlord receives the Expansion Notice; and

(iii) The Lease has not been assigned prior to the date that Landlord receives the Expansion Notice.

(b) If Tenant is entitled to and properly exercises its Expansion Option, Tenant shall pay Base Rent for the Expansion Space in the amount of \$4,248.08 per month. All such Base Rent shall be payable in accordance with the terms of the Lease, as amended hereby. Tenant shall pay Additional Rent and other sums for the Expansion Space in accordance with the terms of the Lease.

(c) The Expansion Space (including improvements and personalty, if any) shall be accepted by Tenant in its "as-built" condition and configuration existing on the earlier of the date Tenant takes possession of the Expansion Space or as of the date the term for the Expansion Space commences. The term for the Expansion Space shall commence on the date Landlord delivers possession of the Expansion Space to Tenant, and shall end, unless sooner terminated pursuant to the terms of the Lease, on the expiration of the Term of the Lease, as extended hereby, it being the intention of the parties hereto that the term for the Expansion Space and the Term for the current Premises shall be coterminous. The Expansion Space shall be considered a part of the Premises, subject to all the terms and conditions of the Lease, except that no allowances, credits, abatements or other concessions (if any) set forth in the Lease for the current Premises shall apply to the Expansion Space.

(d) If Tenant is entitled to and properly exercises the Expansion Option, Landlord and Tenant shall enter into an amendment (the "Expansion Amendment") to reflect the commencement date of the term for the Expansion Space and the changes in Base Rent, square footage of the Premises, Tenant's Proportionate Share, and other appropriate terms; provided that an otherwise valid exercise of the Expansion Option shall be fully effective whether or not the Expansion Amendment is executed. The Expansion Option granted herein shall terminate upon November 1, 2012 and if Tenant fails to timely deliver the Expansion Notice, Tenant's exercise of the Expansion Option shall be of no force or effect, time being of the essence in delivery of the Expansion Notice.

(e) Notwithstanding anything herein to the contrary, Tenant's Expansion Option is subject and subordinate to (i) the renewal or extension rights of any tenant leasing all or any portion of the Expansion Space, and (ii) the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of any tenant of the Building existing on the date hereof.

8. Renewal. Section 2.07 to Exhibit D. First Addendum to the Lease Agreement, as added by Section 2(c) of the Fourth Amendment, is hereby deleted, and Tenant shall have no further right or option to extend or renew the Term.

9. Insurance. The commercial general liability insurance policies required to be carried by Tenant under the Lease shall name Landlord, its property manager, any mortgagee, Cabot

Industrial Value Fund II Operating Partnership, L.P., Cabot Properties, Inc., and such other parties as Landlord may designate, as additional insureds.

10. Brokers. Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment other than Colliers International (“Landlord’s Broker”) and Studley, Inc. (“Tenant’s Broker”), and that it knows of no other real estate brokers or agents who are or might be entitled to a commission in connection with this Amendment. Landlord agrees to pay a commission to Landlord’s Broker and Tenant’s Broker in connection with this Amendment pursuant to separate written agreements between Landlord and such brokers. Tenant agrees to indemnify and hold harmless Landlord from and against any liability or claim arising in respect to any brokers or agents other than Tenant’s Broker claiming a commission by, through, or under Tenant in connection with this Amendment.

11. Estoppel. Tenant hereby represents, warrants and agrees that: (a) there exists no breach, default or event of default by Landlord under the Lease, or any event or condition which, with the giving of notice or passage of time or both, would constitute a breach, default or event of default by Landlord under the Lease; (b) the Lease continues to be a legal, valid and binding agreement and obligation of Tenant; and (c) Tenant has no current offset or defense to its performance or obligations under the Lease.

12. Authority. Tenant and each person signing this Amendment on behalf of Tenant represents to Landlord as follows: (i) Tenant is duly formed and validly existing under the laws of the Commonwealth of Massachusetts, (ii) Tenant has and is qualified to do business in Illinois, (iii) Tenant has the full right and authority to enter into this Amendment, and (iv) each person signing on behalf of Tenant was and continues to be authorized to do so.

13. Defined Terms. All defined terms used but not otherwise defined herein shall have the same meaning assigned to them in the Lease.

14. Ratification of Lease. Except as amended hereby, the Lease shall remain in full force and effect in accordance with its terms and is hereby ratified. In the event of a conflict between the Lease and this Amendment, this Amendment shall control. In no event shall Landlord be liable for any consequential, special, or punitive damages as a result of any breach of or default under the Lease, as amended hereby, by Landlord.

15. No Representations. Landlord and Landlord’s agents have made no representations or promises, express or implied, in connection with this Amendment except as expressly set forth herein and Tenant has not relied on any representations except as expressly set forth herein.

16. Entire Agreement. This Amendment, together with the Lease, contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Amendment or the Lease, and no prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose.

17. Section Headings. The section headings contained in this Amendment are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several sections hereof.

18. Successors and Assigns. The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

19. Severability. A determination that any provision of this Amendment is unenforceable or invalid shall not affect the enforceability or validity of any other provision hereof and any determination that the application of any provision of this Amendment to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

20. Governing Law. This Amendment shall be governed by the laws of the State of Illinois.

21. Submission of Amendment Not Offer. The submission by Landlord to Tenant of this Amendment for Tenant's consideration shall have no binding force or effect, shall not constitute an option, and shall not confer any rights upon Tenant or impose any obligations upon Landlord irrespective of any reliance thereon, change of position or partial performance. This Amendment is effective and binding on Landlord only upon the execution and delivery of this Amendment by Landlord and Tenant.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

LANDLORD:

CABOT II- IL1W02—W03, LLC, a
Delaware limited liability company

By: Cabot Industrial Value Fund II Operating
Partnership, L.P., a Delaware limited partnership,
its sole member

By:[Graphic appears here]

Name: Bradford M. Otis
Title: Vice President

TENANT:

HAEMONETICS CORPORATION,
a Massachusetts corporation

By: :[Graphic appears here]

Name: [Graphic appears here]

Title :[Graphic appears here]

LEASE AGREEMENT ENTERED INTO BY AND BETWEEN MRS. BLANCA ESTELA COLUNGA SANTELICES, BY HER OWN RIGHT, HEREINAFTER REFERRED TO AS "COLUNGA", AND PALL LIFE SCIENCES MEXICO, S. DE R.L. DE C.V., REPRESENTED HEREIN BY MR. LEOBARDO TENORIO MALOF, AS ITS ATTORNEY-IN-FACT, HEREINAFTER REFERRED TO AS "PALL", ACCORDING TO THE FOLLOWING RECITALS AND CLAUSES.

RECITALS

I. COLUNGA STATES:

- A) That she acquired being married under separate property regime, and she is the title holder of plot number 7, block 930 of Parque Industrial El Florido, Seccion Colinas, in Tijuana, Baja California, with a surface area of 11,092.22 square meters, as established in public deed number 40,888, issued by Mr. Ricardo del Monte Nunez, Notary Public No. 8, in and for this city, duly registered in the Public Registry of Property and Commerce, of the city of Tijuana, B.C., under file number 5203904, Civil Section, on January 12, 2001.
- B) That in the aforementioned plot, she built, on her own account, a building for light industrial manufacturing and warehousing, with a surface area of 62,000.00 square feet, same that has a production and/or warehousing area, offices, snack bar, men and woman's rest rooms and 52 (fifty two) parking spaces. The address of said real property is that located at Calle Colinas No. 11730, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C. 22680.
- C) That it is her wish to give in lease, the lot and the construction which is referred to in paragraphs A) and B) of these recitals, hereinafter referred as the LEASED PREMISES. The LEASED PREMISES are described in the plot plan attached hereto as **Exhibit 1.**
- D) That the LEASED PREMISES shall be destined for the industrial use needed by PALL, by this, the light manufacturing and warehousing of products. The LEASED PREMISES has within its boundaries the infrastructure services of water, sewage, electric energy and telephone.

II. PALL THROUGH ITS LEGAL REPRESENTATIVE STATES:

- A) That he/she has the necessary faculties to execute the present agreement on behalf of PALL.
- B) That it is a corporation legally incorporated according to the laws of the Mexican Republic, with the legal capacity to execute this Agreement, as established in Public Instrument Number 20,262, dated October 25, 2006, executed before Mr. Juan Jose Thomas Moreno, Notary Public Numer 7 for the State of Baja California, same that is duly recorded in the Public Registry of Property and Commerce of Tijuana, B.C.
- C) That it is PALL's best interests to formalize this Agreement.
- D) That he/she has inspected the LEASED PREMISES on behalf of PALL, and is interested in leasing said premises under the terms of this agreement.

III. THE PARTIES STATE:

- A) That in the execution of this agreement there has been no error, violence or bath faith between them and that they have sufficient faculties, same that have not been revoked, diminished or limited in any way.

CLAUSES

FIRST. SUBJECT MATTER

Under the terms and conditions of the present agreement, by this means, COLUNGA leases to PALL, the LEASED PREMISES referred to in paragraph A) and B) of Recital I) of this agreement, and PALL hereby receives the LEASED PREMISES to its satisfaction, having carried out an inspection of the LEASED PREMISES.

SECOND. TERM AND DELIVERY OF LEASED PREMISES

COLUNGA shall deliver the LEASED PREMISES to PALL for Beneficial Occupancy (as defined below) no later than December 3, 2007. The parties agree that the rent described in Clause Third below shall not be due and payable during Beneficial Occupancy of the LEASED PREMISES. The initial term of this Agreement, same that is strictly binding on both parties, begins on January 1st, 2008, and will conclude on December 31, 2012.

Beneficial Occupancy shall mean the period commencing no later than December 3, 2007 and ending on December 31, 2007, in which PALL will receive possession of the LEASED PREMISES without obligation to pay rent; however, all other obligations of PALL and COLUNGA hereunder shall be in full force and effect during Beneficial Occupancy and PALL will be responsible for the LEASED PREMISES under the terms and conditions hereof.

PALL has the option to extend the term of this Lease Agreement for 2 (two) additional period of 5 (five) binding years each. In the event that PALL decides to execute its extension rights, it must deliver a written notice to COLUNGA, with at least 180 (one hundred and eighty) natural days prior to the termination of the corresponding term. Otherwise, the Lease Agreement will automatically expire at the term agreed and PALL must return the LEASED PREMISES without any previous requirement.

In the event that PALL does not execute its extension correctly once this lease agreement has expired, and that it does not evict the LEASED PREMISES, the parties must observe Clause Twelfth, first paragraph of this agreement. The fact that PALL does not vacate the LEASED PREMISES or that the payment of the rents are received in account, will not constitute novation, extension or implied continuation of this Agreement. Therefore, COLUNGA maintains in every moment the right and action to force PALL to evict the LEASED PREMISES immediately following the end of the relevant term.

THIRD. RENT

Both parties agree and set forth the price for the Lease, the monthly rent in the amount of \$27,280.00 (twenty seven thousand two hundred eighty dollars 00/100) legal currency of the United States of America, or in its equivalent in Mexican legal

currency, at the exchange rate published by the Bank of Mexico in the Federal Official Gazette of the date of effective payment, plus the Value Added Tax.

The parties agree that after the thirteenth month of the lease, and until the termination of same, the monthly rent shall be raised, every year, in 3.5% per year. Such increase shall occur only once per year.

The same procedure will remain in case of extension of the lease agreement.

The monthly installments of rent shall be paid in advance on or before the third business day of the applicable month, at the address of COLUNGA or, at any other address indicated by COLUNGA to PALL; the aforementioned in accordance to the Clause SEVENTEENTH of the present agreement.

PALL must pay the total amount of the monthly rent, even if it delivers possession of the LEASED PREMISES to COLUNGA before the end of the corresponding month, therefore, it waives its right to pay only a part of the monthly rent as established by the article 2303 of the Civil Code for the State of Baja California.

Under no circumstances shall PALL withhold the rent, except under the case stated by article 2294 of the Civil Code for this State. It is expressly agreed that all claims by PALL in the events described in articles 2295, 2319 and 2364 of said Civil Code, as the case may be, shall be filed by PALL independently of PALL's obligations to pay the rent during the term of this agreement.

