

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

FORM 10-Q

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

For the quarterly period ended: September 28, 2019
OR

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

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
(Address of principal executive offices)

02184-9114
(Zip Code)

(781) 848-7100

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Common stock, \$.01 par value per share	HAE	New York Stock Exchange

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), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No x

The number of shares of \$0.01 par value common stock outstanding as of October 30, 2019: 50,682,643

HAEMONETICS CORPORATION
INDEX

PAGE

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

<u>Unaudited Condensed Consolidated Statements of Income and Comprehensive Income - Three and Six Months Ended September 28, 2019 and September 29, 2018</u>	<u>3</u>
<u>Unaudited Condensed Consolidated Balance Sheets - September 28, 2019 and Audited Consolidated Balance Sheets - March 30, 2019</u>	<u>4</u>
<u>Unaudited Condensed Consolidated Statements of Stockholders' Equity - Three and Six Months Ended September 28, 2019 and September 29, 2018</u>	<u>5</u>
<u>Unaudited Condensed Consolidated Statements of Cash Flows - Six Months Ended September 28, 2019 and September 29, 2018</u>	<u>6</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>7</u>

<u>ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
---	------------------

<u>ITEM 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>31</u>
--	------------------

<u>ITEM 4. Controls and Procedures</u>	<u>31</u>
---	------------------

<u>PART II. OTHER INFORMATION</u>	<u>33</u>
--	------------------

<u>ITEM 1. Legal Proceedings</u>	<u>33</u>
---	------------------

<u>ITEM 1A. Risk Factors</u>	<u>33</u>
-------------------------------------	------------------

<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>33</u>
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<u>ITEM 3. Defaults upon Senior Securities</u>	<u>34</u>
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<u>ITEM 4. Mine Safety Disclosures</u>	<u>34</u>
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<u>ITEM 5. Other Information</u>	<u>34</u>
---	------------------

<u>ITEM 6. Exhibits</u>	<u>35</u>
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<u>SIGNATURES</u>	<u>36</u>
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ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net revenues	\$ 252,566	\$ 241,581	\$ 491,017	\$ 470,928
Cost of goods sold	125,566	129,674	248,111	275,777
Gross profit	127,000	111,907	242,906	195,151
Operating expenses:				
Research and development	7,422	8,583	14,909	17,989
Selling, general and administrative	69,839	77,248	142,839	145,793
Impairment of assets	—	—	48,721	—
Total operating expenses	77,261	85,831	206,469	163,782
Operating income	49,739	26,076	36,437	31,369
Interest and other expense, net	(4,651)	(3,039)	(9,074)	(5,017)
Income before provision (benefit) for income taxes	45,088	23,037	27,363	26,352
Provision (benefit) for income taxes	7,602	4,311	(1,644)	10,445
Net income	\$ 37,486	\$ 18,726	\$ 29,007	\$ 15,907
Net income per share - basic	\$ 0.74	\$ 0.36	\$ 0.57	\$ 0.31
Net income per share - diluted	\$ 0.72	\$ 0.35	\$ 0.56	\$ 0.30
Weighted average shares outstanding				
Basic	50,791	51,605	50,901	51,862
Diluted	52,046	53,138	52,174	53,365
Comprehensive income	\$ 35,378	\$ 18,403	\$ 23,281	\$ 10,865

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

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

	September 28, 2019	March 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 112,030	\$ 169,351
Accounts receivable, less allowance of \$4,108 at September 28, 2019 and \$3,937 at March 30, 2019	176,535	185,027
Inventories, net	244,504	194,337
Prepaid expenses and other current assets	34,720	27,406
Total current assets	567,789	576,121
Property, plant and equipment, net	264,238	343,979
Intangible assets, less accumulated amortization of \$279,154 at September 28, 2019 and \$263,479 at March 30, 2019	113,540	127,693
Goodwill	211,041	210,819
Deferred tax asset	4,328	4,359
Other long-term assets	29,605	11,796
Total assets	\$ 1,190,541	\$ 1,274,767
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 56,934	\$ 27,666
Accounts payable	57,449	63,361
Accrued payroll and related costs	38,848	53,200
Other liabilities	86,835	91,532
Total current liabilities	240,066	235,759
Long-term debt, net of current maturities	313,984	322,454
Deferred tax liability	11,687	19,906
Other long-term liabilities	41,050	28,780
Total stockholders' equity		
Common stock, \$0.01 par value; Authorized — 150,000,000 shares; Issued and outstanding — 50,607,751 shares at September 28, 2019 and 51,019,918 shares at March 30, 2019	506	510
Additional paid-in capital	533,720	536,320
Retained earnings	85,634	161,418
Accumulated other comprehensive loss	(36,106)	(30,380)
Total stockholders' equity	583,754	667,868
Total liabilities and stockholders' equity	\$ 1,190,541	\$ 1,274,767

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Par Value				
Balance, March 30, 2019	51,020	\$ 510	\$ 536,320	\$ 161,418	\$ (30,380)	\$ 667,868
Employee stock purchase plan	25	—	1,830	—	—	1,830
Exercise of stock options	85	1	3,634	—	—	3,635
Shares repurchased	(616)	(6)	(21,473)	(53,521)	—	(75,000)
Issuance of restricted stock, net of cancellations	257	3	(3)	—	—	—
Share-based compensation expense	—	—	4,730	—	—	4,730
Net loss	—	—	—	(8,479)	—	(8,479)
Other comprehensive loss	—	—	—	—	(3,618)	(3,618)
Balance, June 29, 2019	50,771	\$ 508	\$ 525,038	\$ 99,418	\$ (33,998)	\$ 590,966
Exercise of stock options	64	1	2,409	—	—	2,410
Shares repurchased	(360)	(4)	1,274	(51,270)	—	(50,000)
Issuance of restricted stock, net of cancellations	133	1	(1)	—	—	—
Share-based compensation expense	—	—	5,000	—	—	5,000
Net income	—	—	—	37,486	—	37,486
Other comprehensive loss	—	—	—	—	(2,108)	(2,108)
Balance, September 29, 2019	50,608	\$ 506	\$ 533,720	\$ 85,634	\$ (36,106)	\$ 583,754

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Par Value				
Balance, March 31, 2018	52,343	\$ 523	\$ 503,955	\$ 266,942	\$ (18,991)	\$ 752,429
Employee stock purchase plan	45	1	1,779	—	—	1,780
Exercise of stock options	75	1	2,830	—	—	2,831
Shares repurchased	(888)	(9)	(4,552)	(75,439)	—	(80,000)
Issuance of restricted stock, net of cancellations	67	—	—	—	—	—
Share-based compensation expense	—	—	3,379	—	—	3,379
Cumulative effect of change in accounting principles	—	—	—	1,177	—	1,177
Net loss	—	—	—	(2,819)	—	(2,819)
Other comprehensive loss	—	—	—	—	(4,719)	(4,719)
Balance, June 30, 2018	51,642	\$ 516	\$ 507,391	\$ 189,861	\$ (23,710)	\$ 674,058
Exercise of stock options	125	1	4,294	—	—	4,295
Shares repurchased	(182)	(2)	14,213	(14,211)	—	—
Issuance of restricted stock, net of cancellations	40	1	—	—	—	1
Share-based compensation expense	—	—	4,582	—	—	4,582
Net income	—	—	—	18,726	—	18,726
Other comprehensive loss	—	—	—	—	(323)	(323)
Balance, September 29, 2018	51,625	\$ 516	\$ 530,480	\$ 194,376	\$ (24,033)	\$ 701,339

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

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

	Six Months Ended	
	September 28, 2019	September 29, 2018
Cash Flows from Operating Activities:		
Net income	\$ 29,007	\$ 15,907
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash items:		
Depreciation and amortization	54,469	51,692
Impairment of assets	48,721	21,170
Share-based compensation expense	9,730	7,961
Deferred tax benefit	(7,290)	—
Provision for losses on accounts receivable and inventory	(1,857)	549
Gain on sale of assets	(8,083)	—
Other non-cash operating activities	140	1,277
Change in operating assets and liabilities:		
Change in accounts receivable	7,806	(13,326)
Change in inventories	(59,439)	(3,912)
Change in other assets and other liabilities	(12,204)	3,746
Change in accounts payable and accrued expenses	(28,471)	(4,585)
Net cash provided by operating activities	32,529	80,479
Cash Flows from Investing Activities:		
Capital expenditures	(17,722)	(76,002)
Proceeds from divestiture	9,808	—
Proceeds from sale of property, plant and equipment	15,739	656
Net cash provided by (used in) investing activities	7,825	(75,346)
Cash Flows from Financing Activities:		
Net increase in short-term loans	25,000	—
Term loan borrowings	—	347,780
Repayment of term loan borrowings	(4,375)	(258,103)
Other	72	—
Proceeds from employee stock purchase plan	1,830	1,780
Proceeds from exercise of stock options	6,046	7,127
Share repurchases	(125,000)	(80,000)
Net cash (used in) provided by financing activities	(96,427)	18,584
Effect of exchange rates on cash and cash equivalents	(1,248)	(4,123)
Net Change in Cash and Cash Equivalents	(57,321)	19,594
Cash and Cash Equivalents at Beginning of Period	169,351	180,169
Cash and Cash Equivalents at End of Period	\$ 112,030	\$ 199,763
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ 6,260	\$ 5,833
Income taxes paid	\$ 8,535	\$ 5,053
Transfers from inventory to fixed assets for placement of Haemonetics equipment	\$ 5,780	\$ 12,099

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Haemonetics Corporation ("Haemonetics" or the "Company") presented herein have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. All intercompany transactions have been eliminated. Operating results for the six months ended September 28, 2019 are not necessarily indicative of the results that may be expected for the full fiscal year ending March 28, 2020 or any other interim period. The Company has assessed its ability to continue as a going concern. As of September 28, 2019, the Company has concluded that substantial doubt about its ability to continue as a going concern does not exist. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the annual report on Form 10-K for the fiscal year ended March 30, 2019.

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 as required. There were no material recognized or unrecognized subsequent events as of and for the six months ended September 28, 2019.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standards Implemented

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Update No. 2016-02, *Leases (Topic 842)*. ASC Update No. 2016-02 is intended to increase the transparency and comparability among organizations by recognizing lease asset and lease liabilities on the balance sheet, including those previously classified as operating leases under current U.S. GAAP and disclosing key information about leasing arrangements. In July 2018, the FASB issued an update to the leasing guidance to allow an additional transition option which would allow companies to adopt the standard as of the beginning of the year of adoption as opposed to the earliest comparative period presented. The Company adopted the new standard on March 31, 2019.

Upon transition, the Company applied the package of practical expedients permitted under ASC Update No. 2016-02 transition guidance to its entire lease portfolio at March 31, 2019. As a result, the Company is not required to reassess (i) whether any expired or existing contracts are or contain leases, (ii) the classification of any expired or existing leases, and (iii) initial direct costs for any existing leases. The Company also elected to account for each lease component and the associated non-lease components as a single lease component and also elected not to recognize a lease liability or right-of-use asset for any lease that, at commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.

As a result of adopting ASC Update No. 2016-02, the Company recognized additional right-of-use assets of \$22.9 million and corresponding liabilities of \$22.7 million for its existing lease portfolio on the condensed consolidated balance sheets, with no material impact to the condensed consolidated statements of operations or condensed consolidated statements of cash flows. Additionally, the Company implemented a new lease administration and lease accounting system and has updated controls and procedures for maintaining and accounting for its lease portfolio under the new standard.

In March 2017, the FASB issued ASC Update No. 2017-07, *Compensation - Retirement Benefits (Topic 715)*. The guidance revises the presentation of net periodic pension cost and net periodic post-retirement benefit cost. The Company adopted ASC Update No. 2017-07 during the first quarter of fiscal 2020. The adoption of ASC Update No. 2017-07 did not have a material impact on the Company's condensed consolidated financial statements.

In June 2018, the FASB issued ASC Update No. 2018-07, *Compensation - Stock Compensation (Topic 718)*. The new guidance aligns the accounting for non-employee share-based payments with the existing employee share-based transactions guidance.

The Company adopted ASC Update No. 2018-07 during the first quarter of fiscal 2020. The adoption of ASC Update No. 2018-07 did not have a material impact on the Company's financial position and results of operations.

3. RESTRUCTURING

On an ongoing basis, the Company reviews the global economy, the healthcare industry, and the markets in which it competes to identify opportunities for efficiencies, enhance commercial capabilities, align its resources and offer its customers better solutions. In order to realize these opportunities, the Company undertakes restructuring-type activities to transform its business.

In July 2019, the Board of Directors of the Company approved a new Operational Excellence Program (the "2020 Program") and delegated authority to the Company's management to determine the detail of the initiatives that will comprise the program. The 2020 Program is designed to improve operational performance and reduce cost principally in our manufacturing and supply chain operations. The Company estimates that it will incur aggregate charges between \$60 million and \$70 million in connection with the 2020 Program. These charges, the majority of which will result in cash outlays, including severance and other employee costs, will be incurred as the specific actions required to execute these initiatives are identified and approved and are expected to be substantially completed by the end of fiscal 2023. During both the three and six months ended September 28, 2019, the Company incurred \$2.9 million of restructuring and turnaround costs under this program. Total cumulative charges under this program are \$2.9 million.

During fiscal 2018, the Company launched a Complexity Reduction Initiative (the "2018 Program"), a company-wide restructuring program designed to improve operational performance and reduce cost, freeing up resources to invest in accelerated growth. During the three and six months ended September 28, 2019, the Company incurred \$0.9 million and \$2.9 million, respectively, of restructuring and turnaround costs under this program. During the three and six months ended September 29, 2018, the Company incurred \$1.9 million and \$5.3 million, respectively, of restructuring and turnaround costs under this program. Total cumulative charges under this program are \$55.2 million.

The following table summarizes the activity for restructuring reserves for the six months ended September 28, 2019, substantially all of which relates to employee severance and other employee costs:

<i>(In thousands)</i>	2020 Program	2018 Program and Prior Programs
Balance at March 30, 2019	\$ —	\$ 7,479
Costs incurred, net of reversals	1,179	1,133
Payments	(596)	(5,024)
Balance at September 28, 2019	<u>\$ 583</u>	<u>\$ 3,588</u>

As of September 28, 2019, the Company had a restructuring liability of \$4.2 million, of which \$3.7 million is payable within the next twelve months.

The following presents the restructuring costs by line item within our accompanying condensed consolidated statements of income:

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Cost of goods sold	\$ 283	\$ —	\$ 442	\$ —
Research and development	555	34	569	56
Selling, general and administrative expenses	505	(67)	1,301	(381)
	<u>\$ 1,343</u>	<u>\$ (33)</u>	<u>\$ 2,312</u>	<u>\$ (325)</u>

In addition to the restructuring costs included in the table above, the Company also incurred costs that do not constitute restructuring under ASC 420, *Exit and Disposal Cost Obligations*, which the Company refers to as turnaround costs. These costs, substantially all of which have been included as a component of selling, general and administrative expenses in the accompanying condensed consolidated statements of income, consist primarily of expenditures directly related to the restructuring actions and include program management costs associated with the implementation of outsourcing initiatives and recent accounting standards.

The tables below present restructuring and turnaround costs by the Company's three reportable segments as well as the Company's other corporate restructuring and turnaround costs:

Restructuring costs	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands)</i>				
Plasma	\$ 395	\$ (44)	\$ 548	\$ (83)
Blood Center	94	77	136	45
Hospital	34	(229)	237	(223)
Corporate	820	163	1,391	(64)
Total	\$ 1,343	\$ (33)	\$ 2,312	\$ (325)
Turnaround costs	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands)</i>				
Plasma	\$ 31	\$ 31	\$ 79	\$ 43
Blood Center	—	—	—	—
Hospital	—	(68)	—	(139)
Corporate	2,383	2,188	3,393	5,888
Total	\$ 2,414	\$ 2,151	\$ 3,472	\$ 5,792
Total restructuring and turnaround costs	\$ 3,757	\$ 2,118	\$ 5,784	\$ 5,467

4. DIVESTITURE

On May 21, 2019, the Company transferred to CSL Plasma Inc. ("CSL") substantially all of its tangible assets held relating to the manufacture of anti-coagulant and saline (together, "Liquids") at its Union, South Carolina facility ("Union"), which consist primarily of property, plant and equipment and inventory, and CSL assumed certain related liabilities (the "Asset Transfer") pursuant to the terms of a settlement, release and asset transfer agreement between the parties dated May 13, 2019. The Asset Transfer excludes all other assets related to Union, including accounts receivable, customer contracts and the Company's U.S. Food and Drug Administration ("FDA") product approvals for manufacturing Liquids.

At closing, Haemonetics received \$9.8 million of proceeds for the Asset Transfer and was concurrently released from its obligations to supply Liquids under a 2014 supply agreement with CSL. In connection with the Asset Transfer, CSL and Haemonetics also entered into related transition services, supply and manufacturing services and quality agreements that, among other things, permit CSL to manufacture Liquids under the Company's FDA product approvals, exclusively for Haemonetics and CSL, until CSL obtains independent product approvals from the FDA to manufacture the Liquids.

In connection with the Company's and CSL's entry into the May 13, 2019 agreement for the Asset Transfer, the Company recognized a pre-tax impairment charge of \$48.7 million in the first quarter of fiscal 2020, primarily related to the carrying balances of the property, plant and equipment exceeding the consideration received under the terms of the Agreement. The charge will not result in any future cash expenditures.

5. INCOME TAXES

The Company conducts business globally and reports its results of operations in a number of foreign jurisdictions in addition to the United States. The Company's reported tax rate is impacted by the jurisdictional mix of earnings in any given period as the foreign jurisdictions in which it operates have tax rates that differ from the U.S. statutory tax rate.

For the three and six months ended September 28, 2019, the Company reported an income tax provision of \$7.6 million and a benefit of \$1.6 million, respectively, representing an effective tax rate of 16.9% and (6.0)%, respectively. The effective tax rate for the three and six months ended September 28, 2019 is lower than the U.S. statutory tax rate primarily due to a discrete tax benefit recognized from excess stock compensation deductions of \$4.4 million and \$9.3 million, respectively. The effective tax rates were also impacted by the jurisdictional mix of earnings and the impact of the divestiture of the Union liquid solutions

operation in the first quarter of fiscal 2020. Refer to Note 4, *Divestiture* for additional details related to the divestiture of the Union liquid solutions operation.

For the three and six months ended September 29, 2018, the Company reported an income tax provision of \$4.3 million and \$10.4 million, representing an effective tax rate of 18.7% and 39.6%, respectively. The effective tax rate for the three months ended September 29, 2018 was lower than the U.S. statutory tax rate due to a discrete tax benefit recognized from excess stock compensation deductions of \$2.6 million. The effective tax rate for the six months ended September 29, 2018 was higher than the U.S. statutory tax rate primarily due to an asset impairment of \$21.2 million recorded in pretax income for which no tax benefit was recognized as a result of the valuation allowance maintained against its deferred tax assets in the impacted jurisdiction. The Company's effective tax rate was also negatively impacted by certain provisions of enacted U.S. tax reform.

6. EARNINGS PER SHARE ("EPS")

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations.

	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands, except per share amounts)</i>				
Basic EPS				
Net income	\$ 37,486	\$ 18,726	\$ 29,007	\$ 15,907
Weighted average shares	50,791	51,605	50,901	51,862
Basic income per share	<u>\$ 0.74</u>	<u>\$ 0.36</u>	<u>\$ 0.57</u>	<u>\$ 0.31</u>
Diluted EPS				
Net income	\$ 37,486	\$ 18,726	\$ 29,007	\$ 15,907
Basic weighted average shares	50,791	51,605	50,901	51,862
Net effect of common stock equivalents	1,255	1,533	1,273	1,503
Diluted weighted average shares	52,046	53,138	52,174	53,365
Diluted income per share	<u>\$ 0.72</u>	<u>\$ 0.35</u>	<u>\$ 0.56</u>	<u>\$ 0.30</u>

Basic earnings per share is calculated using the Company's weighted-average outstanding common stock. Diluted earnings per share is calculated using its weighted-average outstanding common stock including the dilutive effect of stock awards as determined under the treasury stock method. For the three and six months ended September 28, 2019, weighted average shares outstanding, assuming dilution, excludes the impact of 12,421 shares and 0.2 million anti-dilutive shares, respectively. For the three and six months ended September 29, 2018, weighted average shares outstanding, assuming dilution, excludes the impact of 0.2 million and 0.1 million anti-dilutive shares, respectively.

Share Repurchase Program

In May 2019, the Company's Board of Directors authorized the repurchase of up to \$500 million of Haemonetics common shares over the next two years.

In July 2019, the Company completed a \$75.0 million repurchase of its common stock pursuant to an accelerated share repurchase agreement ("ASR") entered into with Citibank N.A. ("Citibank") in June 2019. The total number of shares repurchased under the ASR was 0.6 million at an average price per share upon final settlement of \$116.33.

In September 2019, the Company entered into an ASR with Morgan Stanley & Co. LLC ("Morgan Stanley") to repurchase \$50.0 million of the Company's common stock. Pursuant to the terms of the ASR, in September 2019, the Company paid Morgan Stanley \$50.0 million in cash and received an initial delivery of 0.3 million shares of the Company's common stock based on a closing market price on the New York Stock Exchange on September 10, 2019 of \$120.73. This initial delivery of shares represented approximately 80% of the notional amount of the ASR. On October 8, 2019, the ASR was completed and an additional 0.1 million shares were delivered upon settlement. The total number of shares repurchased under the ASR was 0.4 million at an average price per share upon final settlement of \$124.37.

As of September 28, 2019, the total remaining authorization for repurchases of the Company's common stock under the share repurchase program was \$375 million.

7. REVENUE

The Company's revenue recognition policy is to recognize revenues from product sales, software and services in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; this occurs with the transfer of control of the Company's goods or services.

The Company considers revenue to be earned when all of the following criteria are met: it has a contract with a customer that creates enforceable rights and obligations; promised products or services are identified; the transaction price, or the consideration it expects to receive for transferring goods or providing services, is determinable and it has transferred control of the promised items to the customer. A promise in a contract to transfer a distinct good or service to the customer is identified as a performance obligation. A contract's transaction price is allocated to each performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Some of the Company's contracts have multiple performance obligations. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the estimated standalone selling prices of the good or service in the contract. For goods or services for which observable standalone selling prices are not available, the Company uses an expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

As of September 28, 2019, the Company had \$22.5 million of its transaction price allocated to remaining performance obligations related to executed contracts with an original duration of one year or more. The Company expects to recognize approximately 56% of this amount as revenue within the next twelve months and the remaining balance thereafter.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the condensed consolidated balance sheets. The difference in timing between billing and revenue recognition primarily occurs in software licensing arrangements, resulting in contract assets and contract liabilities.

As of September 28, 2019 and March 30, 2019, the Company had contract assets of \$6.9 million and \$5.6 million, respectively. The change is primarily due to the delay in billings compared to the revenue recognized. Contract assets are classified as other current assets and other long-term assets on the condensed consolidated balance sheets.

As of September 28, 2019 and March 30, 2019, the Company had contract liabilities of \$19.8 million and \$20.3 million, respectively. During the three and six months ended September 28, 2019, the Company recognized \$5.0 million and \$13.4 million, respectively, of revenue that was included in the above March 30, 2019 contract liability balance. Contract liabilities are classified as other current liabilities and other long-term liabilities on the condensed consolidated balance sheets.

8. INVENTORIES

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

<i>(In thousands)</i>	September 28, 2019	March 30, 2019
Raw materials	\$ 71,683	\$ 69,420
Work-in-process	11,628	12,610
Finished goods	161,193	112,307
Total inventories	<u>\$ 244,504</u>	<u>\$ 194,337</u>

9. PROPERTY, PLANT AND EQUIPMENT

In December 2018, the Company entered into a lease for office space in Boston, MA that will serve as the new corporate headquarters and replace the existing location in Braintree, MA. During the second quarter of fiscal 2020, the Company sold \$7.8 million of real estate and other assets associated with the Braintree corporate headquarters and entered into a lease with the buyer that allows the Company to leaseback the facility on a rent-free basis through December 31, 2019 pending the completion of its relocation to Boston, MA, which is expected to occur in the third quarter of fiscal 2020. As a result of this transaction, the Company received net cash proceeds of \$15.0 million and non-cash consideration of \$0.9 million related to a free rent period ending in December 2019. The transaction resulted in a net gain of \$8.1 million.

During the first quarter of fiscal 2019, the Company recorded impairment charges of \$21.2 million, which consisted of \$19.8 million of charges related to the discontinued use of the HDC filter media manufacturing line and \$1.4 million of charges related to non-core and underperforming assets. These impairments were included within cost of goods sold on the condensed consolidated statements of income and impacted the Blood Center reporting segment.

10. GOODWILL AND INTANGIBLE ASSETS

Subsequent to the annual goodwill impairment test performed in the fourth quarter of fiscal 2019, the Company revised the composition of its reportable segments to align with its three global business units, Plasma, Blood Center and Hospital. Refer to Note 15, *Segment and Enterprise-Wide Information*, for additional information regarding the change in the Company's reportable segments.

A reporting unit is defined as an operating segment or one level below an operating segment, referred to as a component. The Company aggregates components within an operating segment that have similar economic characteristics. Consistent with its reportable segments, reporting units for purposes of assessing goodwill impairment have also been reorganized based on business unit and include: Plasma, Blood Center and Hospital.

To determine the amount of goodwill within each of the new reporting units, the Company reallocated, on a relative fair value basis, \$84.0 million of goodwill previously allocated to the former Europe, APAC and Japan reporting units to the new global reporting units. In addition, the \$126.8 million of goodwill previously allocated to the former North America reporting units was reallocated to each new respective global reporting unit.

The following represents our goodwill balance by new global reportable segment. The prior period information has been restated to conform to the current presentation:

<i>(In thousands)</i>	Plasma	Blood Center	Hospital	Total
Carrying amount as of March 30, 2019	\$ 28,828	\$ 37,319	\$ 144,672	\$ 210,819
Currency translation	—	45	177	222
Carrying amount as of September 28, 2019	\$ 28,828	\$ 37,364	\$ 144,849	\$ 211,041

11. LEASES

Lessee Activity

The Company has operating leases for office space, land, warehouse and manufacturing space, R&D laboratories, vehicles and certain equipment. Finance leases are not significant. Leases with an initial term of 12 months or less are generally not recorded on the balance sheet and expense for these leases is recognized on a straight-line basis over the lease term. For leases executed in fiscal 2020 and later, the Company accounts for the lease components and the non-lease components as a single lease component. The Company's leases have remaining lease terms of 1 year to approximately 30 years, some of which may include options to extend the leases for up to 10 years and some include options to terminate early. These options have been included in the determination of the lease liability when it is reasonably certain that the option will be exercised. The Company does not have any leases that include residual value guarantees.