FOURTH. GUARANTY DEPOSIT

At the moment of execution of this Agreement, PALL delivers to COLUNGA, and COLUNGA receives from PALL the amount of US\$54,560.00 (fifty four thousand five hundred sixty dollars 00/100) legal currency of the United States of America, equivalent to 2 (two) months of rent, as a guaranty deposit, in order to guaranty the compliance with all the obligations of PALL derived from the present Lease. The amount deposited will be returned to PALL at the termination of the present Lease, or of its extension, provided that no amount is due in favor of COLUNGA and that the

building is returned in good conditions, normal wear and tear excepted. PALL will not have the right to receive interests for said deposit.

FIFTH. DESTINATION OF THE LEASED PREMISES

PALL will use the LEASED PREMISES for light manufacturing and/or warehousing of products.

PALL agrees to comply with the Internal Rules of Parque Industrial El Florido, and the possible future modifications made known to PALL in writing, avowing to know and understand said rules in all their terms. The rules are attached hereto as **Exhibit 2**.

SIXTH. RIGHT TO REDUCE THE PRICE OF THE LEASE

In the event that the LEASED PREMISES were destroyed or suffered severe damages by any reason not imputable to PALL, in such a way that prevents PALL from using the LEASED PREMISES for the purposes it was leased, COLUNGA, must determine within the following twenty (20) days after COLUNGA is informed of said damage or destruction, if the LEASED PREMISES can be rehabilitated or reconstructed to the same conditions as before the damage within two (2) months following the damage or destruction, and will notify PALL of said determination. If COLUNGA determines that the LEASED PREMISES can not be restored or reconstructed to the same conditions as before the damage, or the LEASED PREMISES are not so restored or reconstructed, within the two (2) month period from the date that the damage or destruction occurred, each of the parties, COLUNGA and PALL, will have the right to terminate this Lease without liability to either party, by way of written notice to the other party.

If COLUNGA determines that the LEASED PREMISES can be rehabilitated or reconstructed within the mentioned two (2) months, COLUNGA on its own account, will proceed to rehabilitate or reconstruct the LEASED PREMISES, and no rent shall be payable by PALL during the time the reconstruction lasts.

It is established that in the event of partial destruction of the LEASED PREMISES, for causes not imputable to PALL, the rent shall be partially reduced, in the same proportion that PALL is limited to use the LEASED PREMISES. This obligates PALL to

notify COLUNGA of such event, by written notice, as soon as practical, but in no event later than 5 (five) days after the date in which PALL has knowledge of said damage.

SEVENTH. IMPROVEMENTS PAID BY PALL

PALL, at its own cost, will have the right to make interior improvements to the LEASED PREMISES without need of authorization, as long as the cost of said improvements do not exceed the amount of US\$25,000 Dollars (Twenty Five Thousand Dollars 00/100) currency of the United States of America, and provided that they do not change or affect the structural integrity or the exterior appearance of the LEASED PREMISES. Notwithstanding the foregoing, PALL agrees not to make any structural modifications to the LEASED PREMISES without the written authorization from COLUNGA. The parties agree that all alterations on the floor or roof of the LEASED PREMISES shall also require the prior written authorization from COLUNGA. COLUNGA will act diligently and reasonably whenever written authorization is required, and under the basis that her consent will not be denied unless there is a justified cause. The request for said modifications must be sent with a set of layouts or blueprints and specifications to COLUNGA, for its authorization. If COLUNGA in a period no longer than 10 (ten) days, starting from the reception of the written request, does not oppose it, then such authorization will be considered granted. PALL is obligated to deliver the LEASED PREMISES to COLUNGA, in the same conditions and with the same characteristics it has at the moment of receiving it, normal wear and tear excepted. PALL agrees to pay for the damages caused to COLUNGA from removing or taking the leasehold improvements, in order to leave the LEASED PREMISES in its original condition. COLUNGA may apply the guaranty deposit to the payment of such repairs in the event that PALL does not comply with its obligation.

EIGHTH. UTILITIES OF THE LEASED PREMISES

COLUNGA states that the LEASED PREMISES have infrastructure installed for the provision of utilities in the following capacities: 1,000 KVA's of electricity, 0.81 Ips of water, 0.81 Ips of sewer, infrastructure for telephone lines. PALL is obligated to pay, at its own cost, for the connection and installation of the utilities, such as electricity, water, and telephone, among others, and, consequently, PALL shall directly negotiate with the company or person providing such utility services, and will be liable for any

harm and damages caused to COLUNGA or to third parties by PALL, derived from the improper use of the utilities.

NINTH. MAINTENANCE OF THE LEASED PREMISES IN CHARGE OF COLUNGA

COLUNGA must repair any defects of construction, including any repairs of the roofs, walls, floors and any other construction defect of the LEASED PREMISES.

COLUNGA will also be responsible for the repairs of the construction defects of the structural items of the LEASED PREMISES.

COLUNGA agrees to repair in a timely manner, at its own account, the repairs referred to in this clause.

If COLUNGA does not perform its repair obligations described in this clause, PALL, after 10 (ten) days written notice to COLUNGA, shall have the right to take the actions necessary to perform the repairs. The costs reasonably incurred by PALL in connection with the repairs shall be reimbursed by COLUNGA within 5 (five) days after receiving notice and supporting documentation.

TENTH. MAINTENANCE OF THE LEASED PREMISES IN CHARGE OF PALL

PALL will maintain and repair all items as required from its use of the LEASED PREMISES or from an inadequate maintenance by PALL, including maintenance of electric systems and sewage, restrooms, the hydroneumatic pump, water storage system and piping, the interior and exterior paint, carpets, structural and non-structural walls, divisions, roofs, ventilation systems, air conditioner and ducts, doors and windows, of the LEASED PREMISES, in order to maintain them in the same condition that are received, including the necessary preventive maintenance. PALL is obligated to maintain the LEASED PREMISES in good state, and not to allow the accumulation of trash, wastes or any other scrap in the interior, exterior, as well as in the loading and unloading areas. PALL will not use the roof area of the LEASED PREMISES for storage, deposit or enclosure of goods or wastes, or any activity different from its natural purpose.

Once this Agreement or its extension(s) if any, expire, PALL is obligated to return the LEASED PREMISES in the same condition and state as it were at the moment of delivery, excepting the normal wear and tear, consequence of its ordinary use. PALL is obligated to return the interior and exterior paint of the LEASED PREMISES in the condition that it received the premises excepting the normal wear and tear.

COLUNGA will have the right to inspect the LEASED PREMISES during business days and hours in order to determine the condition and state of said premises, with prior notice to PALL at least 48 (forty eight) hours in advance to the inspection, to which effect COLUNGA shall comply with all necessary safety measures imposed by PALL during the inspection. Inspections by COLUNGA will not be more often than twice a year and COLUNGA shall exercise its inspection right in a manner not to interfere or disturb PALL's use and enjoyment of the LEASED PREMISES.

ELEVENTH. RIGHT OF SUBLETTING OR ASSIGNING

PALL will have the right to sublet part or all the LEASED PREMISES, for light manufacturing and/or warehousing of products, but only with prior written authorization from COLUNGA, except in the event of sublease to subsidiaries or affiliated companies of PALL or PALL CORPORATION or to the company Ensatec, S.A. de C.V., in which events prior notice to COLUNGA will suffice.

In this last event, PALL will continue to be responsible before COLUNGA, as if it continued to be using/ occupying the LEASED PREMISES.

In the event of a partial or total assignment of the LEASED PREMISES by PALL to subsidiaries or affiliated companies of PALL or PALL CORPORATION, a prior written notice to COLUNGA will be required. If it is not the case, the partial or total assignment by PALL, will require the previous written consent of COLUNGA.

It is agreed between the parties that no authorization will be given by COLUNGA to assign part or all of the LEASED PREMISES to the company Ensatec, S.A. de C.V., unless it becomes a wholly owned subsidiary of PALL CORPORATION.

TWELFTH. DELIVERY OF LEASED PREMISES

It is expressly agreed that if PALL does not deliver the LEASED PREMISES after the expiration term of this Lease Agreement or its extension, if any, the monthly rental payments will automatically increase in a 100% (one hundred percent), taking into consideration the last price settled for said monthly payment. The aforementioned, does not constitute novation, extension or implied continuation of the Lease Agreement. Therefore, COLUNGA maintains in every moment, the right and action to obligate PALL to evict the LEASED PREMISES immediately after the end of the relevant term.

In the event that after the expiration term of this agreement, PALL leaves material and equipment at the LEASED PREMISES, same will be considered useless and idle and could be destroyed and handled as waste at COLUNGA's consideration.

THIRTEENTH. INSURANCE

The parties agree that PALL will be responsible for the payment of an insurance policy, with coverage to the LEASED PREMISES for fire, lightning, explosion, earthquake, aircraft collision, smoke, storms, any type of vehicle collision, strike, student or civil riots, acts of vandalism, and floods, actions of its employees, workers, contractors, suppliers, clients, visitors and directors of PALL, in an amount of not less than the replacement value of the LEASED PREMISES which is currently the amount of US\$2'170,000.00 (Two million one hundred seventy thousand dollars 00/100) dollars, currency of the United States of America. The insurance amount will be updated from time to time but not more than once a year. The insurance shall include civil liability for up to \$500,000.00 dollars (five hundred thousand 00/100 dollars) United States of America Currency, and coverage for rental payments interruption for up to 12 (twelve) months. To such effect, COLUNGA will procure the issuance of an insurance policy complying with the terms of this Clause, with any authorized Insurance Company reasonably acceptable to PALL and offering competitive prices; the corresponding insurance company shall issue the policy directly in favor of COLUNGA and PALL will directly pay to the insurance company, on annual basis, and at least within 5 (five) days period before expiration date of the policy. This policy will cover the reposition value of the LEASED PREMISES, and will not include its contents.

FOURTEENTH. PAYMENT OF TAXES

The Value Added Tax (Impuesto al Valor Agregado) caused by this Agreement, will be covered by PALL and paid by COLUNGA.

Likewise, PALL is expressly obligated to reimburse COLUNGA the amounts paid for Real Estate Tax levied by the LEASED PREMISES. Therefore, COLUNGA will pay said tax in advance and at an annual basis on January of each year, and PALL will reimburse that amount to COLUNGA. The parties agree, however, that PALL shall not reimburse any fines, interests, or other amounts that might be payable by COLUNGA derived from an untimely or inaccurate payment of property tax by COLUNGA. COLUNGA shall pay property tax to the corresponding authorities in a manner so as to take advantage of any incentives or discounts that may be available as a result of timely and/or early payment of property tax. COLUNGA shall provide copies of the property tax paid when requesting the reimbursement, and shall deliver to PALL the invoice corresponding to the reimbursed amount.

FIFTEENTH. PAYMENT OF MAINTENANCE FEES

PALL is obligated to pay directly the corresponding quotas, for the maintenance of the LEASED PREMISES, to PARQUE INDUSTRIAL EL FLORIDO, Seccion Colinas, located in this city, in exchange of the relevant invoices to be issued by such entity or the responsible for such maintenance

SIXTEENTH. RIGHT OF FIRST REFUSAL

The parties agree that in the event COLUNGA decides to sell the LEASED PREMISES, PALL shall have a right of first refusal to acquire the LEASED PREMISES. To such effect, upon COLUNGA's receipt of a bona fide offer to buy the LEASED PREMISES from a third party prospect, COLUNGA shall notify PALL with respect to such good faith offer from the prospect and shall include a copy of the letter of intent signed by such prospect, and PALL shall have a term of 60 (sixty) days as of the date of receipt of the notice by COLUNGA, to exercise its right of first refusal for the acquisition of the LEASED PREMISES. A third party prospect means an individual or entity unrelated to COLUNGA that in good faith has signed a letter of intention with COLUNGA whereby COLUNGA is legally obligated to sell the LEASED PREMISES, subject only to

the exercise by PALL of its right of first refusal under the terms of this Clause. PALL shall exercise its right of first refusal in writing and the parties shall execute the corresponding purchase and sales contract before a notary public within 30 (thirty) days following the date of exercise of the right of first refusal by PALL.

In the event that PALL does not exercise its right, in writing, during the term mentioned, PALL will lose its right to acquire the LEASED PREMISES.

SEVENTEENTH. ADDRESS

For all legal effects derived from the present Lease, the parties designate the following as their addresses; in reserve of any other future domicile designated by them.