The Company determines whether an arrangement is or contains a lease based on the unique facts and circumstances present at the inception of an arrangement. Operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. For operating leases that commenced prior to the Company's adoption of ASC 842, the Company measured the lease liabilities and right-of-use assets using the incremental borrowing rate as of March 31, 2019. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

The following table presents supplemental balance sheet information related to the Company's operating leases:

<i>(In thousands)</i>	September 28, 2019
Assets	
Operating lease right-of-use assets in <i>Other long-term assets</i>	\$ 19,356
Liabilities	
Operating lease liabilities in <i>Other current liabilities</i>	\$ 4,966
Operating lease liabilities in <i>Other long-term liabilities</i>	\$ 14,051

The following table presents the weighted average remaining lease term and discount rate information related to our operating leases:

	September 28, 2019
Weighted average remaining lease term	4.8 Years
Weighted average discount rate	5.27%

During the three and six months ended September 28, 2019 the Company's operating lease cost was \$2.1 million and \$4.6 million, respectively.

The following table presents supplemental cash flow information related to our operating leases:

<i>(In thousands)</i>	Three Months Ended September 28, 2019	Six Months Ended September 28, 2019
Cash paid for amounts included in the measurement of operating lease liabilities		
Operating cash flows used for operating leases	\$ 1,783	\$ 3,834

The following table presents the maturities of our operating lease liabilities as of September 28, 2019:

<i>Fiscal Year (In thousands)</i>	Operating Leases
2020 (excluding the first half of 2020)	\$ 3,003
2021	5,746
2022	4,210
2023	3,284
2024	1,853
Thereafter	3,534
Total future minimum operating lease payments	21,630
Less: imputed interest	(2,613)
Present value of operating lease liabilities	\$ 19,017

As of September 28, 2019, the Company has an additional lease for office space of \$98.6 million and has a lease term, including renewal options, of up to 22 years. The Company will take control of the facility upon lease commencement during third quarter of fiscal 2020.

Lessor Activity

Assets on the Company's balance sheet classified as Haemonetics equipment primarily consists of medical devices installed at customer sites but owned by Haemonetics. These devices are leased to customers under contractual arrangements that typically include an operating or sales-type lease as well as the purchase and consumption of a certain level of disposable products. Sales-type leases are not significant. Contract terms vary by customer and may include options to terminate the contract or options to extend the contract. Where devices are provided under operating lease arrangements, a substantial majority of the entire lease revenue is variable and subject to subsequent non-lease component (disposable products) sales. The allocation of

revenue between the lease and non-lease components is based on stand-alone selling prices. Operating lease revenue represents less than 3 percent of the Company's total net sales.

12. NOTES PAYABLE AND LONG-TERM DEBT

On June 15, 2018, the Company entered into a credit agreement with certain lenders which provided for a \$350.0 million term loan (the "Term Loan") and a \$350.0 million revolving loan (the "Revolving Credit Facility" and together with the Term Loan, the "Credit Facilities"). The Credit Facilities expire on June 15, 2023. Interest on the Credit Facilities is established using LIBOR plus 1.13% - 1.75%, depending on the Company's leverage ratio. Under the Credit Facilities, the Company is required to maintain certain leverage and interest coverage ratios specified in the credit agreement as well as other customary non-financial affirmative and negative covenants. At September 28, 2019, \$332.5 million was outstanding under the Term Loan with an effective interest rate of 3.4% and \$40.0 million was outstanding on the Revolving Credit Facility. The Company also has \$25.7 million of uncommitted operating lines of credit to fund its global operations under which there were no outstanding borrowings as of September 28, 2019.

The Company has required scheduled principal payments of \$8.8 million during fiscal 2020, \$21.9 million during fiscal 2021, \$17.5 million during fiscal 2022, \$214.4 million during fiscal 2023 and \$70.0 million thereafter.

The Company was in compliance with the leverage and interest coverage ratios specified in the Credit Facilities as well as all other bank covenants as of September 28, 2019.

13. DERIVATIVES AND FAIR VALUE MEASUREMENTS

The Company manufactures, markets and sells its products globally. During the three and six months ended September 28, 2019, 35.9% and 35.2%, respectively, of the Company's sales were generated outside the U.S., generally in foreign currencies. The Company also incurs certain manufacturing, marketing and selling costs in international markets in local currency.

Accordingly, earnings and cash flows are exposed to market risk from changes in foreign currency exchange rates relative to the U.S. Dollar, the Company's reporting currency. The Company has a program in place that is designed to mitigate the 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 impact on its financial results from changes in foreign exchange rates. The Company utilizes 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, Australian Dollar, Canadian Dollar and the Mexican Peso. This does not eliminate the impact of the volatility of foreign exchange rates. However, because the Company generally enters 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 the Company's designated foreign currency hedge contracts as of September 28, 2019 and March 30, 2019 were cash flow hedges under ASC 815, *Derivatives and Hedging* ("ASC 815"). The Company records the effective portion of any change in the fair value of designated foreign currency hedge contracts in other comprehensive income until the related third-party transaction occurs. Once the related third-party transaction occurs, the Company reclassifies 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, the Company would reclassify the amount of any gain or loss on the related cash flow hedge to earnings at that time. The Company had designated foreign currency hedge contracts outstanding in the contract amount of \$42.0 million as of September 28, 2019 and \$81.5 million as of March 30, 2019. At September 28, 2019, a gain of \$1.5 million, net of tax, will be reclassified to earnings within the next twelve months. Substantially all currency cash flow hedges outstanding as of September 28, 2019 mature within twelve months.

Non-Designated Foreign Currency Contracts

The Company manages its exposure to changes in foreign currency on a consolidated basis to take advantage of offsetting transactions and balances. It uses foreign currency forward contracts as a part of its 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 815. These forward contracts are marked-to-market with changes in fair value recorded to earnings. The Company had non-designated foreign currency hedge contracts under ASC 815 outstanding in the contract amount of \$81.5 million as of September 28, 2019 and \$37.4 million as of March 30, 2019.

Interest Rate Swaps

On June 15, 2018, the Company entered into Credit Facilities which provided for a \$350.0 million Term Loan and a \$350.0 million Revolving Credit Facility. Under the terms of the Credit Facilities, interest is established using LIBOR plus 1.13% - 1.75%. As a result, the Company's earnings and cash flows are exposed to interest rate risk from changes to LIBOR. Part of the Company's interest rate risk management strategy includes the use of interest rate swaps to mitigate its exposure to changes in variable interest rates. The Company's 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.

In August 2018, the Company entered into two interest rate swap agreements (the "Swaps") to pay an average fixed rate of 2.80% on a total notional value of \$241.9 million of debt. As a result of the Swaps, 70% of the Term Loan previously exposed to interest rate risk from changes in LIBOR is now fixed at a rate of 4.05%. The Swaps mature on June 15, 2023. The Company designated the Swaps as cash flow hedges of variable interest rate risk associated with \$332.5 million of indebtedness. For the six months ended September 28, 2019, a loss of \$5.4 million, net of tax, was recorded in accumulated other comprehensive loss to recognize the effective portion of the fair value of the Swaps that qualify as cash flow hedges.

Fair Value of Derivative Instruments

The following table presents the effect of the Company's derivative instruments designated as cash flow hedges and those not designated as hedging instruments under ASC 815 in its condensed consolidated statements of income and comprehensive income for the six months ended September 28, 2019:

<i>(In thousands)</i>	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings	Location in Condensed Consolidated Statements of Income and Comprehensive Income	Amount of Gain Excluded from Effectiveness Testing	Location in Condensed Consolidated Statements of Income and Comprehensive Income
Designated foreign currency hedge contracts, net of tax	\$ 1,455	\$ 241	Net revenues, COGS and SG&A	\$ 474	Interest and other expense, net
Non-designated foreign currency hedge contracts	—	—		\$ 219	Interest and other expense, net
Designated interest rate swaps, net of tax	\$ (5,369)	\$ (398)	Interest and other expense, net	\$ —	

The Company did not have fair value hedges or net investment hedges outstanding as of September 28, 2019 or March 30, 2019. As of September 28, 2019, no deferred tax assets were recognized for designated foreign currency hedges.

ASC 815 requires all derivative instruments to be recognized at their fair values as either assets or liabilities on the balance sheet. The Company determines the fair value of its derivative instruments using the framework prescribed by ASC 820, *Fair Value Measurements and Disclosures*, by considering the estimated amount it 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 its creditworthiness for liabilities. In certain instances, the Company may utilize financial models to measure fair value. Generally, it uses 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 September 28, 2019, the Company has classified its derivative assets and liabilities within Level 2 of the fair value hierarchy prescribed by ASC 815, as discussed below, because these observable inputs are available for substantially the full term of its derivative instruments.

The following tables present the fair value of the Company's derivative instruments as they appear in its condensed consolidated balance sheets as of September 28, 2019 and March 30, 2019:

<i>(In thousands)</i>	Location in Condensed Consolidated Balance Sheets	As of September 28, 2019	As of March 30, 2019
Derivative Assets:			
Designated foreign currency hedge contracts	Other current assets	\$ 997	\$ 1,208
Non-designated foreign currency hedge contracts	Other current assets	34	69
		\$ 1,031	\$ 1,277
Derivative Liabilities:			
Designated foreign currency hedge contracts	Other current liabilities	\$ 142	\$ 145
Non-designated foreign currency hedge contracts	Other current liabilities	172	—
Designated interest rate swaps	Other current liabilities	10,114	5,203
		\$ 10,428	\$ 5,348

Other Fair Value Measurements

Fair value is defined as the exit price that would be received from the sale of an asset or paid to transfer a liability, using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes the following three-level hierarchy used for measuring fair value:

- 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.

The Company's 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 September 28, 2019 and March 30, 2019.

(In thousands)	As of September 28, 2019		
	Level 1	Level 2	Total
Assets			
Money market funds	\$ 33,834	\$ —	\$ 33,834
Designated foreign currency hedge contracts	—	997	997
Non-designated foreign currency hedge contracts	—	34	34
	<u>\$ 33,834</u>	<u>\$ 1,031</u>	<u>\$ 34,865</u>
Liabilities			
Designated foreign currency hedge contracts	\$ —	\$ 142	\$ 142
Non-designated foreign currency hedge contracts	—	172	172
Designated interest rate swaps	—	10,114	10,114
	<u>\$ —</u>	<u>\$ 10,428</u>	<u>\$ 10,428</u>
As of March 30, 2019			
	Level 1	Level 2	Total
Assets			
Money market funds	\$ 36,980	\$ —	\$ 36,980
Designated foreign currency hedge contracts	—	1,208	1,208
Non-designated foreign currency hedge contracts	—	69	69
	<u>\$ 36,980</u>	<u>\$ 1,277</u>	<u>\$ 38,257</u>
Liabilities			
Designated foreign currency hedge contracts	\$ —	\$ 145	\$ 145
Designated interest rate swaps	\$ —	\$ 5,203	\$ 5,203
	<u>\$ —</u>	<u>\$ 5,348</u>	<u>\$ 5,348</u>

Other Fair Value Disclosures

The Term Loan, which is carried at amortized cost, accounts receivable and accounts payable approximate fair value.

14. COMMITMENTS AND CONTINGENCIES

The Company is a party to various legal proceedings and claims arising out of the ordinary course of its business. The Company believes that except for those matters described below, there are no other proceedings or claims pending against it the ultimate resolution of which could have a material adverse effect on the financial condition or results of operations. At each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, *Contingencies*, for all matters. Legal costs are expensed as incurred.

Litigation and Related Matters

Product Recall

In August 2018, the Company issued a voluntary recall of certain whole blood collection kits sold to its Blood Center customers in the U.S. The recall resulted from some collection sets' filters failing to adequately remove leukocytes from collected blood. As a result of the recall, the Company's Blood Center customers may have conducted tests to confirm that the collected blood was adequately leukoreduced, sold the collected blood labeled as non-leukoreduced at a lower price or discarded the collected blood. As of September 28, 2019, the Company has recorded cumulative charges of \$1.9 million associated with this recall which consists of \$0.1 million of charges associated with customer returns and inventory reserves

and \$1.8 million of charges associated with customer claims. Substantially all outstanding claims have been paid as of September 28, 2019.

15. SEGMENT AND ENTERPRISE-WIDE INFORMATION

The Company determines its reportable segments by first identifying its operating segments, and then by assessing whether any components of these segments constitute a business for which discrete financial information is available and where segment management regularly reviews the operating results of that component. Historically, the Company's operating segments were based primarily on geography. Effective as of March 31, 2019, the Company completed the transition of its operating structure to three global business units and accordingly, reorganized its reporting structure to align with its three global business units and the information that will be regularly reviewed by the Company's chief operating decision maker.

Following the reorganization, the Company's reportable segments are as follows:

- Plasma
- Blood Center
- Hospital

Management measures and evaluates the operating segments based on operating income. Management excludes certain corporate expenses from segment operating income. In addition, certain amounts that management considers to be non-recurring or non-operational are excluded from segment operating income because management evaluates the operating results of the segments excluding such items. These items include restructuring and turnaround costs, deal amortization, asset impairments, accelerated depreciation, gains and losses on asset dispositions, certain transaction costs and legal charges. Although these amounts are excluded from segment operating income, as applicable, they are included in the reconciliations that follow. Management measures and evaluates the Company's net revenues and operating income using internally derived standard currency exchange rates that remain constant from year to year; therefore, segment information is presented on this basis.

Selected information by reportable segment is presented below:

	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands)</i>				
Net revenues				
Plasma	\$ 116,381	\$ 106,850	\$ 227,144	\$ 206,140
Blood Center	83,667	83,513	161,663	163,331
Hospital	49,662	47,431	96,849	93,276
Net revenues by business unit	249,710	237,794	485,656	462,747
Service ⁽¹⁾	5,276	4,737	10,142	9,062
Effect of exchange rates	(2,420)	(950)	(4,781)	(881)
Net revenues	\$ 252,566	\$ 241,581	\$ 491,017	\$ 470,928

⁽¹⁾ Reflects revenue for service, maintenance and parts

	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands)</i>				
Segment operating income				
Plasma	\$ 56,776	\$ 44,607	\$ 110,501	\$ 86,528
Blood Center	41,208	41,055	78,927	79,527
Hospital	20,851	19,515	39,767	37,843
Segment operating income	118,835	105,177	229,195	203,898
Corporate expenses ⁽¹⁾	(63,580)	(68,899)	(125,283)	(129,949)
Effect of exchange rates	2,501	2,594	5,270	5,649
Impairment of assets and other related charges	(54)	—	(51,220)	(21,170)
Deal amortization	(5,935)	(6,236)	(11,909)	(12,536)
PCS2 accelerated depreciation and related costs	(6,534)	(4,442)	(12,062)	(8,381)
Gain on sale of assets	8,083	—	8,083	—
Restructuring and turnaround costs	(3,757)	(2,118)	(5,784)	(5,467)
Other	180	—	147	(675)
Operating income	\$ 49,739	\$ 26,076	\$ 36,437	\$ 31,369

⁽¹⁾ Reflects shared service expenses including quality and regulatory, customer and field service, research and development, manufacturing and supply chain, as well as other corporate support functions.

Management reviews revenue based on the reportable segments noted above. Although these reportable segments are primarily product-based, they differ from the Company's product line revenues for Plasma products and services and Blood Center products and services. Specifically, the Blood Center reportable segment includes plasma products utilized for collection in blood centers primarily for transfusion purposes. Additionally, product line revenues also include service revenues which are excluded from the reportable segments.

Net revenues by product line are as follows:

	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands)</i>				
Plasma products and services	\$ 135,849	\$ 124,352	\$ 265,594	\$ 241,255
Blood Center products and services	65,615	68,243	125,522	132,726
Hospital products and services	51,102	48,986	99,901	96,947
Net revenues	\$ 252,566	\$ 241,581	\$ 491,017	\$ 470,928

Net revenues generated in the Company's principle operating regions on a reported basis are as follows:

	Three Months Ended		Six Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(In thousands)</i>				
United States	\$ 161,880	\$ 152,926	\$ 318,255	\$ 295,066
Japan	20,376	17,172	35,843	34,561
Europe	38,074	39,096	74,827	78,098
Asia	30,192	30,575	58,833	59,970
Other	2,044	1,812	3,259	3,233
Net revenues	\$ 252,566	\$ 241,581	\$ 491,017	\$ 470,928

16. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of Accumulated Other Comprehensive Loss are as follows:

<i>(In thousands)</i>	Foreign Currency	Defined Benefit Plans	Net Unrealized Gain/Loss on Derivatives	Total
Balance as of March 30, 2019	\$ (25,513)	\$ (527)	\$ (4,340)	\$ (30,380)
Other comprehensive loss before reclassifications ⁽¹⁾	(1,970)	—	(3,913)	(5,883)
Amounts reclassified from Accumulated Other Comprehensive Loss ⁽¹⁾	—	—	157	157
Net current period other comprehensive loss	(1,970)	—	(3,756)	(5,726)
Balance as of September 28, 2019	<u>\$ (27,483)</u>	<u>\$ (527)</u>	<u>\$ (8,096)</u>	<u>\$ (36,106)</u>

⁽¹⁾ Presented net of income taxes, the amounts of which are insignificant.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with both our interim condensed consolidated financial statements and notes thereto which appear elsewhere in this Quarterly Report on Form 10-Q and our annual consolidated financial statements, notes thereto and the MD&A contained in our Annual Report on Form 10-K for the fiscal year ended March 30, 2019. The following discussion may contain forward-looking statements and should be read in conjunction with the "Cautionary Statement Regarding Forward-Looking Information" in this discussion.

Introduction

Haemonetics is a global healthcare company dedicated to providing a suite of innovative hematology products and solutions to customers to help improve patient care and reduce the cost of healthcare. Our technology addresses important medical markets including blood and plasma component collection, the surgical suite, and hospital transfusion services. When used in this report, the terms "we," "us," "our" and the "Company" mean Haemonetics.

Our products are organized into three categories for purposes of evaluating and developing their growth potential: Plasma, Blood Center and Hospital. For that purpose, "Plasma" includes plasma collection devices and disposables, plasma donor management software and anticoagulant and saline sold to commercial plasma customers that collect plasma primarily for further fractionation into plasma-derived biopharmaceuticals. "Blood Center" includes blood collection and processing devices and disposables for apheresis (red cells, platelets and plasma) and whole blood that are used primarily for transfusion purposes as well as donor management software. "Hospital", which is comprised of Hemostasis Management, Cell Salvage and Transfusion Management products, includes devices and methodologies for measuring coagulation characteristics of blood, surgical blood salvage systems, specialized blood cell processing systems and disposables and blood transfusion management software.

Plasma and Hospital have growth potential, while Blood Center competes in challenging markets which require us to manage the business differently, including reducing costs, rationalizing the current product line, and evaluating opportunities to exit unfavorable customer contracts.

Recent Developments

Divestiture

On May 21, 2019, we transferred to CSL Plasma Inc. ("CSL") substantially all of the tangible assets held by Haemonetics relating to the manufacture of anti-coagulant and saline at our Union, South Carolina facility and CSL assumed certain related liabilities pursuant to the terms of a settlement, release and asset transfer agreement between the parties dated May 13, 2019. At the closing, we received \$9.8 million of proceeds and were concurrently released from our obligations to supply liquid solutions under a 2014 supply agreement with CSL. We will continue to supply liquid solutions to our customers following the asset transfer agreement pursuant to our supplier arrangements with contract manufacturers. We recognized an asset impairment in the first quarter of fiscal 2020 of \$48.7 million as a result of this transaction.

Share Repurchase Program

In May 2019, our Board of Directors authorized the repurchase of up to \$500 million of Haemonetics common shares over the next two years.

In July 2019, we completed a \$75.0 million repurchase of our common stock pursuant to an accelerated share repurchase agreement ("ASR") entered into with Citibank N.A. ("Citibank") in June 2019. The total number of shares repurchased under the ASR was approximately 0.6 million at an average price per share upon final settlement of \$116.33.

In September 2019, we entered into an ASR with Morgan Stanley & Co. LLC ("Morgan Stanley") to repurchase \$50.0 million of our common stock. Pursuant to the terms of the ASR, in September 2019, we paid Morgan Stanley \$50.0 million in cash and received an initial delivery of 0.3 million shares of our common stock based on a closing market price on the New York Stock Exchange on September 10, 2019 of \$120.73. This initial delivery of shares represented approximately 80% of the notional amount of the ASR. On October 8, 2019, the ASR was completed and an additional 0.1 million shares were delivered upon settlement. The total number of shares repurchased under the ASR was 0.4 million at an average price per share upon final settlement of \$124.37.

As of September 28, 2019, the total remaining authorization for repurchases of our common stock under our share repurchase program was \$375 million.

Restructuring Program

In July 2019, our Board of Directors approved a new Operational Excellence Program (the "2020 Program") and delegated authority to management to determine the detail of the initiatives that will comprise the program. The 2020 Program is designed to improve operational performance and reduce cost principally in our manufacturing and supply chain operations. We estimate that we will incur aggregate charges between \$60 million and \$70 million in connection with the 2020 Program. These charges, the majority of which will result in cash outlays, including severance and other employee costs, will be incurred as the specific actions required to execute these initiatives are identified and approved and are expected to be substantially completed by the end of fiscal 2023. Savings from the 2020 Program are targeted to reach \$80 million to \$90 million on an annualized basis once the program is completed. During both the three and six months ended September 28, 2019, we incurred \$2.9 million of restructuring and turnaround costs under this program.

Relocation of Corporate Headquarters

In December 2018, we entered into a lease for office space in Boston, MA that will serve as the new corporate headquarters and replace the existing location in Braintree, MA. During the second quarter of fiscal 2020, we sold \$7.8 million of real estate and other assets associated with the Braintree corporate headquarters and entered into a lease with the buyer that allows the Company to leaseback the facility on a rent-free basis through December 31, 2019 pending the completion of its relocation to Boston, MA, which is expected to occur in the third quarter of fiscal 2020. As a result of this transaction, we received net cash proceeds of \$15.0 million and non-cash consideration of \$0.9 million related to a free rent period ending in December 2019. The transaction resulted in a net gain of \$8.1 million. We believe our move to Boston will attract and retain key talent and provide a dynamic space to engage our employees.

Change in Reportable Segments

Effective March 31, 2019, we completed the transition of the Company's operating structure to three global business units - Plasma, Blood Center and Hospital - and accordingly reorganized our operating and reporting structure to align with our three global business units. This new segment structure has been realigned in accordance with the respective markets to accurately reflect the ongoing performance of each business and excludes service. The discussion of our results of operations that follows has been revised to reflect our new reportable segments.

Financial Summary

	Three Months Ended			Six Months Ended		
	September 28, 2019	September 29, 2018	% Increase/ (Decrease)	September 28, 2019	September 29, 2018	% Increase/ (Decrease)
<i>(In thousands, except per share data)</i>						
Net revenues	\$ 252,566	\$ 241,581	4.5 %	\$ 491,017	\$ 470,928	4.3 %
Gross profit	\$ 127,000	\$ 111,907	13.5 %	\$ 242,906	\$ 195,151	24.5 %
% of net revenues	50.3%	46.3%		49.5 %	41.4%	
Operating expenses	\$ 77,261	\$ 85,831	(10.0)%	\$ 206,469	\$ 163,782	26.1 %
Operating income	\$ 49,739	\$ 26,076	90.7 %	\$ 36,437	\$ 31,369	16.2 %
% of net revenues	19.7%	10.8%		7.4 %	6.7%	
Interest and other expense, net	\$ (4,651)	\$ (3,039)	53.0 %	\$ (9,074)	\$ (5,017)	80.9 %
Income before provision (benefit) for income taxes	\$ 45,088	\$ 23,037	95.7 %	\$ 27,363	\$ 26,352	3.8 %
Provision (benefit) for income taxes	\$ 7,602	\$ 4,311	76.3 %	\$ (1,644)	\$ 10,445	(115.7)%
% of pre-tax income	16.9%	18.7%		(6.0)%	39.6%	
Net income	\$ 37,486	\$ 18,726	100.2 %	\$ 29,007	\$ 15,907	82.4 %
% of net revenues	14.8%	7.8%		5.9 %	3.4%	
Net income per share - basic	\$ 0.74	\$ 0.36	105.6 %	\$ 0.57	\$ 0.31	83.9 %
Net income per share - diluted	\$ 0.72	\$ 0.35	105.7 %	\$ 0.56	\$ 0.30	86.7 %

Net revenues increased 4.5% and 4.3% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, net revenues increased 5.1% for both the three and six months ended September 28, 2019, as compared with the same periods of fiscal 2019. Revenue increases in Plasma and Hospital were partially offset by declines in Blood Center during the three and six months ended September 28, 2019.

Operating income increased for the three and six months ended September 28, 2019, as compared with the same periods of fiscal 2019, primarily due to favorable pricing, product mix and incremental savings from both the 2020 Program and the complexity reduction initiative. The gain recognized on the sale of real estate and other assets associated with the Braintree corporate headquarters also contributed to the increase during the three months ended September 28, 2019. Impairment charges associated with the divestiture of our plasma liquid solutions operations to CSL partially offset increases in operating income during the six months ended September 28, 2019.

Management's Use of Non-GAAP Measures

Management uses non-GAAP financial measures, in addition to financial measures in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), to monitor the financial performance of the business, make informed business decisions, establish budgets and forecast future results. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with U.S. GAAP. Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency conversion rate. We have provided this non-GAAP financial measure because we believe it provides meaningful information regarding our results on a consistent and comparable basis for the periods presented.

RESULTS OF OPERATIONS

Net Revenues by Geography

(In thousands)	Three Months Ended				
	September 28, 2019	September 29, 2018	Reported growth	Currency impact	Constant currency growth ⁽¹⁾
United States	\$ 161,880	\$ 152,926	5.9%	— %	5.9%
International	90,686	88,655	2.3%	(1.6)%	3.9%
Net revenues	\$ 252,566	\$ 241,581	4.5%	(0.6)%	5.1%

⁽¹⁾ Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "Management's Use of Non-GAAP Measures."

(In thousands)	Six Months Ended				
	September 28, 2019	September 29, 2018	Reported growth	Currency impact	Constant currency growth ⁽¹⁾
United States	\$ 318,255	\$ 295,066	7.9 %	— %	7.9%
International	172,762	175,862	(1.8)%	(2.3)%	0.5%
Net revenues	\$ 491,017	\$ 470,928	4.3 %	(0.8)%	5.1%

⁽¹⁾ Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "Management's Use of Non-GAAP Measures."