COLUNGA

MRS. BLANCA ESTELA COLUNGA SANTELICES
Cerro del Obispado No. 11507
Lomas de Agua Caliente
Tijuana, B.C., 22440
Mexico

PALL

PALL LIFE SCIENCES MEXICO, S. DE R.L. DE C.V.
Calle Colinas No. 11730
Parque Industrial El Florido, Seccion Colinas
Delegacion La Presa
Tijuana, B.C. 22680

GUARANTOR

PALL CORPORATION
2200 Northern Blvd.
East Hills, New York 11548
Attention: Legal Department

Any notice or judicial order to be delivered under the terms of this agreement, must be made in writing and delivered personally to the other party, or sent through certified mail, prepaid mailing stamp, or overnight courier, to the address established above, in which case the corresponding notice will be considered delivered 15 (fifteen) days after the day it was sent.

EIGHTEENTH. ASSIGNMENT OR ALLOWANCE

COLUNGA may, subject to the right of first refusal set forth in Clause Sixteenth, assign or negotiate its rights under the present Lease to any Credit or Banking Institution, whether it be foreign or national, or to any other legally incorporated entity or individual, provided that the assignee or purchaser of said rights agrees will not disturb the peaceful possession of the LEASED PREMISES or any other right of PALL derived from the present Lease Agreement, as long as PALL continues to comply with its obligations under this Agreement. In the event that PALL does not exercise its right of first refusal under Clause Sixteenth, and the title of property is transferred or purchased, the assignee shall be obligated to accept PALL as its tenant in this Lease, and to comply with the assumed obligations by COLUNGA in the present Lease; PALL agrees to recognize such assignee or any other person acquiring title of the LEASED PREMISES.

In order to comply with the aforementioned, PALL will have the obligation to deliver to COLUNGA within the next 10 (ten) days after receiving the corresponding notice, estoppel letters as reasonably required by COLUNGA for said operation.

In such event, COLUNGA will notify PALL by writing, of its intention to assign the rights to this Agreement, and PALL will have the obligation to make the rental payments in the address of the corresponding assignee.

NINETEENTH. BREACH

The parties agree that the breach of any obligations established herein by one party will grant the other party the right to claim obligatory and specific performance or the termination of the present Agreement.

In the event that one of the parties fails to fulfill with any of the obligations established in this agreement, and once said breach has been notified, it/she will have a term of 10 (ten) working days to fulfill said obligation. The aforementioned, will not apply to the obligations related to the payment of rent and reimbursement of property tax and insurance agreed by PALL, which will have to be fulfilled at the time established in this agreement.

Likewise, if PALL abandons the LEASED PREMISES for a period of 60 (sixty) days or more without paying the rent, COLUNGA could terminate this agreement without prior judicial order and will have the right to occupy the LEASED PREMISES immediately. The aforementioned, independently of the right to file an action for damages and losses against PALL.

TWENTY. ENVIRONMENTAL

PALL agrees to comply with all Environmental Laws applicable to PALL's use of the LEASED PREMISES during all the term that PALL is in possession of the LEASED PREMISES. PALL may use any ordinary and customary materials, which are reasonably required to be used in the normal course, so long as the use thereof is in compliance with all Environmental Laws, and does not expose the LEASED PREMISES or neighboring property to any meaningful risk of hazardous substance contamination or damage or expose COLUNGA to any liability therefore. Any contamination of the LEASED PREMISES generated by PALL, shall be cleaned up and remediated at PALL's own cost and expense, including expenses, fees, as well as any other costs for final disposal and/or confinement of any hazardous residues and/or materials.

COLUNGA shall indemnify PALL for any contamination that may be found at the LEASED PREMISES provided that such contamination was generated prior to the execution of this agreement. In such event, COLUNGA shall perform all activities needed to clean up and/or remediate the LEASED PREMISES in compliance with the Environmental Laws.

The parties hereby acknowledge that PALL has been allowed to perform a Phase I environmental study on the LEASED PREMISES prior to the date of execution hereof, and that such study concluded that no apparent signs of contamination were found at the LEASED PREMISES. Attached is a copy of said study, as Exhibit 3.

The term "Environmental Laws" shall mean any and all laws, regulations, resolutions, orders, and permits concerning the preservation and restoration of the ecological balance, as well as the environmental protection within the Mexican Republic.

TWENTY FIRST. GUARANTOR

PALL has required PALL CORPORATION to execute a Lease Guaranty, which executed and notarized copy has been delivered to COLUNGA, whereby PALL CORPORATION guarantees and obligates itself with COLUNGA to assure an adequate and opportune fulfillment of every economic obligation acquired by PALL under this agreement; including the payment of rent, moratorium and any related indemnification amount. Through the Lease Guaranty PALL CORPORATION obligates itself as guarantor jointly and severally, in an unlimited way, with PALL, to pay any amount that may result from said concepts. Likewise, PALL CORPORATION waives the benefits of order, the right of excusion, and any other right, guaranty, or caution that could exist in its favor.

The guarantor shall guaranty PALL's obligations, for the duration of this agreement, its extension(s), if any, or implied continuation, until PALL had paid and fulfilled all the obligations established herein, including increments in the rent as established herein. The aforementioned should not prevent that a grace period could be granted to PALL for the payment or fulfillment of its obligations or that a legal action could not be filed immediately after PALL's breach of contract.

TWENTY SECOND. JURISDICTION

Everything related to the interpretation and compliance of the present Agreement, is submitted by the parties to the jurisdiction and venue of the Courts of the city of Tijuana, State of Baja California, and to the applicable laws to said state, expressly waiving any other jurisdiction that might correspond them by reason of their present or future domiciles.

TWENTY THIRD. LANGUAGE

This agreement is executed in English and Spanish versions. For its interpretation, or in the event of any controversy or dispute with respect to its terms, the Spanish version will prevail.

TWENTY FOURTH. AMENDMENTS

The parties agree that any amendment to this agreement will only be valid if it is in writing signed by COLUNGA and PALL, with prior notice to GUARANTOR, in the understanding that the lack of notice shall not affect the terms and conditions of the Guaranty.

The parties knowing the content, reach, and legal consequences of all and each one of the aforementioned clauses obligate themselves, to abide by them, and they sign it before witnesses, in the city of Tijuana, Baja California, on December 3, 2007.

COLUNGA

MRS. BLANCA ESTELA
COLUNGA SANTELICES

[GRAPHIC APPEARS HERE]

MRS. BLANCA ESTELA COLUNGA
SANTELICES

PALL

PALL LIFE SCIENCES MEXICO, S. DE R.L. DE C.V.

[GRAPHIC APPEARS HERE]

Leobardo Tenorio Malof
REPRESENTATIVE

WITNESS

Mr. Felix M. Diaz
President Global Manufacturing & Latin America

WITNESS

WITNESS

[GRAPHIC APPEARS HERE]

MR. MANUEL F. PASERO

[GRAPHIC APPEARS HERE]

EXHIBITS

- 1 PLOT PLAN
- 2 REGULATIONS OF INDUSTRIAL PARK
- 3 PHASE I STUDY

CONVENIO DE CESION DE ARRENDAMIENTO / ASSIGNMENT OF LEASE AGREEMENT

Ruben Guilloty Arvelo, en nombre y representacion de Pall Life Sciences Mexico, S. de R.L. de C.V. ("Pall"), y, Leobardo Tenorio Malof en nombre y representacion de Pall Mexico Manufacturing, S. de R.L. de C.V. ("Pall Mexico"), por medio de la presente exponemos y acordamos lo siguiente:

De conformidad con lo establecido en la Clausula Decima Primera del Contrato de Arrendamiento (el "Contrato") que celebro Pall con la senora Blanca Estela Colunga Santelices (la "Arrendadora") el 3 de diciembre del 2007 en relacion con el inmueble industrial con domicilio en Calle Colinas No. 11731, Parque Industrial el Florido, Seccion Colinas, Delegacion La Presa, en Tijuana, Baja California, Mexico, 22680 (el "Inmueble"), a partir del dia de hoy, 2 de diciembre del 2011, Pall cede a favor de Pall Mexico todos sus derechos y obligaciones en el Contrato (la "Cesion").

Lo anterior de conformidad con la notification que fe fue entregada a la Arrendadora y que recibio de conformidad el 2 de diciembre del 2011. Una copia de dicha notification que contiene la aceptacion por la Arrendadora a la Cesion del Contrato a favor Pall Mexico se adjunta al presente como Anexo "A".

En virtud de la Cesion, Pall Mexico, en su caracter de nuevo arrendatario del Inmueble, libera a partir del 2 de diciembre del 2011 a Pall de cualesquier obligacion que se derive del Contrato o del arrendamiento del Inmueble, por lo que le otorga a Pall en

este acto el finiquito mas amplio que en derecho proceda sin reservarse derecho alguno en su contra.

De conformidad con lo anterior, los representantes de Pall y Pall Mexico plasman sus respectivas firmas el 2 de diciembre del 2011.

Pall Life Sciences Mexico, S. de R.L. de C.V.

Pall Mexico Manufacturing, S. de R.L. de C.V.

[GRAPHIC APPEARS HERE]

[GRAPHIC APPEARS HERE]

Nombre: Name: Ruben Guilloty Arvelo
Representante Legal/Attorney-in-fact

Nombre: Name; Leobardo Tenorio Malof
Representante Legal/Attorney-in-fact

Testigo/Witness

Testigo/Witness

[GRAPHIC APPEARS HERE]

[GRAPHIC APPEARS HERE]

Nombre: (Name:) [GRAPHIC APPEARS HERE]

Nombre: (Name:) [GRAPHIC APPEARS HERE]

CONTRATO DE SUBARRENDAMIENTO

SUBLEASE CONTRACT

CONTRATO DE SUBARRENDAMIENTO (el "**Contrato**") que se celebra con efectos a partir del

3 de **diciembre de** 2011 entre **PALL MEXICO**

MANUFACTURING, S. DE R.L. DE C.V. (en lo

sucesivo referida como la

"**SUBARRENDADORA**"), representada en este acto por el señor **Leobardo Tenorio Malof**, en su caracter de Apoderado, y **PALL LIFE SCIENCES MEXICO, S. DE R.L. DE C.V.** (en lo sucesivo referida como la "**SUBARRENDATARIA**"), representada en este acto por el señor **Ruben Guilloty Arvelo** en su caracter de Apoderado, de conformidad **con las** siguientes declaraciones y clausulas:

DECLARACIONES:

1. La **SUBARRENDADORA**, por conducto de su apoderado, declara que:

a) Es una sociedad de responsabilidad limitada de

capital variable mexicana, constituida y

validamente existente de conformidad con las leyes

de los Estados Unidos Mexicanos (en lo sucesivo

"**Mexico**").

SUBLEASE CONTRACT (the "**Contract**") entered into effective December 3, 2011 by and between **PALL MEXICO MANUFACTURING, S. DE R.L. DE C.V.**, represented herein by **Mr. Leobardo Tenorio Malof**, in his capacity as **Attorney-in-fact of said** corporation (hereinafter referred to as the "**SUBLESSOR**"), and **PALL LIFE SCIENCES MEXICO, S. DE R.L. DE C.V.** represented herein by **Mr. Ruben Guilloty Arvelo** in his capacity as **Attorney-in-fact** of said corporation (hereinafter referred to as the "**SUBLESSEE**"), in accordance with the following:

RECITALS:

1. The **SUBLESSOR**, hereby states that:

a) It is an entity duly incorporated and existing pursuant to the laws of the United Mexican States ("**Mexico**").

b) Es arrendataria de los edificios industriales con superficie total de 62,000 pies cuadrados ubicados en Calle Colinas No, 11731, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C., 22680 (en lo sucesivo el "**Edificio**"), construidos sobre el lote 7 con superficie de 11,092.22 metros cuadrados, ubicado en la manzana 930 de dicho Parque Industrial El Florido, Seccion Colinas.

b) It is the tenant of the industrial facilities with a surface area of 62,000 square feet located at Calle Colinas No. 11731, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C., 22680 (the "**Building**"), built on lot 7 with a surface area of 11,092.22 square meters, located at block 930 of such Parque Industrial El Florido, Seccion Colinas.

c) Desea dar en subarrendamiento una porcion del Edificio con superficie de 500 pies cuadrados (en lo sucesivo referida como la "**Propiedad Arrendada**"). La Propiedad Arrendada se describe en el plano adjunto al presente Contrato como "**Anexo "A"**", el cual se tiene por reproducido en este acto mediante la presente referenda, por lo que forma parte integrante de este Contrato para todos los efectos a que haya lugar.

c) It wishes to sublease a portion of the Building with an area of 500 square feet (hereinafter the "**Leased Property**"). The Leased Property is described in the plot plan attached hereto as "**Exhibit "A"**", which is hereby incorporated by reference and becomes a part hereof.

d) Desea dar en subarrendamiento la

d) It desires to sublease the Leased Property

Propiedad Arrendada a la **SUBARRENDATARIA**, conforme a los terminos y condiciones de este Contrato.