Our principal operations are in the U.S., Europe, Japan and other parts of Asia. Our products are marketed in approximately 90 countries around the world through a combination of our direct sales force, independent distributors and agents. Our revenue generated outside the U.S. was 35.9% and 35.2% of total net revenues for the three and six months ended September 28, 2019, respectively, as compared with 36.7% and 37.3% for the three and six months ended September 29, 2018, respectively. International sales are generally conducted in local currencies, primarily Japanese Yen, Euro, Chinese Yuan and Australian Dollars. Our results of operations are impacted by changes in foreign exchange rates, particularly in the value of the Yen, Euro and Australian Dollar relative to the U.S. Dollar. We have placed foreign currency hedges to mitigate our exposure to foreign currency fluctuations.

Please see the 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 Business Unit

(In thousands)	Three Months Ended				
	September 28, 2019	September 29, 2018	Reported growth	Currency impact	Constant currency growth ⁽¹⁾
Plasma	\$ 115,925	\$ 106,811	8.5 %	(0.4)%	8.9%
Blood Center	81,982	82,269	(0.3)%	(0.5)%	0.2%
Hospital ⁽²⁾	49,702	47,982	3.6 %	(1.1)%	4.7%
Service	4,957	4,519	9.7 %	(1.7)%	11.4%
Net revenues	\$ 252,566	\$ 241,581	4.5 %	(0.6)%	5.1%

⁽¹⁾ Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "Management's Use of Non-GAAP Measures."

⁽²⁾ Hospital revenue includes Hemostasis Management revenue of \$24.8 million and \$21.8 million for the three months ended September 28, 2019 and September 29, 2018, respectively. Hemostasis Management revenue increased 13.7% in the second quarter of fiscal 2020 as compared with the same period of fiscal 2019. Without the effect of foreign exchange, Hemostasis Management revenue increased 16.0% in the second quarter of fiscal 2020 as compared with the same period of fiscal 2019.

(In thousands)	Six Months Ended				
	September 28, 2019	September 29, 2018	Reported growth	Currency impact	Constant currency growth ⁽¹⁾
Plasma	\$ 226,347	\$ 206,165	9.8 %	(0.4)%	10.2 %
Blood Center	157,785	161,092	(2.1)%	(1.1)%	(1.0)%
Hospital ⁽²⁾	97,399	94,962	2.6 %	(1.2)%	3.8 %
Service	9,486	8,709	8.9 %	(3.0)%	11.9 %
Net revenues	\$ 491,017	\$ 470,928	4.3 %	(0.8)%	5.1 %

⁽¹⁾ Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "Management's Use of Non-GAAP Measures."

⁽²⁾ Hospital revenue includes Hemostasis Management revenue of \$49.2 million and \$43.2 million for the six months ended September 28, 2019 and September 29, 2018, respectively. Hemostasis Management revenue increased 13.9% in the first six months of fiscal 2020 as compared with the same period of fiscal 2019. Without the effect of foreign exchange, Hemostasis Management revenue increased 15.9% in the first six months of fiscal 2020 as compared with the same period of fiscal 2019.

Plasma

Plasma revenue increased 8.5% and 9.8% during the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, Plasma revenue increased 8.9% and 10.2% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. This revenue growth was primarily driven by favorable NexSys PCS pricing and an increase in volume of plasma disposables due to continued strong performance in the U.S. during the three and six months ended September 28, 2019.

On May 21, 2019, we transferred to CSL substantially all of the tangible assets held by Haemonetics relating to the manufacture of anti-coagulant and saline at our Union, South Carolina facility. We will continue to supply liquid solutions to our customers pursuant to our supplier arrangements with contract manufacturers, however, we expect declines in our plasma liquids revenue beginning in the second half of fiscal 2020 due to pricing pressure from low-cost, high-volume liquid solutions providers. As our customers require, we will continue to offer liquids as part of a full plasmapheresis offering, but we expect our volumes to decline in this rapidly commoditizing market.

Blood Center

Blood Center revenue decreased 0.3% and 2.1% during the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, Blood Center revenue increased 0.2% and decreased 1.0% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. The decrease during the three and six months ended September 28, 2019 was primarily driven by declines in whole blood disposables and software revenue. Apheresis revenue growth partially offset the decline during the three months ended September 28, 2019. Our Apheresis business continues to experience pricing pressure and as such we anticipate, beginning in the second half of fiscal 2020, future revenue declines as certain customers convert to alternative sources of supply.

Hospital

Hospital revenue increased 3.6% and 2.6% during the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, Hospital revenue increased 4.7% and 3.8% during the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. The increase for both the three and six months ended September 28, 2019 was primarily attributable to the growth of disposables associated with TEG[®] diagnostic systems, principally in the U.S. In May 2019, we received FDA clearance for the use of TEG 6s in adult trauma settings. This clearance builds on the current indication for the TEG 6s system in cardiovascular surgery and cardiology procedures, making it the first cartridge-based system available in the U.S. to evaluate the hemostasis condition in adult trauma patients. The increase during the three and six months ended September 28, 2019 was partially offset by declines due to the discontinuance of sales of our OrthoPAT products effective March 31, 2019.

Gross Profit

(In thousands)	Three Months Ended			Six Months Ended		
	September 28, 2019	September 29, 2018	% Increase/ (Decrease)	September 28, 2019	September 29, 2018	% Increase/ (Decrease)
Gross profit	\$ 127,000	\$ 111,907	13.5%	\$ 242,906	\$ 195,151	24.5%
% of net revenues	50.3%	46.3%		49.5%	41.4%	

Gross profit increased 13.5% and 24.5% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, gross profit increased 14.3% and 26.2% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. The increase in gross profit margin during the three and six months ended September 28, 2019 was primarily due to favorable pricing driven by the annualization of NexSys PCS device conversions, product mix and incremental savings from both the 2020 Program and the complexity reduction initiative. The absence of impairment charges that were incurred in the prior year period also contributed to the increase during the six months ended September 28, 2019.

Operating Expenses

(In thousands)	Three Months Ended			Six Months Ended		
	September 28, 2019	September 29, 2018	% Increase/ (Decrease)	September 28, 2019	September 29, 2018	% Increase/ (Decrease)
Research and development	\$ 7,422	\$ 8,583	(13.5)%	\$ 14,909	\$ 17,989	(17.1)%
% of net revenues	2.9%	3.6%		3.0%	3.8%	
Selling, general and administrative	\$ 69,839	\$ 77,248	(9.6)%	\$ 142,839	\$ 145,793	(2.0)%
% of net revenues	27.7%	32.0%		29.1%	31.0%	
Impairment of assets	\$ —	\$ —	—%	\$ 48,721	\$ —	100.0%
% of net revenues	—%	—%		9.9%	—%	
Total operating expenses	\$ 77,261	\$ 85,831	(10.0)%	\$ 206,469	\$ 163,782	26.1%
% of net revenues	30.6%	35.5%		42.0%	34.8%	

Research and Development

Research and development expenses decreased 13.5% and 17.1% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, research and development expenses decreased 13.7% and 17.0% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. The decrease during the three and six months ended September 28, 2019 was primarily driven by investments made in clinical programs in the prior year period in order to support FDA clearance for the use of TEG 6s in adult trauma settings, which was received in May 2019.

Selling, General and Administrative

Selling, general and administrative expenses decreased 9.6% and 2.0% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. Without the effect of foreign exchange, selling, general, and administrative expenses decreased 8.9% and 1.0% for the three and six months ended September 28, 2019, respectively, as compared with the same periods of fiscal 2019. The decrease during the three and six months ended September 28, 2019 was primarily due to the gain recognized on the sale of assets associated with the Braintree corporate headquarters as well as incremental complexity reduction savings in the current year periods. This decrease was partially offset by an increase in share-based compensation and variable compensation expense.

Impairment of assets

We recognized an impairment charge of \$48.7 million for the six months ended September 28, 2019 due to the transfer to CSL of substantially all of our tangible assets related to the manufacture of anti-coagulant and saline at our Union, South Carolina facility to CSL. Refer to Note 4, *Divestiture*, to the Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information pertaining to this agreement.

Interest and Other Expense, Net

Interest expense from our Term Loan borrowings, which constitutes the majority of expense, increased by \$0.4 million and \$1.7 million during the three and six months ended September 28, 2019, respectively, as compared with the prior year periods due to an increase in the revolving credit facility balance. The effective interest rate on total debt outstanding as of September 28, 2019 was 3.4%.

Income Taxes

We conduct business globally and report our results of operations in a number of foreign jurisdictions in addition to the United States. Our reported tax rate is impacted by the jurisdictional mix of earnings in any given period as the foreign jurisdictions in which we operate have tax rates that differ from the U.S. statutory tax rate.

For the three and six months ended September 28, 2019, we reported an income tax provision of \$7.6 million and a benefit of \$1.6 million, respectively, representing an effective tax rate of 16.9% and (6.0)%, respectively. The effective tax rate for the three and six months ended September 28, 2019 is lower than the U.S. statutory tax rate primarily due to a discrete tax benefit recognized from excess stock compensation deductions of \$4.4 million and \$9.3 million, respectively. The effective tax rates were also impacted by the jurisdictional mix of earnings and the impact of the divestiture of the Union liquid solutions operation in the first quarter of fiscal 2020. Refer to Note 4, *Divestiture*, to the Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information pertaining to this divestiture.

For the three and six months ended September 29, 2018, we reported an income tax provision of \$4.3 million and \$10.4 million, representing an effective tax rate of 18.7% and 39.6%, respectively. The effective tax rate for the three months ended September 29, 2018 was lower than the U.S. statutory tax rate due to a discrete tax benefit recognized from excess stock compensation deductions of \$2.6 million. The effective tax rate for the six months ended September 29, 2018 was higher than the U.S. statutory tax rate primarily due to an asset impairment of \$21.2 million recorded in pretax income for which no tax benefit was recognized as a result of the valuation allowance maintained against our deferred tax assets in the impacted jurisdiction. Our effective tax rate was also negatively impacted by certain provisions of enacted U.S. tax reform.

Liquidity and Capital Resources

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

<i>(Dollars in thousands)</i>	September 28, 2019	March 30, 2019
Cash & cash equivalents	\$ 112,030	\$ 169,351
Working capital	\$ 327,723	\$ 340,362
Current ratio	2.4	2.4
Net debt ⁽¹⁾	\$ (258,888)	\$ (180,769)
Days sales outstanding (DSO)	63	67
Inventory turnover	1.9	2.5

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

In July 2019, our Board of Directors approved the 2020 Program. We estimate that we will incur aggregate charges between \$60 million and \$70 million in connection with the 2020 Program. These charges, the majority of which will result in cash outlays, including severance and other employee costs, will be incurred as the specific actions required to execute these initiatives are identified and approved and are expected to be substantially completed by the end of fiscal 2023. During both the three and six months ended September 28, 2019, the Company incurred \$2.9 million of restructuring and turnaround costs under this program.

Our primary sources of liquidity are cash and cash equivalents, internally generated cash flow from operations, our Revolving Credit Facility and proceeds from employee stock option exercises. We believe these sources are sufficient to fund our cash requirements over at least the next twelve months. Our expected cash outlays relate primarily to investments, capital expenditures, including production of the NexSys PCS and Plasma plant capacity expansions, share repurchases, cash payments under the loan agreement and restructuring and turnaround initiatives.

As of September 28, 2019, we had \$112.0 million in cash and cash equivalents, the majority of which is held in the U.S. or in countries from which it can be repatriated to the U.S. On June 15, 2018, we entered into a five-year credit agreement which provided for a \$350.0 million Term Loan and a \$350.0 million Revolving Credit Facility. Interest on the Credit Facilities is established using LIBOR plus 1.13% - 1.75%, depending on our leverage ratio. Under the Credit Facilities, we are required to maintain certain leverage and interest coverage ratios specified in the credit agreement as well as other customary non-financial affirmative and negative covenants. At September 28, 2019, \$332.5 million was outstanding under the Term Loan with an effective interest rate of 3.4% and \$40.0 million was outstanding on the Revolving Credit Facility. We also had \$25.7 million of uncommitted operating lines of credit to fund our global operations under which there were no outstanding borrowings as of September 28, 2019.

We have scheduled principal payments of \$8.8 million required during the remainder of fiscal 2020. We were in compliance with the leverage and interest coverage ratios specified in the credit agreement as well as all other bank covenants as of September 28, 2019.

Cash Flows

(In thousands)	Six Months Ended		
	September 28, 2019	September 29, 2018	Increase/ (Decrease)
Net cash provided by (used in):			
Operating activities	\$ 32,529	\$ 80,479	\$ (47,950)
Investing activities	7,825	(75,346)	83,171
Financing activities	(96,427)	18,584	(115,011)
Effect of exchange rate changes on cash and cash equivalents ⁽¹⁾	(1,248)	(4,123)	2,875
Net change in cash and cash equivalents	\$ (57,321)	\$ 19,594	

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

Net cash provided by operating activities decreased by \$48.0 million during the six months ended September 28, 2019, as compared with the six months ended September 29, 2018. The decrease in cash provided by operating activities was primarily due to a working capital outflow driven largely by an increase in inventory build to support the launch of the NexSys PCS devices and a decrease in accounts payable and accrued liabilities. The working capital outflow was partially offset by a decrease in accounts receivable due to the timing of collections.

Net cash provided by investing activities increased by \$83.2 million during the six months ended September 28, 2019, as compared with the six months ended September 29, 2018. The increase in cash provided by investing activities was primarily the result of a decrease in capital expenditures in the current year period due to spend related to the NexSys PCS launch and manufacturing capacity expansion projects in our Plasma business in the prior year period. Proceeds received related to the divestiture of our plasma liquid solutions operations and sale of real estate and other assets associated with the Braintree corporate headquarters in the current period also contributed to the increase in cash provided by investing activities during the six months ended September 28, 2019.

Net cash used in financing activities increased by \$115.0 million during the six months ended September 28, 2019, as compared with the six months ended September 29, 2018, primarily due to lower borrowings, net of payments, on our Credit Facilities and by increased share repurchases in the current period.

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. Certain markets and industries, however, can expose us to concentrations of credit risk. For example, in the Plasma business unit, sales are concentrated with several large customers. As a result, accounts receivable extended to any one of these biopharmaceutical customers can be significant at any point in time. In addition, a portion of our trade accounts receivable outside the U.S. include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays and local economic conditions. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies.

We have not incurred significant losses on receivables. We continually evaluate all 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.

Inflation

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

Foreign Exchange

During the three and six months ended September 28, 2019, 35.9% and 35.2%, respectively, of our sales were generated outside the U.S., generally in foreign currencies, yet our reporting currency is the U.S. Dollar. We also incur certain manufacturing, marketing and selling costs in international markets in local currency. Our primary foreign currency exposures relate to sales denominated in Euro, Japanese Yen, Chinese Yuan and Australian Dollars. We also have foreign currency exposure related to manufacturing and other operational costs denominated in Swiss Francs, Canadian Dollars, Mexican Pesos and Malaysian Ringgit. The Yen, Euro, Yuan and Australian Dollar sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in foreign currencies.

Since our foreign currency denominated Yen, Euro, Yuan and Australian Dollar sales exceed the foreign currency denominated costs, whenever the U.S. Dollar strengthens relative to the Yen, Euro, Yuan or Australian Dollar, there is an adverse effect on our results of operations and, conversely, whenever the U.S. Dollar weakens relative to the Yen, Euro, Yuan or Australian Dollar, there is a positive effect on our results of operations. For Swiss Francs, Canadian Dollars Mexican Pesos and Malaysian Ringgit 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 Japanese Yen and Euro, and to a lesser extent Swiss Francs, Australian Dollars, Canadian Dollars and Mexican Pesos. This does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation. These contracts are designated as cash flow hedges. 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.

Recent Accounting Pronouncements

Standards to be Implemented

In June 2016, the FASB issued ASC Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326). ASC Update No. 2016-13 is to intended to replace the current incurred loss impairment methodology for financial assets measured at amortized cost with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasted information, to develop credit loss estimates. ASC Update No. 2016-13 is effective for annual periods beginning after December 15, 2019, and is applicable to us in fiscal 2021. We are in the process of determining the effect that the adoption will have on our financial position and results of operations.

In August 2018, the FASB issued ASC Update No. 2018-15, Intangibles, Goodwill and Other - Internal-Use Software (Subtopic 350-40). The new guidance will align the accounting implementation costs incurred in a cloud computing arrangement that is a service contract with the accounting for internal-use software licenses. The guidance is effective for annual periods beginning after December 15, 2019 and is applicable to us in fiscal 2021. Early adoption is permitted for all entities, including interim periods. The impact of adopting ASC Update No. 2018-15 is not expected to have a material effect on our condensed consolidated financial statements.

Cautionary Statement Regarding Forward-Looking Information

Certain statements that we make from time to time, including statements contained in this Quarterly Report on Form 10-Q and incorporated by reference into this report, constitute “forward looking-statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements do not relate strictly to historical or current facts and reflect management’s assumptions, views, plans, objectives and projections about the future. Forward-looking statements may be identified by the use of words such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” and other words of similar meaning in conjunction with, among other things: discussions of future operations; expected operating results and financial performance; the Company’s strategy for growth; product development, commercialization and anticipated performance and benefits; regulatory approvals; the impact and timing of restructuring initiatives including associated cost savings and other benefits; the impact of planned acquisitions or dispositions; market position and expenditures.

Because forward-looking statements are based on current beliefs, expectations and assumptions regarding future events, they are subject to uncertainties, risks and changes that are difficult to predict and many of which are outside of the Company’s control. Investors should realize that if underlying assumptions prove inaccurate, or known or unknown risks or uncertainties materialize, the Company’s actual results and financial condition could vary materially from expectations and projections expressed or implied in its forward-looking statements. Investors are therefore cautioned not to rely on these forward-looking statements.

Set forth below are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of these and other factors, see Part I, Item 1A. *Risk Factors* in our most recent Annual Report on Form 10-K.

- Failure to achieve our long-term strategic and financial-improvement goals;
- Demand for and market acceptance risks for new and existing products, including material reductions in purchasing from or loss of a significant customer;
- Product quality or safety concerns, leading to product recalls, withdrawals, regulatory action by the FDA (or similar non-U.S. regulatory agencies), reputational damage, declining sales or litigation;
- Security breaches of our information technology systems or our products, which could impair our ability to conduct business or compromise sensitive information of the Company or its customers, suppliers and other business partners, or of customers’ patients and donors;
- Pricing pressures resulting from trends toward health care cost containment, including the continued consolidation among health care providers and other market participants;
- The continuity, availability and pricing of plastic and other raw materials, finished goods and components used in the manufacturing of our products (including those purchased from sole-source suppliers) and the related continuity of our manufacturing and distribution;
- Our ability to develop new products or enhancements on commercially acceptable terms or at all;
- The potential that the expected strategic benefits and opportunities from any planned or completed acquisition or divestiture by the Company may not be realized or may take longer to realize than expected;
- Our ability to obtain regulatory approvals in a timely manner consistent with cost estimates;
- Our ability to comply with established and developing U.S. and foreign legal and regulatory requirements, including the U.S. Foreign Corrupt Practices Act, or FCPA, and similar laws in other jurisdictions, as well as U.S. and foreign export and import restrictions and tariffs;
- Our ability to execute and realize anticipated benefits from our investments in emerging economies;
- Our ability to obtain the anticipated benefits of restructuring programs that we have or may undertake, including the 2020 Program and 2018 Program;
- Our ability to retain and attract key personnel;
- Costs and risks associated with product liability and other litigation claims;

- Our ability to meet our existing debt obligations and raise additional capital when desired on terms reasonably acceptable to us;
- The potential effect of foreign currency fluctuations and interest rate fluctuations on our net sales, expenses and resulting margins;
- The impact of changes in U.S. and international tax laws;
- Market conditions and the possibility that the Company's share repurchase program may be delayed, suspended or discontinued;
- The effect of communicable diseases on demand for our products; and
- Our ability to protect intellectual property and the outcome of patent litigation.

Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and in our Part I, Item 1A. *Risk Factors* in our Annual Report on Form 10-K to be a complete statement of all potential risks and uncertainties. The Company does not undertake to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure relative to market risk is 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.

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 \$7.9 million increase in the fair value of the forward contracts; whereas a 10% weakening of the U.S. Dollar would result in an \$8.8 million decrease of the fair value of the forward contracts.

Interest Rate Risk

Our exposure to changes in interest rates is associated with borrowings under our Credit Facilities, all of which is variable rate debt. Total outstanding debt under our Credit Facilities as of September 28, 2019 was \$332.5 million with an interest rate of 3.4% based on prevailing LIBOR rates. An increase of 100 basis points in LIBOR rates would result in additional annual interest expense of \$1.0 million. On August 21, 2018, we entered into two interest rate swap agreements to effectively convert \$241.9 million of borrowings under our Credit Facilities from a variable rate to a fixed rate. These interest rate swaps are intended to mitigate the exposure to fluctuations in interest rates and qualify for hedge accounting treatment as cash flow hedges.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, as of September 28, 2019, 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 Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of September 28, 2019.

Changes in Internal Control Over Financial Reporting

We implemented certain controls related to the adoption of FASB ASC Topic 842, effective March 31, 2019. These controls were designed and implemented to ensure the completeness and accuracy over financial reporting. With the exception of the controls implemented for FASB ASC Topic 842, there were no changes in our internal control over financial reporting during the three and six months ended September 28, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this Item may be found in Note 14, *Commitments and Contingencies* to the Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

There are no material changes from the Risk Factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended March 30, 2019.

Item 2. Issuer Purchases of Equity Securities

The following table provides information on the Company's share repurchases during the second quarter of fiscal 2020:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program ⁽¹⁾
June 30, 2019 - July 27, 2019				
July 28, 2019 - August 24, 2019	29,018	(2)	29,018	
August 25, 2019 - September 28, 2019	331,318	(3)	331,318	
Total	360,336			\$375,000,000

⁽¹⁾ In May 2019, the Company announced that the Board of Directors had authorized the repurchase of up to \$500 million of the Company's common stock from time to time, based on market conditions, over the next two years. Under the Company's share repurchase program, shares may be repurchased in accordance with applicable laws both on the open market, including under trading plans established pursuant to Rule 10b5-1 under the Exchange Act, and in privately negotiated transactions.

⁽²⁾ In July 2019, the Company completed a \$75.0 million repurchase of its common stock pursuant to an accelerated share repurchase agreement ("ASR") entered into with Citibank N.A. ("Citibank") in June 2019. The total number of shares repurchased under the ASR was approximately 0.6 million at an average price per share upon final settlement of \$116.33.

⁽³⁾ In September 2019, the Company entered into an ASR with Morgan Stanley & Co. LLC ("Morgan Stanley") to repurchase \$50.0 million of the Company's common stock. Pursuant to the terms of the ASR, in September 2019, the Company paid Morgan Stanley \$50.0 million in cash and received an initial delivery of 0.3 million shares of the Company's common stock based on a closing market price on the New York Stock Exchange on September 10, 2019 of \$120.73. This initial delivery of shares represented approximately 80% of the notional amount of the ASR. On October 8, 2019, the ASR was completed and an additional 0.1 million shares were delivered upon settlement. The total number of shares repurchased under the ASR was 0.4 million at an average price per share upon final settlement of \$124.37.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

- [3.1](#) Restated Articles of Organization of the Company, reflecting Articles of Amendment dated August 23, 1993, August 21, 2006, July 26, 2018 and July 25, 2019 (filed as Exhibit 3.1 to the Company's Form 8-K dated July 29, 2019 and incorporated herein by reference).
- [3.2](#) By-Laws of the Company, as amended through July 25, 2019 (filed as Exhibit 3.3 to the Company's Form 8-K dated July 29, 2019 and incorporated herein by reference).
- [10.1†](#) Haemonetics Corporation 2019 Long-Term Incentive Compensation Plan (filed as Exhibit 10.1 to the Company's Form 8-K dated July 29, 2019 and incorporated herein by reference).
- [10.2†](#) Form of Restricted Stock Unit Award Agreement (non-employee directors) under 2019 Long-Term Incentive Compensation Plan (adopted fiscal 2020).
- [10.3†](#) Form of Restricted Stock Unit Award Agreement (employees) under 2019 Long-Term Incentive Compensation Plan (adopted fiscal 2020).
- [10.4†](#) Form of Nonqualified Stock Option Award Agreement under 2019 Long-Term Incentive Compensation Plan (adopted fiscal 2020).
- [10.5†*](#) Form of Performance Share Unit Award Agreement under 2019 Long-Term Incentive Compensation Plan (adopted fiscal 2020).
- [10.6](#) Lease dated August 26, 2019 by and between the Company and HRP Wood Road, LLC.
- [31.1](#) Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002, of Christopher A. Simon, President and Chief Executive Officer of the Company.
- [31.2](#) Certification pursuant to Section 302 of Sarbanes-Oxley of 2002, of William Burke, Executive Vice President, 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 Christopher A. Simon, 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 William Burke, Executive Vice President, Chief Financial Officer of the Company.
- [101**](#) The following materials from Haemonetics Corporation on Form 10-Q for the quarter ended September 28, 2019, formatted in inline Extensible Business Reporting Language (XBRL) includes: (i) Condensed Consolidated Statements of Income and Comprehensive Income, (ii) Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

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

* Appendices to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished as a supplement to the Securities and Exchange Commission upon request.

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

SIGNATURES

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

HAEMONETICS CORPORATION

November 1, 2019 By: /s/ Christopher A. Simon
Christopher A. Simon,
President and Chief Executive Officer
(Principal Executive Officer)

November 1, 2019 By: /s/ William Burke
William Burke, Executive Vice President, Chief Financial
Officer
(Principal Financial Officer)

**HAEMONETICS CORPORATION
2019 LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

This RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Award Agreement”), dated as of [•] (the “Date of Grant”), is delivered by Haemonetics Corporation (the “Company”) to [•] (the “Participant”).

RECITALS

The Haemonetics Corporation 2019 Long-Term Incentive Compensation Plan (the “Plan”) provides for the grant of restricted stock units in accordance with the terms and conditions of the Plan. The Committee has decided to make this Award of restricted stock units as an inducement for the Participant to promote the best interests of the Company and its stockholders. This Award Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Award Agreement and in the Plan, the Company hereby grants the Participant [•] restricted stock units, subject to the restrictions set forth below and in the Plan (the “Restricted Stock Units”). Each Restricted Stock Unit represents the right of the Participant to receive a share of common stock of the Company (“Company Stock”), if and when the specified conditions are met in Section 3 below, and on the applicable payment date set forth in Section 5 below.

2. Restricted Stock Units are Hypothetical Shares. Restricted Stock Units represent hypothetical shares of Company Stock, and not actual shares of stock. No shares of Company Stock shall be issued to the Participant at the time the Award is made, and the Participant shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company with respect to any Restricted Stock Units. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this Award.