II.- La **SUBARRENDATARIA**, por conducto de su apoderado declara que:

a) Es una sociedad de responsabilidad limitada de capital variable mexicana, constituida y validamente existente de conformidad con las leyes de Mexico.

b) Desea recibir en subarrendamiento la Propiedad Arrendada, conforme a los terminos y condiciones de este Contrato.

c) Su representante cuenta con facultades suficientes para celebrar este Contrato, las cuales no le han sido limitadas ni revocadas en forma alguna.

III.- LAS PARTES, POR CONDUCTO DE SUS RESPECTIVOS APODERADOS, DECLARAN QUE:

a) En la celebracion del presente Contrato no ha existido error, mala fe, dolo o vicio del consentimiento alguno entre ellas.

b) En consideracion de las anteriores declaraciones, las partes se obligan de conformidad con las siguientes:

CLAUSULAS:

PRIMERA. SUBARRENDAMIENTO DE LA PROPIEDAD ARRENDADA

to the **SUBLESSEE**, under the terms and conditions hereinafter set forth.

II.- **SUBLESSEE**, through its legal representative states:

a) It is an entity duly incorporated and existing pursuant to the laws of Mexico.

b) That its principal desires to sublease the Leased Property, subject to the terms and conditions contained herein.

c) That its attorney-in-fact has all the authorities required to enter into this Contract, which authorities have not been limited nor revoked in any manner whatsoever.

III.- THE PARTIES, THROUGH THEIR LEGAL REPRESENTATIVES, STATE:

a) That in the execution of this Contract there has been no error, bad faith nor duress amongst them.

b) In consideration of the above recitals, the parties agree on the following:

CLAUSES

FIRST. SUBLEASE OF THE LEASED PROPERTY

La **SUBARRENDADORA** en este acto entrega en subarrendamiento a la **SUBARRENDATARIA** y la **SUBARRENDATARIA** en este acto recibe en subarrendamiento de parte de la **SUBARRENDADORA**, la Propiedad Arrendada, con todo lo que le corresponde.

La **SUBARRENDATARIA** recibe la Propiedad Arrendada a satisfacción tal y como la misma se encuentra.

SEGUNDA. TITULARIDAD

DE

LA PROPIEDAD ARRENDADA

La **SUBARRENDADORA** cuenta con la plena posesión de la Propiedad Arrendada, y garantiza que la **SUBARRENDATARIA** tendrá el uso y goce pacífico de la Propiedad Arrendada durante el plazo de este Contrato.

TERCERA. PLAZO Y ENTREGA DE LA PROPIEDAD ARRENDADA

A. **Plazo.** El plazo inicial de este Contrato es de 1 (un) año contado a partir de la fecha de su firma (el "**Plazo**"), el cual podrá ser prorrogado conforme a lo previsto en la sección B de esta Clausula.

B. **Prorroga del Plazo.** La **SUBARRENDATARIA** podrá prorrogar el Plazo de este Contrato por 3 (tres) periodos adicionales de un año cada, los cuales serán prorrogados automáticamente.

C. **Entrega de la Propiedad Arrendada.** La

SUBARRENDADORA entrega la Propiedad

Arrendada a la **SUBARRENDATARIA** en la fecha

de firma de este Contrato.

CUARTA.- USO DE LA PROPIEDAD ARRENDADA

La **SUBARRENDATARIA** usará la Propiedad Arrendada únicamente para actividades de industria ligera y almacenaje de productos. Bajo ninguna circunstancia podrá la **SUBARRENDATARIA** usar la Propiedad Arrendada para operaciones de industria química o pesada, ni para actividades que violen las leyes, reglamentos y normas municipales, estatales o federales.

La **SUBARRENDATARIA** se obliga a cumplir con el Reglamento Interior del PARQUE INDUSTRIAL EL FLORIDO, en vigor, el cual manifiesta conocer en todos sus términos, así como con las posibles modificaciones que pudiera sufrir en el futuro.

SUBLESSOR hereby subleases to **SUBLESSEE** and **SUBLESSEE** hereby subleases from **SUBLESSOR**, the Leased Property, together with all easements and rights of way appurtenant thereto.

SUBLESSEE hereby receives the Leased Property "as is" to its satisfaction.

SECOND. OWNERSHIP OF THE LEASED PROPERTY

The **SUBLESSOR** has the right of exclusive use and possession of the Leased Property, and it guarantees that the **SUBLESSEE** will have the quiet enjoyment of the Leased Property during all the term of this Contract.

THIRD. TERM AND DELIVERY OF THE LEASED PROPERTY

A. **Term.** The initial term of this Contract is for a period of 1 (one) year as of the date of execution hereof, unless it is extended pursuant to the provisions of paragraph B. of this clause (the "**Term**").

B. **Extension to the Lease Term.** The **SUBLESSEE** may extend the Term for 3 (three) additional terms of one year each, which will be extended automatically..

C. **Delivery.** **SUBLESSOR** hereby delivers the Leased Property to **SUBLESSEE** on the date of execution of this Contract.

FOURTH.- USE OF THE LEASED PROPERTY

The **SUBLESSEE** shall use the Leased Property only for light industrial operations and storage of products. Under no conditions whatsoever will the **SUBLESSEE** be permitted to use the Leased Property for chemical and heavy industrial operations, nor activities which are in violation of any applicable municipal, state and federal laws, regulations or ordinances.

SUBLESSEE agrees to comply with the Internal Rules of Parque Industrial El Florido, and the possible future modifications, avowing to know and understand said rules in all their terms.

QUINTA.
RENTA Y DEPOSITO

A. Renta. Durante el Plazo inicial de este Contrato, la **SUBARRENDATARIA** pagara como Renta por la Propiedad Arrendada. la cantidad de **US\$0.50** (cincuenta centavos 25/100 Dolares) moneda de los Estados Unidos de America ("Dolares"), por pie cuadrado del Edificio, por ano; es decir, la cantidad de **US\$3,000.00** Dolares (tres mil 00/100 Dolares) por ano. El monto anterior incluye mantenimiento. servicios publicos, seguro e impuesto predial.

FIFTH.
RENT AND DEPOSIT

A. Rent. For the initial Term of this Contract, the **SUBLESSEE** shall pay as Rent for the Leased Property, **US\$ US\$0.50** (fifty cents 50/100 Dollars) currency, of the United States of America, per square foot of the Building per year, (that is the total amount of **US\$3,000.00** Dollars (three thousand 00/100 Dollars) per year. The previous amount includes maintenance, utilities, insurance and land tax.

B. Pago. El pago de la Renta anual mas el Impuesto al Valor Agregado ("IVA") correspondiente, sera pagada por la **SUBARRENDATARIA** a la **SUBARRENDADORA** en una sola exhibicion dentro de los primeros siete (7) dias naturales del mes de enero de cada ano, sin necesidad de notificacion o solicitud de cobro alguna. Una vez que la **SUBARRENDADORA** reciba el pago anual de Renta, la **SUBARRENDADORA** entregara la factura correspondiente a la **SUBARRENDATARIA**, la cual cumplira con los requisitos fiscales aplicables. El pago anual de la Renta sera entregado en el domicilio de la **SUBARRENDADORA**, como se establece en este Contrato, o en cualquier otro lugar que la **SUBARRENDADORA** notifique por escrito a la **SUBARRENDATARIA** con al menos 10 (diez) dias de anticipacion.

B. Payment. An annual Rent plus the corresponding Value Added Tax ("VAT") shall be paid by **SUBLESSEE** to **SUBLESSOR** in one payment within the first seven (7) calendar days of each January, without notice or demand being required. Once **SUBLESSOR** receives the annual payment of the Rent, **SUBLESSOR** will deliver the corresponding official invoice to the **SUBLESSEE**, in compliance with Mexican tax requirements. The annual payment of the Rent will be paid at **SUBLESSOR'S** domicile, as provided hereof or to whatever place the **SUBLESSOR** notifies in writing **SUBLESSEE** at least 10 (ten.) days in advance.

Las partes acuerdan que el primer pago anual de la Renta debera pagarlo la **SUBARRENDATARIA** dentro de los diez (10) dias naturales siguientes a que la **SUBARRENDADORA** le notifique a la **SUBARRENDATARIA** que cuenta con cuenta bancaria y con comprobantes fiscales.

The parties hereby agree that the first annual payment of the Rent shall be paid by **SUBLESSOR** within ten (10) calendar days after it receives notice from the **SUBLESSOR** that **SUBLESSOR** has open a bank account and that it has the corresponding official Mexican tax receipts.

C. Pago en mora. Si la

SUBARRENDATARIA no paga la amortizacion

mensual de la Renta en tiempo. la

SUBARRENDATARIA pagara a la

SUBARRENDADORA, un interes moratorio

mensual equivalente al dos por ciento (2%) de la

cantidad total no pagada en tiempo, hasta que la

misma sea totalmente pagada.

C. Late Payment. If **SUBLESEE** does not pay the monthly installments of Rent when due, the **SUBLESEE**, shall pay **SUBLESSOR**, as contractual penalty, a monthly interest equivalent to two percent (2%) of the total unpaid amount, until its payment in full.

D. Pago de IVA. La **SUBARRENDATARIA**

pagara el IVA correspondiente a las amortizaciones mensuales de Renta antes señaladas.

D. Payment of VAT. The **SUBLESEE** will pay the Value Added Tax ("VAT") which may be applicable to the above monthly installments of Rent.

E. Incrementos de Renta. De prorrogarse el Plazo de este Contrato como se establece en la cláusula tercera, la Renta será incrementada en un 3.5% (tres punto cinco por ciento) anual fijo.

SEXTA. MODIFICACIONES A LA PROPIEDAD ARRENDADA

La **SUBARRENDATARIA** no podrá efectuar modificación alguna en la Propiedad Arrendada sin la autorización previa y por escrito de la **SUBARRENDADORA**, la cual no será negada sin causa justificada. Todas las instalaciones y equipo sea cual fuere su naturaleza, que sea instalado en la Propiedad Arrendada por la **SUBARRENDATARIA**, ya sea que fuere instalado permanentemente o no, continuará siendo propiedad de la **SUBARRENDATARIA**, y deberá ser removido por la **SUBARRENDATARIA** a la expiración del plazo o terminación de este Contrato, a menos que la **SUBARRENDATARIA** reciba confirmación por escrito de parte de la **SUBARRENDADORA**, por adelantado, en cada caso específico, de que las mejoras o instalaciones o equipo en la Propiedad Arrendada pueden permanecer en la Propiedad Arrendada. La **SUBARRENDATARIA** deberá, a su costo, reparar todo daño causado a la Propiedad Arrendada como resultado de la remoción de cualquier equipo, instalaciones o mejoras. La **SUBARRENDATARIA** entregará la Propiedad Arrendada a la **SUBARRENDADORA** en condiciones adecuadas de orden, presentación y limpieza.

SEPTIMA. CESION SUBARRENTAMIENTO

SEPTIMA. CESION SUBARRENTAMIENTO

La **SUBARRENDATARIA** no podrá subarrendar la Propiedad Arrendada o ceder este Contrato, a menos que obtenga la autorización expresa previa y por escrito de la **SUBARRENDADORA**, la cual no será negada sin causa justificada.

OCTAVA. ENTREGA PROPIEDAD ARRENDADA DE LA

La **SUBARRENDATARIA** entregará la Propiedad Arrendada a la **SUBARRENDADORA** el último día del Plazo de este Contrato, o en el momento de

E. Rent escalation. If the Term is extended as provided for in the third clause of this Agreement, the Rent shall increase in 3.5% (three point five per cent) annually.

SIXTH. ALTERATIONS

The **SUBLESSEE** may not perform any alteration at the Leased Property without the prior written authorization of **SUBLESSOR**, which authorization shall not be unreasonably withheld. All fixtures and/or equipment of whatsoever nature that are installed in the Leased Property by the **SUBLESSEE**, whether permanently affixed thereto or otherwise, will continue to be the property of the **SUBLESSEE**, and will be removed by **SUBLESSEE** at the expiration or termination of this Contract or any renewal or extension thereof, unless the **SUBLESSOR** receives written confirmation of **SUBLESSOR**, in advance, in each specific case, that the improvements made on the Leased Property may remain in the Leased Property. **SUBLESSEE** must at its own cost and expense repair any damage to the Leased Property resulting from the removal of any equipment and/or accessories. **SUBLESSEE** shall deliver the Leased Property to the **SUBLESSOR** in adequate conditions of order, presentation and cleanliness.

SEVENTH. ASSIGNMENT AND SUBLETTING

The **SUBLESSEE** may not sublease the Leased Property or assign this Contract, unless it has the prior express written authorization of the **SUBLESSOR**, which authorization will not be unreasonably withheld.

EIGHTH. SURRENDER

SUBLESSEE will, on the last day of the Lease Term or its extensions, or upon anticipated termination, surrender and deliver the Leased

la terminación anticipada del mismo, sin demora, en buenas condiciones de orden, limpieza y reparación, excepto por el desgaste normal causado por el uso normal y el paso del tiempo. Todos los anuncios, inscripciones, señalamientos e instalaciones de naturaleza similar efectuados o instalados por el **SUBARRENDATARIO** serán removidos en o antes de la entrega de la Propiedad Arrendada en los términos de esta cláusula. Todo el mobiliario, instalaciones y equipo instalados por la **SUBARRENDATARIO** continuarán siendo propiedad de la **SUBARRENDATARIO** deberán ser removidos por la **SUBARRENDATARIO** antes de la entrega de la Propiedad Arrendada a la **SUBARRENDADORA**, y La **SUBARRENDATARIO** a su costo, reparará cualquier dano que pudiere resultar de la instalación o remoción de dichos bienes.

Todo bien que permanezca en la Propiedad Arrendada durante treinta (30) días posteriores a la terminación de este Contrato, sea que estuvieren instalados permanentemente en la Propiedad Arrendada o no, podrán ser considerados abandonados a elección de la **SUBARRENDADORA**, y ella podrá retenerlos en calidad de propietaria, o disponer de los mismos, según lo considere pertinente, sin responsabilidad alguna a su cargo.

NOVENA. RETENCION DE LA

PROPIEDAD ARRENDADA

La **SUBARRENDATARIO** entregará en forma inmediata la Propiedad Arrendada a la **SUBARRENDADORA** a la terminación de este Contrato por expiración de su plazo o por cualquier otra causa.

DECIMA. DISPOSICIONES AMBIENTALES

A partir de la fecha de firma de este Contrato, la **SUBARRENDATARIO** cumplirá con todas las leyes, reglamentos y normas relativas al equilibrio ecológico y la protección al ambiente aplicables en relación con el uso de la Propiedad Arrendada.

La **SUBARRENDADORA** declara que en su leal saber y entender, la Propiedad Arrendada se encuentra actualmente libre de contaminación.

Property into the possession and use of the **SUBLESSOR** without delay, in good order, conditions and repair, except for normal wear and tear due to normal use and the passage of time. All signs, inscriptions, canopies and installations of like nature made by **SUBLESSEE** shall be removed at or prior to the expiration of the term of this Contract. All furniture, trade fixtures and equipment installed by **SUBLESSEE** shall remain the property of the **SUBLESSEE** and shall be removed by **SUBLESSEE** at any time during or at the end of the term and the **SUBLESSEE** shall, at its own expense, repair all damages resulting from the installation or removal thereof.

Any property, being permanently affixed to the Leased Property or not, which remains in the Leased Property thirty (30) days after the termination of the Contract may, at the option of **SUBLESSOR**, be deemed to have been abandoned and either may be retained by **SUBLESSOR** as their property or be disposed of, without liability, in such manner as **SUBLESSOR** may see fit.

NINETH. HOLDING OVER

The **SUBLESSEE** shall at the termination of the Contract by lapse of time or otherwise, immediately deliver the possession of the Leased Property to **SUBLESSOR**.

TENTH. ENVIRONMENTAL CLAUSE

As of the date of execution hereof, the **SUBLESSEE** shall observe all laws and regulations regarding ecological equilibrium and environment protection applicable to the use of the Leased Property.

SUBLESSOR states that, to the best of its knowledge the Leased Property is currently free of contamination.

DECIMA PRIMERA. DERECHO DE LA SUBARRENDADORA A LLEVAR A CABO LAS OBLIGACIONES DE LA SUBARRENDATARIA

Si la **SUBARRENDATARIA** incumple con alguna de sus obligaciones establecidas en este Contrato, la **SUBARRENDADORA**, una vez transcurridos diez (10) días luego de haber dado aviso por escrito a la **SUBARRENDATARIA** respecto de dicho incumplimiento (o sin necesidad de dar aviso alguno en caso de emergencia) y sin que ello implique renuncia alguna por parte de la **SUBARRENDADORA** respecto de las obligaciones de la **SUBARRENDATARIA** pactadas en este Contrato, podrá, sin estar obligada a ello, llevar a cabo dichas obligaciones de la **SUBARRENDATARIA** y podrá entrar a la Propiedad Arrendada para dicho fin y llevar a cabo cuantas acciones sean necesarias al efecto. Todas las cantidades que razonablemente hubiere pagado la **SUBARRENDADORA** en relación con costos y gastos incurridos por el cumplimiento de las obligaciones incumplidas por la **SUBARRENDATARIA**, deberán ser pagadas por la **SUBARRENDATARIA** a la **SUBARRENDADORA** dentro de los diez (10) días siguientes a su cobro.

DECIMA SEGUNDA. DERECHO DE LA SUBARRENDATARIA A LLEVAR A CABO LAS OBLIGACIONES DE LA SUBARRENDADORA

Si la **SUBARRENDADORA** incumple con alguna de sus obligaciones establecidas en este Contrato, la **SUBARRENDATARIA**, una vez transcurridos diez (10) días luego de haber dado aviso por escrito a la **SUBARRENDADORA** respecto de dicho incumplimiento (o sin necesidad de dar aviso alguno en caso de emergencia) y sin que ello implique renuncia alguna por parte de la **SUBARRENDATARIA** respecto de las obligaciones de la **SUBARRENDADORA** pactadas en este Contrato, podrá, sin estar obligada a ello, llevar a cabo dichas obligaciones de la **SUBARRENDADORA** y llevar a cabo cuantas acciones sean necesarias al efecto. Todas las cantidades que razonablemente hubiere pagado la **SUBARRENDATARIA** en relación con costos y

ELEVENTH. SUBLESSOR'S RIGHT TO PERFORM SUBLESSEE'S COVENANTS

If **SUBLESSEE** fails to perform any one or more of its obligations hereunder, **SUBLESSOR**, after ten (10) days written notice to **SUBLESSEE** (or without notice in the case of an emergency) and without waiving or releasing **SUBLESSEE** from any obligation of **SUBLESSEE** contained in this Contract, may but shall be under no obligation to perform any act on **SUBLESSEE's** part to be performed as provided in this Contract, and may enter upon the Leased Property for that purpose and take all such actions thereon as may be necessary to such effect. All reasonable sums paid by **SUBLESSOR** and all costs and expenses incurred by **SUBLESSOR** in connection with the performance of any such obligation of **SUBLESSEE**, shall be payable by **SUBLESSEE** to **SUBLESSOR** within ten (10) days after receiving notice.

TWELFTH. SUBLESSEE'S RIGHT TO PERFORM SUBLESSOR COVENANTS

If **SUBLESSOR** fails to perform any one or more of its obligations hereunder, **SUBLESSEE**, after ten (10) days written notice to **SUBLESSOR** (or without notice in the case of an emergency) and without waiving or releasing **SUBLESSOR** from any obligation of **SUBLESSOR** contained in this Contract, may but shall be under no obligation to perform any act on **SUBLESSOR's** part to be performed as provided in this Contract, and may take all such actions thereon as may be necessary to such effect. All reasonable sums paid by **SUBLESSEE** and all costs and expenses incurred by **SUBLESSEE** in connection with the performance of any such obligation of **SUBLESSOR**, will be payable by **SUBLESSOR** to **SUBLESSEE** within ten (10) days after

gastos incurridos por el cumplimiento de las obligaciones incumplidas **SUBARRENDADORA**, deberán ser pagadas por la **SUBARRENDADORA** a la **SUBARRENDATARIA** dentro de los diez (10) días siguientes a su cobro.

DECIMA TERCERA. ACCESO A LA PROPIEDAD ARRENDADA POR PARTE DE LA SUBARRENDADORA

La **SUBARRENDATARIA** permitirá a la **SUBARRENDADORA** y a la propietaria de la Propiedad Arrendada, y a sus respectivos representantes, el acceso a la Propiedad Arrendada todas las veces que sea razonablemente conveniente a fin de inspeccionarla.

DECIMA CUARTA. ANUNCIOS

La **SUBARRENDATARIA** podrá instalar en la Propiedad Arrendada los anuncios que requiera para sus operaciones, incluyendo anuncios relativos a la contratación de personal. Cualquier otro anuncio distinto de los mencionados anteriormente que desee instalar la **SUBARRENDATARIA**, deberá ser aprobado por escrito y con anticipación por la **SUBARRENDADORA**.

DECIMA QUINTA. NOTIFICACIONES

Siempre que sea necesario o conveniente para las partes entregar avisos o notificaciones a la otra parte conforme a lo previsto en este Contrato, dichos avisos o notificaciones, para ser válidos, deberán ser entregados en forma personal, o mediante correo certificado o registrado con acuse de recibo, o mediante servicio de mensajería reconocido, dirigidos a las siguientes direcciones:

SUBARRENDADORA:

Calle Colinas No. 11731
Parque Industrial El Florido, Sección Colinas
Delegación La Presa
Tijuana, B.C. 22680

SUBARRENDATARIA:

Calle Colinas No. 11731-A
Parque Industrial El Florido, Sección Colinas
Delegación La Presa
Tijuana, B.C. 22680

receiving notice.

THIRTEENTH. ENTRY TO LEASED PROPERTY BY SUBLESSOR

SUBLESSEE will allow **SUBLESSOR** and the owner of the Leased Premises and their respective representatives to enter into the Leased Property at all reasonable times for the purpose of inspecting same.

FOURTEENTH. SIGNS

The **SUBLESSEE** may place on the Leased Property or attach to the exterior of the Building its signs and other signs it require for its operation including signs regarding the hiring of personnel. No other signs may be placed in or on the Leased Property without **SUBLESSOR's** written consent.

FIFTENTH. NOTICES

Whenever it shall be necessary or desirable for one of the parties to serve any notice or demand upon the other pursuant to the provisions of this Contract, such notice or demand will be served personally, or by registered or certified mail, return receipt requested, or by reputable courier service addressed to:

SUBLESSOR:

Calle Colinas No. 11731
Parque Industrial El Florido, Sección Colinas
Delegación La Presa
Tijuana, B.C. 22680

SUBLESSEE:

Calle Colinas No. 11731-A
Parque Industrial El Florido, Sección Colinas
Delegación La Presa
Tijuana, B.C. 22680

DECIMA SEXTA. SUBTITULOS

Las partes convienen que los subtítulos utilizados en este Contrato son para efectos de facilitar la referencia de sus cláusulas. por lo que no serán considerados parte del Contrato ni serán utilizados para efectos de su interpretación.

DECIMA SEPTIMA. LEY APLICABLE Y JURISDICCION

Este Contrato será interpretado de conformidad con lo previsto en el Código Civil del Estado de Baja California y demás leyes aplicables en el Estado de Baja California. Mexico, y las partes expresamente se someten a la jurisdicción de los tribunales de Tijuana. Baja California. Mexico. renunciado a cualquier otro fuero que pudiere corresponderles.

DECIMA OCTAVA. TRADUTCCION

Las partes convienen en que el presente Contrato se firma en los idiomas ingles y español. Las partes convienen que la versión en español constituye la versión oficial acordada por las partes, la cual prevalecerá en todo momento.

EN TESTIMONIO DE LO ANTERIOR.

Las partes manifiestan su consentimiento con el contenido de este Contrato con efectos a partir de la fecha que se menciona en el encabezado del presente Contrato.

SIXTEENTH. CAPTIONS

The parties mutually agree that the headings and captions contained in this Contract are inserted for convenience of reference only and are not to be deemed part of or to be used in construing this Contract.

SEVENTHEENTH. JURISDICTION

This Contract will be interpreted in accordance with provisions of the Civil Code and laws of the State of Baja California, Mexico. and both parties hereby expressly submit to the jurisdiction of the Courts of Tijuana. State of Baja California. Mexico. and they waive any other forum that could correspond to them for any reason whatsoever.