3. Vesting.

(a) The Restricted Stock Units shall become vested with respect to 100% of the Restricted Stock Units on the first anniversary of the Date of Grant, (the “Vesting Date”), conditioned upon the Participant’s continued service with the Company as a director as of such vesting date. In situations where there is not continued service by the Participant, notwithstanding the foregoing, the Restricted Stock Units shall vest as follows:

(i) Partial Year. If the Participant ceases to be a director of the Company prior to the Vesting Date for any reason other than a Change of Control, death or Disability, the Restricted Stock Units granted hereunder shall vest on a pro-rata basis such that one-twelfth (1/12) of the total number of Restricted Stock Units granted hereunder shall vest on the last day of

every month that the Participant is a director between the Date of Grant and the date when the Participant ceases to be a director of the Company.

(ii) Death or Disability. The Restricted Stock Units shall become fully vested on a termination of service due to death or Disability.

(iii) Change of Control. The Restricted Stock Units shall become fully vested immediately prior to the effectiveness of a Change of Control.

4. Termination of Restricted Stock Units. Except as set forth in this Award Agreement, if the Participant ceases to provide service to the Company for any reason before all of the Restricted Stock Units vest, any unvested Restricted Stock Units shall automatically terminate and shall be forfeited as of the date of the Participant's termination of service. No payment shall be made with respect to any unvested Restricted Stock Units that terminate.

5. Payment of Restricted Stock Units and Tax Withholding.

(a) If and when the Restricted Stock Units vest, the Company shall issue to, or on behalf of, the Participant a certificate (which may be in electronic form) representing one share of Company Stock for each vested Restricted Stock Unit, subject to applicable tax withholding obligations. Subject to Sections 5(b) and 19 below, the issuance of shares of Company Stock pursuant to the preceding sentence of this Section 5(a) shall be made as soon as administratively practicable (but no later than thirty (30) days) following the applicable Vesting Date.

(b) All obligations of the Company under this Award Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company, to provide for the payment of, any federal, state, local or other taxes with respect to the Restricted Stock Units.

(c) The obligation of the Company to deliver Company Stock shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of shares, the shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares, if any, to the Participant pursuant to this Award Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof.

6. No Stockholder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to shares of Company Stock, including voting or dividend rights (including Dividend Equivalents), until certificates for shares have been issued upon payment of Restricted Stock Units. The Participant acknowledges that no election under Section 83(b) of the Code is available with respect to Restricted Stock Units.

7. Award Subject to Plan Provisions. This Award is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Restricted Stock Units are subject to the provisions

of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Restricted Stock Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Service or Other Rights. The Award of the Restricted Stock Units shall not confer upon the Participant any right to be retained by or in the service of the Company and shall not interfere in any way with the right of the Company to terminate the Participant's service at any time. The obligations of the Company hereunder will be that of an unfunded and unsecured promise of the Company to deliver, for each vested Restricted Stock Unit, one share of Company Stock, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company hereunder.

9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Award Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Restricted Stock Units or any right hereunder, except as provided for in this Award Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Restricted Stock Units by notice to the Participant, and the Restricted Stock Units and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Award Agreement may be assigned by the Company without the Participant's consent.

10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Award Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Award Agreement shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

11. Notice. Subject to Section 13 of this Award Agreement, any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the corporate headquarters of the Company, and any notice to the Participant shall be addressed to such

Participant at the current address shown on the records of the Company. Any notice shall be delivered by hand, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Restricted Stock Units, and the right to receive and retain any Company Stock covered by this Award Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under any “clawback” or recoupment policies, securities exchange listing standard, share trading policy or and similar standard or policy that may be required by law or implemented by the Company and that is in effect on the Date of Grant or that may be established thereafter, including, but not limited to, the Company’s Clawback Policy as set forth in the Principles of Corporate Governance, or other policy in effect from time to time, and any successor policy. By accepting the Restricted Stock Units, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Restricted Stock Units or shares or amounts paid under the Restricted Stock Units subject to clawback or recoupment pursuant to such policy, listing standard or law. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Restricted Stock Units or shares or amount paid from the Participant’s accounts, or pending or future compensation or Awards under the Plan.

13. Electronic Delivery. The Company may, in its sole discretion, deliver any documents relating to the Participant’s Restricted Stock Units and the Participant’s participation in the Plan, or future Awards that may be granted under the Plan, by electronic means or request the Participant’s consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third-party designated by the Company.

14. Severability. If any provision of this Award Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Award Agreement, and the Award Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

15. Waiver. The waiver by the Company with respect to the Participant’s (or any other participant’s) compliance of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by such party of a provision of this Award Agreement.

16. Amendment. Except as permitted by the Plan, this Award Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

17. **Counterparts.** This Award Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

18. **Binding Effect; No Third Party Beneficiaries.** This Award Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Award Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

19. **Application of Section 409A of the Code.** The Award covered by this Award Agreement is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code, as amended, and the regulations and other guidance promulgated thereunder (“Section 409A”). Notwithstanding the foregoing, if the Restricted Stock Units constitute “deferred compensation” under Section 409A and the Restricted Stock Units become vested and settled upon the Participant’s termination of service, payment with respect to the Restricted Stock Units shall be delayed for a period of six months after the Participant’s termination of service if the Participant is a “specified employee” as defined under Section 409A and if required pursuant to Section 409A. If payment is delayed, the Restricted Stock Units shall be settled and paid within thirty (30) days after the date that is six (6) months following the Participant’s termination of service. Payments with respect to the Restricted Stock Units may only be paid in a manner and upon an event permitted by Section 409A, and each payment under the Restricted Stock Units shall be treated as a separate payment, and the right to a series of installment payments under the Restricted Stock Units shall be treated as a right to a series of separate payments. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Company may change or modify the terms of this Award Agreement without the Participant’s consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A or any regulations or other guidance issued thereunder. Notwithstanding the foregoing, the Company makes no representations and/or warranties with respect to compliance with Section 409A, and the Participant recognizes and acknowledges that Section 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible.

20. **Time for Acceptance.** Unless the Participant shall evidence acceptance of this Restricted Stock Unit Award Agreement by electronic or other means prescribed by the Committee within ninety (90) days after its delivery, the Restricted Stock Units shall be null and void (unless waived by the Committee).

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Award Agreement, and the Participant has executed this Award Agreement, effective as of the Date of Grant.

HAEMONETICS CORPORATION

Name:
Title:

I hereby accept the award of Restricted Stock Units described in this Award Agreement, and I agree to be bound by the terms of the Plan and this Award Agreement. I hereby agree that all decisions and determinations of the Committee with respect to the Restricted Stock Units shall be final and binding.

Date Participant

**HAEMONETICS CORPORATION
2019 LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

This RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Award Agreement”), dated as of [●] (the “Date of Grant”), is delivered by Haemonetics Corporation (the “Company”) to [●] (the “Participant”).

RECITALS

The Haemonetics Corporation 2019 Long-Term Incentive Compensation Plan (the “Plan”) provides for the grant of restricted stock units in accordance with the terms and conditions of the Plan. The Committee has decided to make this Award of restricted stock units as an inducement for the Participant to promote the best interests of the Company and its stockholders. This Award Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Award Agreement and in the Plan, the Company hereby grants the Participant [●] restricted stock units, subject to the restrictions set forth below and in the Plan (the “Restricted Stock Units”). Each Restricted Stock Unit represents the right of the Participant to receive a share of common stock of the Company (“Company Stock”), if and when the specified conditions are met in Section 3 below, and on the applicable payment date set forth in Section 5 below.

2. Restricted Stock Units are Hypothetical Shares. Restricted Stock Units represent hypothetical shares of Company Stock and not actual shares of stock. No shares of Company Stock shall be issued to the Participant at the time the Award is made, and the Participant shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company with respect to any Restricted Stock Units. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this Award.

3. Vesting.

(a) Subject to the terms of this Section 3, the Restricted Stock Units shall become vested pro rata on each of the first [●] anniversaries of the Date of Grant (each of the first [●] anniversaries of the Date of Grant, a “Vesting Date”), provided that the Participant continues to be employed by the Employer from the Date of Grant until the applicable Vesting Date.

(i) For purposes of this Award Agreement, the terms “employed by the Employer” and “employment with the Employer” shall mean employment with the Company, or employment with any corporation, partnership, joint venture or other entity in which the Company, directly or indirectly, has a majority voting interest.

(b) The vesting of the Restricted Stock Units shall be cumulative, but shall not exceed 100% of the Restricted Stock Units. If the vesting schedule in Section 3(a) would produce fractional Restricted Stock Units, the number of Restricted Stock Units that vest shall be rounded down to the nearest whole Restricted Stock Unit and the fractional Restricted Stock Units will be accumulated with any fractional Restricted Stock Units produced on a future Vesting Date, and paid once such fractional Restricted Stock Units from prior Vesting Dates equal a whole Restricted Stock Unit.

(c) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change of Control before all of the Restricted Stock Units vest in accordance with Section 3(a) above, the provisions of the Plan applicable to a Change of Control shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it is permitted to under the terms of the Plan with respect to the vesting of the Restricted Stock Units.

4. Termination of Restricted Stock Units.

(a) Except as set forth in this Award Agreement, if the Participant ceases to be employed by the Employer for any reason before all of the Restricted Stock Units vest, any unvested Restricted Stock Units shall automatically terminate and shall be forfeited as of the date of the Participant's termination of employment. In such event, vesting shall not be pro-rated between Vesting Dates and, except as set forth below, the vested amount of Restricted Stock Units shall be determined as of the most recent Vesting Date. No payment shall be made with respect to any unvested Restricted Stock Units that terminate.

(b) If the Participant ceases to be employed by the Employer as a result of the Participant's Disability or the Participant becoming Disabled, the Restricted Stock Units shall continue to vest pursuant to Section 3(a) of this Award Agreement.

(c) If the Participant ceases to be employed by the Employer as a result of Participant's death, any unvested Restricted Stock Units shall become fully vested.

5. Payment of Restricted Stock Units and Tax Withholding.

(a) If and when the Restricted Stock Units vest, the Company shall issue to, or on behalf of, the Participant a certificate (which may be in electronic form) representing one share of Company Stock for each vested Restricted Stock Unit, subject to applicable tax withholding obligations. Subject to Sections 5(b) and 19 below, the issuance of shares of Company Stock pursuant to the preceding sentence of this Section 5(a) shall be made as soon as administratively practicable (but no later than thirty (30) days) following the applicable Vesting Date.

(b) All obligations of the Company under this Award Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant agrees that the Company shall direct the Plan administrator to sell on behalf of the Participant a number of shares of Company Stock having a value (as measured on the date the Restricted Stock Units are subject to tax) equal to the Participant's FICA, federal income, state, local and other tax liabilities required by law to be withheld with respect to the

payment of the Restricted Stock Units and to remit the proceeds to the Company. To the extent Participant's tax liabilities are not satisfied in accordance with the immediately preceding sentence, the Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer, to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Restricted Stock Units.

(c) The obligation of the Company to deliver Company Stock shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of shares, the shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares, if any, to the Participant pursuant to this Award Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof.

6. No Stockholder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to shares of Company Stock, including voting or dividend rights (including Dividend Equivalents), until certificates for shares have been issued upon payment of Restricted Stock Units. The Participant acknowledges that no election under Section 83(b) of the Code is available with respect to Restricted Stock Units.

7. Award Subject to Plan Provisions. This Award is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Restricted Stock Units are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Restricted Stock Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The Award of the Restricted Stock Units shall not confer upon the Participant any right to be retained by or in the employ of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment at any time. The right of any Employer to terminate at will the Participant's employment at any time for any reason is specifically reserved. The obligations of the Company hereunder will be that of an unfunded and unsecured promise of the Company to deliver, for each vested Restricted Stock Unit, one share of Company Stock, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company hereunder.

9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Award Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Restricted Stock Units or any right hereunder, except as provided for in this Award Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Restricted Stock Units by notice to the Participant, and the Restricted Stock Units and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Award Agreement may be assigned by the Company without the Participant's consent.

10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Award Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Award Agreement shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

11. Notice. Subject to Section 13 of this Award Agreement, any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the corporate headquarters of the Company, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer. Any notice shall be delivered by hand, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Restricted Stock Units, and the right to receive and retain any Company Stock covered by this Award Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under any "clawback" or recoupment policies, securities exchange listing standard, share trading policy or and similar standard or policy that may be required by law or implemented by the Company and that is in effect on the Date of Grant or that may be established thereafter, including, but not limited to, the Company's Clawback Policy as set forth in the Principles of Corporate Governance, or other policy in effect from time to time, and any successor policy. By accepting the Restricted Stock Units, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Restricted Stock Units or shares or amounts paid under the Restricted Stock Units subject to clawback or recoupment pursuant to such policy, listing standard or law.

Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Restricted Stock Units or shares or amount paid from the Participant's accounts, or pending or future compensation or Awards under the Plan.

13. Electronic Delivery. The Company may, in its sole discretion, deliver any documents relating to the Participant's Restricted Stock Units and the Participant's participation in the Plan, or future Awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third-party designated by the Company.

14. Severability. If any provision of this Award Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Award Agreement, and the Award Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

15. Waiver. The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by such party of a provision of this Award Agreement.