EIGHTEENTH. TRANSLATION

SUBLESSOR and SUBLESSEE agree that this Contract is executed in the English and Spanish languages. The parties agree that the Spanish version shall prevail in all events.

IN WITNESS WHEREOF

The undersigned parties, through their duly authorized representatives, have executed this Contract effective as of the date stated in the header of this Agreement.

**SUBARRENDADORA/SUBLESSOR
PALL MEXICO MANUFACTURING, S. DE R.L. DE C.V.**

(Graphics appears here)
Por:/By: Leabardo Tenorio-Malof

**SUBARRENDATARIA/SUBLESEE
PALL LIFE SCIENCES MEXICO, S. DE R.L. DE C.V.**

(Graphics appears here)
Por:/By: Ruben Guilloty Arvelo

ANEXO A/EXHIBIT A
PLANO/PLOT PLAN

CONTRATO DE SUBARRENDAMIENTO

CONTRATO DE SUBARRENDAMIENTO (el "Contrato") que se celebra entre **PALL MEXICO MANUFACTURING, S. DE R.L. DE C.V.**, representada en este acto por el señor **Leobardo Tenorio Malof**, en su caracter de **Apoderado** de dicha sociedad (en lo sucesivo referida como la "**SUBARRENDADORA**"), y **ENSATEC, S.A. DE C.V.**, representada en este acto por el señor **Hector Machado Barraza** en su caracter de **Apoderado** de dicha sociedad (en lo sucesivo referida como la "**SUBARRENDATARIA**"), de conformidad con las siguientes declaraciones y clausulas:

DECLARACIONES:

1. La **SUBARRENDADORA**, por conducto de su apoderado, declara que:

a) Es una sociedad de responsabilidad limitada

de capital variable mexicana, constituida y

validamente existente de conformidad con las leyes

de los Estados Unidos Mexicanos (en lo sucesivo

denominados "Mexico").

SUBLEASE CONTRACT

SUBLEASE CONTRACT (the "Contract") entered into by and between **PALL MEXICO MANUFACTURING, S. DE R.L. DE C.V.**, represented herein by

Mr. Leobardo Tenorio Malof, in his capacity as **Attorney-in-fact** of said company (hereinafter referred to as the "**SUBLESSOR**"), and **ENSATEC, S.A. DE C.V.**, represented herein by **Mr. Hector Machado Barraza** in his capacity as **Attorney-in-fact** of said company (hereinafter referred to as the "**SUBLEESSEE**"), in accordance with the following:

RECITALS:

1. The **SUBLESSOR**, through its legal representative states:

a) It is a Mexican limited liability company of variable capital, duly organized pursuant to the laws of the United Mexican States ("Mexico").

b) De conformidad con el contrato de arrendamiento celebrado con la senora Blanca Estela Colunga Santelices ("Contrato de Arrendamiento") el 3 de diciembre de 2007, es arrendataria de los edificios industriales con superficie total de 62,000 pies cuadrados ubicados en Calle Colinas No. 11731, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C., 22680

(en lo sucesivo el "Edificio"), construidos sobre el lote 7 con superficie de 11,092.22 metros cuadrados, ubicado en la manzana 930 de dicho Parque Industrial El Florido, Seccion Colinas.

c) Desea dar en subarrendamiento una porcion del Edificio con superficie de 2,250 pies cuadrados ("Propiedad Arrendada"). La Propiedad Arrendada se describe en el plano adjunto al presente Contrato como **Anexo "A"**, el cual se tiene por reproducido en este acto mediante la presente referencia, por lo

b) Pursuant to the lease contract entered with Mrs. Blanca Estela Colunga Santelices ("Lease Contract") on December 3, 2007, it is the tenant of the industrial facilities with a surface area of 62,000 square feet located at Calle Colinas No. 11731, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C., 22680 (the "Building"), built on lot 7 with a surface area of 11,092.22 square meters, located at block 930 of such Parque Industrial El Florido, Seccion Colinas.

c) It desires to sublease a portion of the Building with an area of 2,250 square feet ("Leased Property"). The Leased Property is described on the plot plan attached hereto as **Exhibit "A"**, which is hereby incorporated by reference and becomes a part hereof. The Leased

que forma parte integrante de este Contrato para todos los efectos a que haya lugar. La Propiedad Arrendada incluye un espacio para estacionamiento identificado como el numero tres (3).

d) Que en los terminos del Contrato de Arrendamiento esta autorizado para subarrendar cualquier porcion del Edificio a la **SUBARRENDATARIA** y, consiguientemente, desea dar en subarrendamiento la Propiedad Arrendada a la **SUBARRENDATARIA**, conforme a los terminos y condiciones de este Contrato.

e) Su representante cuenta con facultades suficientes para celebrar este Contrato, las cuales no le han sido limitadas ni revocadas en forma alguna.

II.- La **SUBARRENDATARIA**, por conducto de su apoderado, declara que:

a) Es una sociedad anonima de capital variable mexicana, constituida y validamente existente de conformidad con las leyes de Mexico, cuyo principal asiento de negocios se ubica en Calle Colinas No. 11731-B, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C. 22680.

b) Desea recibir en subarrendamiento la Propiedad Arrendada, conforme a los terminos y condiciones de este Contrato.

c) Su representante cuenta con facultades suficientes para celebrar este Contrato, las cuales no le han sido limitadas ni revocadas en forma alguna.

III.- Las partes, por conducto de sus respectivos apoderados, declaran que:

En la celebracion del presente Contrato no ha existido error, mala fe, dolo o vicio del consentimiento alguno entre ellas.

Property includes a parking space identified as parking space number three (3).

d) Pursuant to the Lease Contract, it has the right to sublease at will any portion of the Building to **SUBLESSE** and, accordingly, it desires to sublease the Leased Property to the **SUBLESSEE** under the terms and conditions hereinafter set forth.

e) That its Attorney-in-fact has all the authorities required to enter into this Contract, which authorities have not been limited nor revoked in any manner whatsoever.

II.- The **SUBLESSEE**, through its legal representative states:

a) That its principal is a Mexican corporation of variable capital duly incorporated pursuant to the General Law of Mercantile Corporations, with its principal place of business at Calle Colinas No. 11731-B, Parque Industrial El Florido, Seccion Colinas, Delegacion La Presa, Tijuana, B.C. 22680.

b) That its principal desires to sublease the Leased Property, subject to the terms and conditions contained herein.

c) That its Attorney-in-fact has all the authorities required to enter into this Contract, which authorities have not been limited nor revoked in any manner whatsoever.

III.- The parties, through their legal representatives, state:

That in the execution of this Contract there has been no error, bad faith nor duress amongst them.

En consideracion de las anteriores declaraciones, las partes se obligan de conformidad con las siguientes:

CLAUSULAS:

PRIMERA. SUBARRENDAMIENTO DE LA PROPIEDAD ARRENDADA

La **SUBARRENDADORA** en este acto entrega en

subarrendamiento a la **SUBARRENDATARIA** y la

SUBARRENDATARIA en este acto recibe en

subarrendamiento de parte de la **SUBARRENDADORA**, la Propiedad Arrendada, con todo lo que le corresponde.

La **SUBARRENDATARIA** recibe la Propiedad Arrendada a satisfaccion tal y como la misma se encuentra, y expresamente renuncia a los derechos en su favor establecidos en los articulos 2286 fraccion V y 2295 del Codigo Civil del Estado de Baja California, articulos que la **SUBARRENDATARIA** manifiesta conocer y comprender en su integridad, por lo que la presente renuncia es valida de conformidad con el articulo 7 del Codigo Civil del Baja California.

SEGUNDA. TITULARIDAD DE LA PROPIEDAD ARRENDADA

La **SUBARRENDADORA** cuenta con el uso exclusivo y posesion de la Propiedad Arrendada, y garantiza que la **SUBARRENDATARIA** tendra el uso y goce pacifico de la Propiedad Arrendada durante el plazo de este Contrato.

TERCERA. PLAZO Y ENTREGA DE LA PROPIEDAD ARRENDADA

A. Plazo. El plazo inicial de este Contrato es de un (1) ano contado a partir de la fecha de su firma; sin embargo, la **SUBARRENDATARIA** lo podra dar por terminado el presente Contrato, en cualquier tiempo, sin ninguna responsabilidad para la **SUBARRENTARIA**, con un aviso, por escrito, al

In consideration of the above recitals, the parties agree on the following:

CLAUSES

FIRST. SUBLEASE OF THE LEASED PROPERTY

SUBLESSOR hereby subleases to **SUBLESSEE** and **SUBLESSEE** hereby subleases from **SUBLESSOR**, the Leased Property, together with all easements and rights of way appurtenant thereto.

SUBLESSEE hereby receives the Leased Property "as is" to its satisfaction, therefore expressly waiving the rights that in its favor are set forth in articles 2286 section V and 2295 of the Civil Code for the State of Baja California. **SUBLESSEE** expressly states that it knows and understands said articles in their entirety, and therefore these waivers are valid pursuant to article 7 of the Civil Code for the State of Baja California.

SECOND. TITLE TO THE LEASED PROPERTY

The **SUBLESSOR** has the right of exclusive use and possession of the Leased Property, and it guarantees that the **SUBLESSEE** will have the quiet enjoyment of the Leased Property during the term of this Contract.

THIRD. TERM AND DELIVERY OF THE LEASED PROPERTY

A. Term. The initial term of this Contract is for a period of one (1) year as of the date of execution hereof; notwithstanding, the **SUBLESSE** may terminate this Contract, at any time, without any liability to **SUBLESSE**, by giving **SUBLESSOR** in writing a notice thirty (30) days in advance of

SUBARRENDAROR con treinta (30) días de anticipación de la fecha efectiva de terminación (el "Plazo").

B. Entrega de la Propiedad Arrendada. La **SUBARRENDADORA** entrega la Propiedad Arrendada a la **SUBARRENDATARIA** en la fecha de firma de este Contrato.

CUARTA.- USO DE LA PROPIEDAD ARRENDADA

La **SUBARRENDATARIA** usará la Propiedad

Arrendada únicamente para actividades de ensamble

de productos y almacenaje de productos. Bajo

ninguna circunstancia podrá la **SUBARRENDATARIA** usar la Propiedad Arrendada para operaciones de industria química o pesada, ni para actividades que violen las leyes, reglamentos y normas municipales, estatales o federales.

La **SUBARRENDATARIA** se obliga a cumplir con el Reglamento Interior del PARQUE INDUSTRIAL EL FLORIDO, en vigor, el cual manifiesta conocer en todos sus términos, así como con las posibles modificaciones que pudiera sufrir en el futuro. Dicho reglamento se adjunta al presente como **Anexo B.**

QUINTA. RENTA

A. Renta. Durante el Plazo de este Contrato, la **SUBARRENDATARIA** pagará como renta por la Propiedad Arrendada, la cantidad de **US\$0.50** (cincuenta centavos; 50/100 Dolares) moneda de los Estados Unidos de América ("Dolares"), por pie cuadrado de la Propiedad Arrendada, por mes; es decir, la cantidad de **US\$13,500.00** Dolares (trece mil quinientos 00/100 Dolares) por año (la "Renta"). La Renta incluye todos los gastos y costos de mantenimiento, servicios públicos, seguro, impuesto predial, etc.

the termination date (the "Term").

B. Delivery. **SUBLESSOR** hereby delivers the Leased Property to **SUBLESSEE** on the date of execution hereof.

FOURTH.- USE OF THE LEASED PROPERTY

The **SUBLESSEE** shall use the Leased Property only for assembly of products and storage of products. Under no conditions whatsoever will the **SUBLESSEE** be permitted to use the Leased Property for chemical and heavy industrial operations, nor activities which are in violation of any applicable municipal, state and federal laws, regulations or ordinances.

SUBLESSEE agrees to comply with the Internal Rules of Parque Industrial El Florido, and the possible future modifications, avowing to know and understand said rules in all their terms. The rules are attached hereto

as **Exhibit B.**

FIFTH. RENT

A. Rent. For the Term of this Contract, the **SUBLESSEE** shall pay as rent for the Leased Property **US\$0.50** (fifty cents; 50/100 Dollars), currency of the United States of America ("Dollars"), per square foot of the Leased Property per month; that is the total amount of **US\$13,500.00** Dollars (thirteen thousand five hundred 00/100 Dollars) per year (the "Rent"). The Rent amount is all inclusive and includes all maintenance, utilities, insurance, land tax, etc.

B. Pago. Una doceava parte de dicha Renta anual mas el Impuesto al Valor Agregado ("IVA") correspondiente, sera pagada por la **SUBARRENDATARIA** a la **SUBARRENDADORA** por adelantado dentro de los primeros cinco (5) dias naturales de cada mes, sin necesidad de notificacion o solicitud de cobro alguna. Consecuentemente, la **SUBARRENDATARIA** entregara a la **SUBARRENDADORA** en forma de amortizacion mensual, la cantidad de **US\$1,125.00** Dolares (mil ciento veinticinco 00/100 Dolares). Una vez que la **SUBARRENDADORA** reciba el pago de la amortizacion mensual de Renta, la **SUBARRENDADORA** entregara la faclura correspondiente a la **SUBARRENDATARIA**, la cual cumplira con los requisitos fiscales aplicables.

El pago de la amortizacion mensual de la Renta sera entregado en el domicilio de la **SUBARRENDADORA**, como se establece en este Contrato, o en cualquier otro lugar que la **SUBARRENDADORA** notifique por escrito a la **SUBARRENDATARIA** con al menos diez (10) dias de anticipacion.

B. Payment. One-twelfth of such annual Rent plus the corresponding Value Added Tax ("VAT") shall be paid by **SUBLESSEE** to **SUBLESSOR** in advance within the first five (5) calendar days of the month, without notice or demand being required. As a result of the foregoing, the **SUBLESSEE** must deliver to the **SUBLESSOR** on a monthly basis, the amount of

US\$ 1,125.00 Dollars (one thousand one hundred and twenty five 00/100 Dollars). Once **SUBLESSOR** receives the monthly installments of Rent, **SUBLESSOR** will deliver the corresponding official invoice to the **SUBLESSEE**, in compliance with Mexican tax requirements. The monthly installments of Rent will be paid at **SUBLESSOR'S** domicile, as provided hereof, or to whatever place the **SUBLESSOR** notifies in writing to **SUBLESSEE** at least ten (10) days in advance.

C. Pago en mora. Si la

SUBARRENDATARIA no paga la amortizacion

mensual de la Renta en tiempo, la

SUBARRENDATARIA pagara a la

SUBARRENDADORA, un interes moratorio

mensual equivalentes al dos porciento (2%) de la

cantidad total no pagada en tiempo, hasta que la

misma sea totalmente pagada.

D. Pago Proporcional. Si la fecha de inicio del

Plazo de este Contrato es un dia distinto al primer

dia de un mes natural, la cantidad correspondiente a

la primera amortizacion mensual de la Renta sera la

parte proporcional equivalente a la porcion del

primer mes natural que la Propiedad Arrendada sea

subarrendada por la **SUBARRENDATARIA**.

E. Pago de 1VA. La **SUBARRENDATARIA** pagara a la **SUBARRENDADORA** el IVA

correspondiente a las amortizaciones mensuales de Renta antes senaladas.

C. Late Payment. If **SUBLESSEE** does not pay the monthly installments of Rent when due, the **SUBLESSEE** shall pay **SUBLESSOR**, as a contractual penalty, a monthly interest equivalent to two (2%) percent of the total unpaid amount, until its payment in full.

D. Proportional Payment. If the

commencement date of the Term of this Contract

is a day other than the first day of a calendar

month, the amount of the first monthly installment

of Rent will be that pro rata portion of the

monthly Rent payment which is equal to the

portion of the first calendar month that the Leased

Property is effectively under sublease by the

SUBLESSEE.

E. Payment of VAT. The **SUBLESSEE**

will pay to **SUBLESSOR** the VAT which is

applicable to the above monthly installments of Rent.

F. Incrementos de Renta. De prorrogarse el Plazo de este Contrato, la Renta sera incrementada en un tres y medio porciento (3.5%) anual fijo.

G. Renuncias. Todas las Rentas que hayan comenzado a causarse durante el mes deberan cubrirse integramente, aunque la **SUBARRENDATARIA** entregue la Propiedad Arrendada antes del vencimiento del periodo correspondiente, a cuyo efecto renuncia al derecho de cubrir solo parte de la Renta como lo previene el articulo 2303 del Codigo Civil para el Estado de Baja California. Por ningun motive podra la **SUBARRENDATARIA** retener las Rentas. Las partes convienen que todas las reclamaciones por parte de la **SUBARRENDATARIA** en los casos previstos por los articulos 2295, 2319 y 2364 del Codigo Civil para este Estado de Baja California, en su caso, seran presentadas por la **SUBARRENDATARIA** en forma independiente de la obligacion de la **SUBARRENDATARIA** de pagar la Renta integramente durante el termino de este Contrato.

SEXTA. MODIFICACIONES A LA PROPIEDAD ARRENDADA

F. Rent escalation. If the Term of this Contract is extended by the parties, the Rent shall increase three and one-half (3.5%) percent annually.

G. Waivers. **SUBLESSEE** must pay the total amount of Rent per month, even if it delivers possession of the Leased Property before the end of the month, therefore, it waives its right to pay only a part of the Rent as established by article 2303 of the Civil Code for the State of Baja California. Under no circumstances shall **SUBLESSEE** withhold the Rent. It is expressly agreed that all claims by **SUBLESSEE** in the events described in articles 2295, 2319 and 2364 of the Civil Code for the State of Baja California, as the case may be, shall be filed by **SUBLESSEE** independently of **SUBLESSEE**'s obligations to pay the Rent during the term of this Contract.

SIXTH. ALTERATIONS

La **SUBARRENDATARIA** no podra efectuar
modificacion alguna en la Propiedad Arrendada sin
la autorizacion previa y por escrito de la

SUBARRENDADORA, la cual no sera negada sin
causa justificada. Todas las instalaciones y equipo
sea cual fuere su naturaleza, que sea instalado en la

Propiedad Arrendada por la
SUBARRENDATARIA, ya sea que fuere instalado
permanentemente o no, continuara siendo propiedad de la
SUBARRENDATARIA, y debera ser removido por la
SUBARRENDATARIA a la expiracion del plazo o terminacion de
este Contrato, a menos que la **SUBARRENDATARIA** reciba
confirmacion por escrito de parte de la **SUBARRENDADORA**, por
adelantado, en cada
caso especifico, de que las mejoras o instalaciones o equipo en la
Propiedad Arrendada pueden permanecer en la Propiedad
Arrendada.

SEPTIMA. CESION Y SUBARRENDAMIENTO

La **SUBARRENDATARIA** no podra subarrendar la Propiedad
Arrendada o ceder este Contrato, a menos que obtenga la
autorizacion expresa previa y por escrito de la **SUBARRENDADORA**,
la cual no sera negada sin causa justificada.

OCTAVA. ENTREGA DE LA PROPIEDAD ARRENDADA

The **SUBLESSEE** may not perform any alteration at the Leased
Property without the prior written authorization of **SUBLESSOR**,
which authorization shall not be unreasonably withheld. All fixtures
and/or equipment of whatsoever nature that are installed in the
Leased Property by the **SUBLESSEE**, whether permanently affixed
thereto or otherwise, will continue to be the property of the
SUBLESSEE, and will be removed by **SUBLESSEE** at the
expiration or termination of this Contract or any renewal or extension
thereof, unless the **SUBLESSEE** receives written confirmation of
SUBLESSOR, in advance, in each specific case, that the
improvements made on the Leased Property may remain in the
Leased Property.

SEVENTH. ASSIGNMENT AND SUBLETTING

The **SUBLESSEE** may not sublease the Leased Property or assign
this Contract, unless it has the prior express written authorization of
the **SUBLESSOR**, which authorization will not be unreasonably
withheld.

EIGHTH. SURRENDER

La **SUBARRENDATARIA** entregara la Propiedad

Arrendada a la **SUBARRENDADORA** el ultimo

dia del Plazo de este Contrato, o en el momento de

la terminacion anticipada del mismo, sin demora, en

buenas condiciones de orden, limpieza y reparacion,

excepto por el desgaste normal causado por el uso

normal y el paso del tiempo. Todos los anuncios,

inscripciones, senalamientos e instalaciones de

naturaleza similar efectuados o instalados por la

SUBARRENDATARIA seran removidos en o

antes de la entrega de la Propiedad Arrendad en los

terminos de esta clausula. Todo el mobiliario,

instalaciones y equipo instalados por la

SUBARRENDATARIA continuaran siendo

propiedad de la **SUBARRENDATARIA** deberan

ser removidos por la **SUBARRENDATARIA** antes

de la entrega de la Propiedad Arrendada a la

SUBARRENDADORA, y la

SUBARRENDATARIA a su costo, reparara cualquier dano que
pudiere resultar de la instalacion o remocion de dichos bienes.

SUBLESSEE will, on the last day of the lease Term or its extensions, or upon anticipated termination, surrender and deliver the Leased Property into the possession and use of the **SUBLESSOR** without delay, in good order, conditions and repair, except for normal wear and tear due to normal use and the passage of time. All signs, inscriptions, canopies and installations of like nature made by or affixed by **SUBLESSEE** shall be removed at or prior to the expiration of the Term of this Contract. All furniture, trade fixtures and equipment installed by **SUBLESSEE** shall remain the property of the **SUBLESSEE** and shall be removed by **SUBLESSEE** at any time during or at the end of the Term, and the **SUBLESSEE** shall, at its own expense, repair all damages resulting from the installation or removal thereof.

Todo bien que permanezca en la Propiedad

Arrendada durante treinta (30) días posteriores a la

terminación de este Contrato, sea que estuvieren

instalados permanentemente en la Propiedad

Arrendada o no, podrán ser considerados

abandonados a elección de la **SUBARRENDADORA**, y ella podrá retenerlos en calidad de propietaria, o disponer de los mismos, según lo considere pertinente, sin responsabilidad alguna a su cargo.

NOVENA. RETENCION DE LA PROPIEDAD ARRENDADA

La **SUBARRENDATARIA** entregará en forma inmediata la Propiedad Arrendada a la **SUBARRENDADORA** a la terminación de este Contrato por expiración de su plazo o por cualquier otra causa.

DECIMA. DISPOSICIONES AMBIENTALES

A partir de la fecha de firma de este Contrato, la **SUBARRENDATARIA** cumplirá con todas las leyes, reglamentos y normas relativas al equilibrio ecológico y la protección al ambiente aplicables en relación con el uso de la Propiedad Arrendada.

La **SUBARRENDADORA** declara que en su leal saber y entender, la Propiedad Arrendada se encuentra actualmente libre de contaminación.

DECIMA PRIMERA. DERECHO DE LA SUBARRENDADORA A LLEVAR A CABO LAS OBLIGACIONES DE LA SUBARRENDATARIA

Any property, being permanently affixed to the Leased Property or not, which remains in the Leased Property thirty (30) days after the termination of the Contract may, at the option of **SUBLESSOR**, be deemed to have been abandoned and either may be retained by **SUBLESSOR** as its property or be disposed of, without liability, in such manner as

SUBLESSOR may see fit.

NINETH. HOLDING OVER

The **SUBLEESSEE** shall at the termination of the Contract by lapse of time or otherwise, immediately deliver the possession of the Leased Property to **SUBLESSOR**.

TENTH. ENVIRONMENTAL CLAUSE

As of the date of execution hereof, the **SUBLEESSEE** shall observe all laws and regulations regarding ecological equilibrium and environment protection applicable to the use of the Leased Property.

SUBLESSOR states that, to the best of its knowledge, the Leased Property is currently free of contamination.

ELEVENTH. SUBLESSOR'S RIGHT TO PERFORM SUBLESSEE'S COVENANTS

Si la **SUBARRENDATARIA** incumple con alguna de sus obligaciones establecidas en este Contrato, la **SUBARRENDADORA**, una vez transcurridos diez (10) días luego de haber dado aviso por escrito a la **SUBARRENDATARIA** respecto de dicho incumplimiento (o sin necesidad de dar aviso alguno en caso de emergencia) y sin que ello implique renuncia alguna por parte de la **SUBARRENDADORA** respecto de las obligaciones de la **SUBARRENDATARIA** pactadas en este Contrato, podrá, sin estar obligada a ello, llevar a cabo dichas obligaciones de la **SUBARRENDATARIA** y podrá entrar a la Propiedad Arrendada para dicho fin y llevar a cabo

cuantas acciones sean necesarias al efecto. Todas

las cantidades que razonablemente hubiere pagado la

SUBARRENDADORA en relación con costos y

gastos incurridos por el cumplimiento de las

obligaciones incumplidas por la **SUBARRENDATARIA**, deberán ser pagadas por

la **SUBARRENDATARIA** a la **SUBARRENDADORA** dentro de los diez (10) días siguientes a su cobro.

DECIMA SEGUNDA. DERECHO DE LA

SUBARRENDATARIA A LLEVAR A CABO

LAS OBLIGACIONES DE LA **SUBARRENDADORA**

If **SUBLESSEE** fails to perform any one or more of its obligations hereunder, **SUBLESSOR**, after ten (10) days written notice to **SUBLESSEE** (or without notice in the case of an emergency) and without waiving or releasing **SUBLESSEE** from any obligation of **SUBLESSEE** contained in this Contract, may but shall be under no obligation to perform any act on **SUBLESSEE**'s part to be performed as provided in this Contract, and may enter upon the Leased Property for that purpose and take all such actions thereon as may be necessary to such effect. All reasonable sums paid by **SUBLESSOR** and all costs and expenses incurred by **SUBLESSOR** in connection with the performance of any such obligation of

SUBLESSEE, shall be payable by **SUBLESSEE** to **SUBLESSOR** within ten (10) days after receiving notice.

TWELFTH. SUBLESSEE'S RIGHT TO PERFORM **SUBLESSOR'S COVENANTS**

Si la **SUBARRENDADORA** incumple con alguna de sus obligaciones establecidas en este Contrato, la **SUBARRENDATARIA**, una vez transcurridos diez (10) días luego de haber dado aviso por escrito a la **SUBARRENDADORA** respecto de dicho incumplimiento (o sin necesidad de dar aviso alguno en caso de emergencia) y sin que ello implique renuncia alguna por parte de la **SUBARRENDATARIA** respecto de las obligaciones de la **SUBARRENDADORA** pactadas en este Contrato, podrá, sin estar obligada a ello, llevar a cabo dichas obligaciones de la **SUBARRENDADORA** y llevar a cabo cuantas acciones sean necesarias al efecto. Todas las cantidades que razonablemente hubiere pagado la **SUBARRENDATARIA** en relación con costos y gastos incurridos por el cumplimiento de las obligaciones incumplidas por la **SUBARRENDADORA**, deberán ser pagadas por la **SUBARRENDADORA** a la **SUBARRENDATARIA** dentro de los diez (10) días siguientes a su cobro.

If **SUBLESSOR** fails to perform any one or more of its obligations hereunder, **SUBLESSEE**, after ten (10) days written notice to **SUBLESSOR** (or without notice in the case of an emergency) and without waiving or releasing **SUBLESSOR** from any obligation of **SUBLESSOR** contained in this Contract, may but shall be under no obligation to perform any act on **SUBLESSOR**'s part to be performed as provided in this Contract, and may take all such actions thereon as may be necessary to such effect. All reasonable sums paid by **SUBLESSEE** and all costs and expenses incurred by **SUBLESSEE** in connection with the performance of any such obligation of **SUBLESSOR**, will be payable by **SUBLESSOR** to **SUBLESSEE** within ten (10) days after receiving notice.

DECIMA TERCERA. ACCESO A LA PROPIEDAD ARRENDADA POR PARTE DE LA SUBARRENDADORA

La **SUBARRENDATARIA** permitira a la **SUBARRENDADORA** y a la propietaria de la Propiedad Arrendada, y a sus respectivos representantes, el acceso a la Propiedad Arrendada

todas las veces que sea razonablemente conveniente a fin de inspeccionarla.

DECIMA CUARTA. ANUNCIOS

La **SUBARRENDATARIA** podra instalar en la Propiedad Arrendada los anuncios que requiera para sus operaciones. Cualquier otro anuncio distinto de los mencionados anteriormente que desee instalar la **SUBARRENDATARIA**, debera ser aprobado por escrito y con anticipacion por la **SUBARRENDADORA**.

DECIMA QUINTA. NOTIFICACIONES

Siempre que sea necesario o conveniente para las partes entregar avisos o notificaciones a la otra parte conforme a lo previsto en este Contrato, dichos avisos o notificaciones, para ser validos, deberan ser entregados en forma personal, o mediante correo certificado o registrado con acuse de recibo, o mediante servicio de mensajeria reconocido, dirigidos a las siguientes direcciones:

SUBARRENDADORA:

Calle Colinas No. 11731
Parque Industrial El Florido, Seccion Colinas
Delegacion La Presa
Tijuana, B.C., Mexico 22680

SUBARRENDATARIA:

Blvd. Agua Caliente 10470, Desp.# 1 Centro Comercial
Barranquitas Col. Revolucion Tijuana, B.C. Mexico 22015

DECIMA SEXTA. SUBTITULOS

Las partes convienen que los subtítulos utilizados en este Contrato son para efectos de facilitar la referencia de sus clausulas, por lo que no seran considerados parte del Contrato ni seran utilizados para efectos de su interpretacion.

THIRTEENTH. ENTRY TO LEASED PROPERTY BY SUBLESSOR

SUBLESSEE will allow **SUBLESSOR** and the owner of the Leased Premises and their respective representatives to enter into the Leased Property at all reasonable times for the purpose of inspecting same.

FOURTEENTH. SIGNS

The **SUBLESSEE** may place on the Leased Property or attach to the exterior of the Building its signs and other signs it may require for its operation. No other signs may be placed in or on the Leased Property without **SUBLESSOR'S** written consent.

FIFTEENTH. NOTICES

Whenever it shall be necessary or desirable for one of the parties to serve any notice or demand upon the other pursuant to the provisions of this Contract, such notice or demand will be served personally, or by registered or certified mail, return receipt requested, or by reputable courier service addressed to:

SUBLESSOR:

Calle Colinas No. 11731
Parque Industrial El Florido, Seccion Colinas
Delegacion La Presa
Tijuana, B.C., Mexico 22680

SUBLESSEE:

Blvd. Agua Caliente 10470, Desp,#1 Centro Comercial
Barranquitas Col. Revolucion Tijuana, B.C., Mexico 22015

SIXTEENTH. CAPTIONS

The parties mutually agree that the headings and captions contained in this Contract are inserted for convenience of reference only and are not to be deemed part of or to be used in construing this Contract.

DECIMA SEPTIMA. ACUERDOS ANTERIORES

Este Contrato sustituye a cualquier y todos los contratos de arrendamiento que las partes hayan celebrado con anterioridad, otorgandose el mutuamente el finiquito mas amplio que en derecho proceda. El presente Contrato solamente podra modificarse mediante acuerdo escrito firmado por un representante debidamente autorizado de cada una de las partes.

DECIMOCTAVA. LEY APLICABLE Y JURISDICCION

Este Contrato sera interpretado de conformidad con lo previsto en elCodigo Civil del Estado de Baja California y demas leyes aplicables en el Estado de Baja California, Mexico, y las partes expresamente se someten a la jurisdiccion de los tribunales de Tijuana, Baja California, Mexico, renunciado a cualquier otro fuero que pudiere corresponderles.

DECIMO NOVENA. TRADUCCION

Las partes convienen en que el presente Contrato se firma en los idiomas ingles y espanol. Las partes convienen que la version en espanol prevalecera en todo momento.

EN TESTIMONIO DE LO ANTERIOR,

Las partes manifiestan su consentimiento con el contenido de este Contrato, las parte lo firman el dia 23 de febrero de 2012.

**SUBARRENDADORA/SUBLESSOR
PALL MEXICO MANUFACTURING, S. DE R.L. DE C.V.**

(Graphic Appears Here)

Por:/ By: Leobardo Tenorio Malof

SEVENTEENTH. PREVIOUS AGREEMENTS

This Contract substitutes any and all lease agreements previously existing between the parties, granting each other the fullest release as accepted by law. This Contract may only be amended through a written agreement signed by a duly authorized representative of each party.

EIGHTEENTH. APPLICABLE LAW AND JURISDICTION

This Contract will be interpreted in accordance with the provisions of the Civil Code and laws of the State of Baja California, Mexico, and both parties hereby expressly submit to the jurisdiction of the Courts of Tijuana, State of Baja California, Mexico, waiving any other forum that could correspond to them for any reason whatsoever.

NINETEENTH. TRANSLATION

The parties agree that this Contract is executed in the English and Spanish languages. The parties agree that the Spanish version shall prevail in all events.

IN WITNESS WHEREOF

The undersigned parties, through their duly authorized representatives, have executed this Contract on February 23, 2012.

**SUBARRENDATARIA/SUBLESSEE
ENSATEC, S.A. DE C.V.**

(Graphi Appears Here)

Por:/By: Hector Machado Barraza

ANEXO A/EXHIBIT A
PLANO/PLOT PLAN

(Graphi Appears Here)

SUBSIDIARIES OF HAEMONETICS CORPORATION

| Entity Name | Jurisdiction of Incorporation |
|--|-------------------------------|
| 5D Information Management, Inc. | Delaware |
| Arryx, Inc. | Nevada |
| Global Med Technologies, Inc. | Colorado |
| Haemonetics (Hong Kong) Limited | Hong Kong |
| Haemonetics (Hong Kong) Limited Liaison Office | Haryana - India |
| Haemonetics (UK) Limited | United Kingdom |
| Haemonetics Asia Incorporated | Delaware |
| Haemonetics Asia Incorporated Taiwan Branch | Unknown |
| Haemonetics Asia UK Ltd. | England/Wales |
| Haemonetics Asia, Inc. | Taipei - Taiwan |
| Haemonetics Australia PTY Ltd. | Victoria |
| Haemonetics Belgium NV | Brussels - Belgium |
| Haemonetics BV | Breda - Netherlands |
| Haemonetics Canada Ltd. | British Columbia |
| Haemonetics CZ, spol. s.r.o. | Brno - Czech Republic |
| Haemonetics France S.a.r.l | Plaisir - France |
| Haemonetics GmbH | Munich - Germany |
| Haemonetics Handelsgesellschaft m.b.H. | Vienna - Austria |
| Haemonetics Healthcare India Private Limited | India |
| Haemonetics Hospitalar Ltda. | Sao Paulo - Brazil |
| Haemonetics International Finance S.a.r.l. | Luxembourg |
| Haemonetics International Holdings GmbH | Luzern, Switzerland |
| Haemonetics IP HC Sarl | Signy - Switzerland |
| Haemonetics Italia s.r.l. | Milan - Italy |
| Haemonetics Japan GK | Toyko - Japan |
| Haemonetics Korea, Inc. | Seoul - Korea |
| Haemonetics Limited | Bedfordshire - United Kingdom |
| Haemonetics Manufacturing, Inc. | Delaware |
| Haemonetics Massachusetts Security Corporation | Massachusetts |
| Haemonetics Medical Devices (Shanghai) International Trading Co., Ltd. | Shanghai - China |
| Haemonetics New Zealand Limited | New Zealand |
| Haemonetics Produzione Italia S.r.l. | Italy |
| Haemonetics Puerto Rico LLC | Puerto Rico |
| Haemonetics S.A. | Signy - Switzerland |
| Haemonetics S.A. Representative Office | Beirut - Lebanon |
| Haemonetics S.A. Representative Office | Madrid |
| Haemonetics S.A. Representative Office | Moscow - Russia |
| Haemonetics Scandinavia AB | Lund - Sweden |
| Haemonetics Singapore Pte. Ltd. | Singapore |
| Haemoscope Corporation | Massachusetts |
| Inlog SAS | France |

Inlog Deutschland GmbH
Inlog Holdings France SAS
Neoteric Technology (UK) Ltd.
Transfusion Technologies Corporation

Germany
France
Coventry - United Kingdom
Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-181847, 333-61453, 333-61455, 333-60020, 333-62598, 333-136839, 333-149205 and 333-159434) of our reports dated May 20, 2013, with respect to the consolidated financial statements and schedule of Haemonetics Corporation and the effectiveness of internal control over financial reporting of Haemonetics Corporation, included in this Annual Report (Form 10-K) for the fiscal year ended March 30, 2013.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 20, 2013

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 20, 2013

/s/ Brian Concannon

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

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 20, 2013

/s/ Christopher Lindop

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

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

In connection with the Annual Report of Haemonetics Corporation (the "Company") on Form 10-K for the period ended March 30, 2013 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 20, 2013

/s/ Brian Concannon

Brian Concannon,

President and Chief Executive Officer

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

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

In connection with the Annual Report of Haemonetics Corporation (the "Company") on Form 10-K for the period ended March 30, 2013 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 20, 2013

/s/ Christopher Lindop

Christopher Lindop,

Chief Financial Officer and Executive 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.