16. Amendment. Except as permitted by the Plan, this Award Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

17. Counterparts. This Award Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

18. Binding Effect; No Third Party Beneficiaries. This Award Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Award Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

19. Application of Section 409A of the Code. The Award covered by this Award Agreement is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code, as amended, and the regulations and other guidance promulgated thereunder ("Section 409A"). Notwithstanding the foregoing, if the Restricted Stock Units constitute "deferred compensation" under Section 409A and the Restricted Stock Units become vested and settled upon the Participant's termination of employment, payment with respect to the Restricted Stock Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a

“specified employee” as defined under Section 409A and if required pursuant to Section 409A. If payment is delayed, the Restricted Stock Units shall be settled and paid within thirty (30) days after the date that is six (6) months following the Participant’s termination of employment. Payments with respect to the Restricted Stock Units may only be paid in a manner and upon an event permitted by Section 409A, and each payment under the Restricted Stock Units shall be treated as a separate payment, and the right to a series of installment payments under the Restricted Stock Units shall be treated as a right to a series of separate payments. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Company may change or modify the terms of this Award Agreement without the Participant’s consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A or any regulations or other guidance issued thereunder. Notwithstanding the foregoing, the Company makes no representations and/or warranties with respect to compliance with Section 409A, and the Participant recognizes and acknowledges that Section 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible.

20. **Time for Acceptance.** Unless the Participant shall evidence acceptance of this Restricted Stock Unit Award Agreement by electronic or other means prescribed by the Committee within ninety (90) days after its delivery, the Restricted Stock Units shall be null and void (unless waived by the Committee).

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Award Agreement, and the Participant has executed this Award Agreement, effective as of the Date of Grant.

HAEMONETICS CORPORATION

Name:

Title:

I hereby accept the award of Restricted Stock Units described in this Award Agreement, and I agree to be bound by the terms of the Plan and this Award Agreement. I hereby agree that all decisions and determinations of the Committee with respect to the Restricted Stock Units shall be final and binding.

Date Participant _____

**HAEMONETICS CORPORATION
2019 LONG-TERM INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION AWARD AGREEMENT**

This NONQUALIFIED STOCK OPTION AWARD AGREEMENT (the “Award Agreement”), dated as of [●] (the “Date of Grant”), is delivered by Haemonetics Corporation (the “Company”) to [●] (the “Participant”).

RECITALS

The Haemonetics Corporation 2019 Long-Term Incentive Compensation Plan (the “Plan”) provides for the grant of stock options to purchase shares of Company stock (“Company Stock”) in accordance with the terms and conditions of the Plan. The Committee has decided to make this nonqualified stock option Award as an inducement for the Participant to promote the best interests of the Company and its stockholders. This Award Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Option. Subject to the terms and conditions set forth in this Award Agreement and in the Plan, the Company hereby grants to the Participant a nonqualified stock option (the “Option”) to purchase [●] shares of Company Stock (each a “Share”, and together the “Shares”) at an Exercise Price of \$[●] per Share. The Option shall become exercisable according to Section 2 below.

2. Exercisability of Option.

(a) Subject to the terms of this Section 2 and Section 3, the Option shall become vested pro rata on each of the first [●] anniversaries of the Date of Grant (each of the first [●] anniversaries of the Date of Grant, a “Vesting Date”), provided that the Participant continues to be employed by the Employer from the Date of Grant until the applicable Vesting Date.

(i) For purposes of this Award Agreement, the terms “employed by the Employer” and “employment with the Employer” shall mean employment with the Company, or employment with any corporation, partnership, joint venture or other entity in which the Company, directly or indirectly, has a majority voting interest.

(b) The vesting and exercisability of the Option is cumulative, but shall not exceed 100% of the Shares subject to the Option. If the terms set forth on in Section 2(a) would produce fractional Shares, the number of Shares for which the Option becomes vested and exercisable shall be rounded down to the nearest whole Share and the fractional Shares will be accumulated with any fractional Shares produced on a future Vesting Date, and become exercisable once such fractional Shares from prior Vesting Dates equal a whole Share.

(c) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change

of Control before the Option is fully vested and exercisable, the provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions as it is permitted to under the terms of the Plan with respect to the vesting and exercisability of the Option.

3. Term of Option.

(a) The Option shall have a term of seven years from the Date of Grant and shall terminate at the expiration of that period, unless it is terminated at an earlier date pursuant to the provisions of this Award Agreement or the Plan. Notwithstanding the foregoing, in the event that on the last business day of the term of the Option, the Fair Market Value of a share of Company Stock is greater than the Exercise Price, and the Participant remains employed by the Employer, then the Option shall be automatically exercised on such business day without any required action by the Participant, and such automatic exercise shall comply with the terms of this Award Agreement and the Plan.

(b) The Option shall automatically terminate upon the happening of the first of the following events:

(i) The expiration of the 90-day period after the Participant ceases to be employed by the Employer, if the termination is for any reason other than Disability, retirement, death or Cause; and

(ii) The date on which the Participant ceases to be employed by the Employer for Cause. In addition, notwithstanding the prior provisions of this Section 3, if the Participant engages in conduct that constitutes Cause after the Participant's employment terminates, the Option shall immediately terminate.

(c) If the Participant ceases to be employed by the Employer because of a Disability or because the Participant has become Disabled, the Option shall continue to vest and shall be exercisable until it expires pursuant to its terms.

(d) If the Participant ceases to be employed by the Employer because the Participant has retired from the Employer in good standing, then such Option shall cease to vest on the last day of Participant's employment, as applicable, but may be exercised by the Participant (or her/his permitted transferee) at any time on or prior to the earlier of the expiration date of the Option or the expiration of five (5) years from the date of the Participant's termination of employment due to retirement. For purposes of this Award Agreement, retirement shall mean a termination of employment after reaching age fifty-five (55), and completing at least five (5) years of service with the Employer, provided, however that a Participant's termination shall in no event be due to retirement if the Participant ceases to be employed by the Employer for Cause.

(e) If the Participant ceases to be employed by the Employer as a result of the Participant's death, any unvested portion of the Option shall immediately vest and the Option shall be exercisable until expiration by its terms.

Notwithstanding the foregoing, in no event may the Option be exercised after the date that is the seventh anniversary of the Date of Grant, or the first business day immediately preceding the seventh anniversary of the Date of Grant if such anniversary falls on a weekend or holiday.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving the Company, or its delegate, notice of intent to exercise in a form prescribed by the Company. For the avoidance of doubt, only the vested portion of an Option may be exercised.

(b) At such time as the Committee shall determine, the Participant shall pay the Exercise Price (i) in cash or by check, (ii) with the consent of the Committee, by delivering shares of Company Stock owned by the Participant, which shall be valued at their Fair Market Value on the date of exercise, or by attestation (in accordance with procedures prescribed by the Company) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures prescribed by the Company, (iv) with the consent of the Committee, by surrendering shares of Company Stock subject to the exercisable Option for an appreciation distribution payable in Shares with a Fair Market Value on the date of exercise equal to the dollar amount by which the then Fair Market Value of the Shares subject to the surrendered portion exceeds the aggregate Exercise Price payable for the Shares (“net exercise”), or (v) by such other method as the Committee may approve, to the extent permitted by applicable law. The Committee may impose from time to time such limitations as it deems appropriate on the use of shares of Company Stock to exercise the Option.

(c) The obligation of the Company to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Committee, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations.

(d) All obligations of the Company under this Award Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Option. At such time as the Committee may determine, the Participant may elect to satisfy any tax withholding obligation of the Employer with respect to the Option by having Shares withheld to satisfy the applicable withholding tax rate for FICA, federal, state, local and other tax liabilities.

(e) Upon exercise of the Option (or portion thereof), the Option (or portion thereof) will terminate and cease to be outstanding.

5. Restrictions on Exercise. Except as the Committee may otherwise permit pursuant to the Plan, only the Participant may exercise the Option during the Participant’s lifetime and, after the Participant’s death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Participant, or by the person who acquires the right to

exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Award Agreement.

6. Award Subject to Plan Provisions. This Award is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The Award and exercise of the Option are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

7. No Employment or Other Rights. The Option Award shall not confer upon the Participant any right to be retained by or in the employ of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment at any time. The right of any Employer to terminate at will the Participant's employment at any time for any reason is specifically reserved.

8. No Stockholder Rights. Neither the Participant, nor any person entitled to exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Award Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in this Award Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Participant, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Award Agreement may be assigned by the Company without the Participant's consent.

10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Award Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Award Agreement shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of

Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

11. Notice. Subject to Section 13 of this Award Agreement, any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer. Any notice shall be delivered by hand or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Option, and the right to receive and retain any Shares, or the amount of any gain realized or payment received as a result of any sale or other disposition of the Shares, covered by this Award Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under any "clawback" or recoupment policies, securities exchange listing standard, share trading policy or and similar standard or policy that may be required by law or implemented by the Company and that is in effect on the Date of Grant or that may be established thereafter, including, but not limited to, the Company's Clawback Policy as set forth in the Principles of Corporate Governance, or other policy in effect from time to time, and any successor policy. By accepting the Option, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Option or Shares or amounts paid under the Option subject to clawback or recoupment pursuant to such policy, listing standard or law. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Option or Shares or amount paid from the Participant's accounts, or pending or future compensation or Awards under the Plan.

13. Electronic Delivery. The Company may, in its sole discretion, deliver any documents relating to the Participant's Option and the Participant's participation in the Plan, or future Awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third-party designated by the Company.

14. Severability. If any provision of this Award Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Award Agreement, and the Award Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

15. Waiver. The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Award Agreement shall not operate or be construed

as a waiver of any other provision of this Award Agreement, or of any subsequent breach by such party of a provision of this Award Agreement.

16. Amendment. Except as permitted by the Plan, this Award Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

17. Counterparts. This Award Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

18. Binding Effect; No Third Party Beneficiaries. This Award Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Award Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

19. Application of Section 409A of the Code. This Award Agreement is intended to be exempt from section 409A of the Code and to the extent this Award Agreement is subject to section 409A of the Code, it will in all respects be administered in accordance with section 409A of the Code.

20. Time for Acceptance. **Unless the Participant shall evidence acceptance of this Option Award Agreement by electronic or other means prescribed by the Committee within ninety (90) days after its delivery, the Option shall be null and void (unless waived by the Committee).**

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Award Agreement, and the Participant has executed this Award Agreement, effective as of the Date of Grant.

HAEMONETICS CORPORATION

Name:

Title:

I hereby accept the Option described in this Award Agreement, and I agree to be bound by the terms of the Plan and this Award Agreement. I hereby further agree that all decisions and determinations of the Committee shall be final and binding.

Participant: _____ Date: _____

**HAEMONETICS CORPORATION
2019 LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE UNIT AWARD AGREEMENT**

This PERFORMANCE SHARE UNIT AWARD AGREEMENT (the “Award Agreement”), dated as of [●] (the “Date of Grant”), is delivered by Haemonetics Corporation (the “Company”) to [●] (the “Participant”).

RECITALS

The Haemonetics Corporation 2019 Long-Term Incentive Compensation Plan (the “Plan”) provides for the grant of performance-based restricted share units in accordance with the terms and conditions of the Plan. The Committee has decided to make this grant of performance-based restricted share units as an inducement for the Participant to promote the best interests of the Company and its stockholders. This Award Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Performance Share Units. Subject to the terms and conditions set forth in this Award Agreement and in the Plan, the Company hereby grants the Participant a target award of [●] performance-based restricted share units (the “Performance Share Units”), subject to the terms and restrictions set forth below and in the Plan (such amount of Performance Share Units, the “Target Award”). Each Performance Share Unit represents the right of the Participant to receive a share of common stock of the Company (“Company Stock”), if and when the specified conditions are met in Section 3 below, and on the applicable payment date set forth in Section 5 below.

2. Performance Share Units are Hypothetical Shares. Performance Share Units represent hypothetical shares of Company Stock, and not actual shares of stock. No shares of Company Stock shall be issued to the Participant at the time the grant is made, and the Participant shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company with respect to any Performance Share Units. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this Award.

3. Vesting.

(a) Subject to the terms of this Section 3 and the terms of Appendix A, which is incorporated by reference herein, the Performance Share Units shall become vested upon satisfaction of the Performance Goals and terms as set forth in Appendix A to this Award Agreement. The Committee shall determine whether such Performance Goals have been satisfied.

(b) If the vesting terms set forth in Appendix A would produce fractional Performance Share Units, the number of Performance Share Units that vest shall be rounded down to the nearest whole Performance Share Unit.

(c) Notwithstanding anything to the contrary contained in a written employment agreement, severance agreement, change of control agreement or other agreement entered into by and between the Participant and the Employer, this Section 3(c) shall apply in the event of a Change of Control before the Vesting Date (a “Qualifying Change of Control”) and while the Participant continues to be employed by the Employer.

(i) Effective as of immediately prior to a Qualifying Change of Control, but subject to the occurrence of such Change of Control, the number of Performance Share Units eligible to be vested shall be equal to the greater of the number of shares of Common Stock under the (i) the Target Award multiplied by a fraction, the numerator of which is the number of days elapsed from the Date of Grant to the date of the Qualifying Change of Control, and the denominator of which is the number of days in the Performance Period, and (ii) the Share Payout as a Percentage of Target Award as determined by the Committee under the terms of Appendix A through the latest practicable date prior to such Change of Control. For purposes of this Section 3(c)(i), the Company Relative TSR Percentile Rank shall be determined by reference to the Company’s average relative TSR rank on the thirty (30) consecutive trading days immediately preceding the Qualifying Change of Control. The number of Performance Share Units determined in accordance with this Section 3(c)(i) is referred to as the “Change of Control Adjusted Performance Share Units”.

(ii) The Change of Control Adjusted Performance Share Units shall become vested on a Qualifying Change of Control and paid as soon as administratively practicable (but no later than thirty (30) days) following the occurrence of such Change of Control if a replacement or substitute award meeting the requirements of this Section 3(c)(ii) is not provided to the Participant in respect of such Performance Share Units. An award meeting the requirements of this Section 3(c)(ii) is referred to below as a “Replacement Award”. An award shall qualify as a Replacement Award if:

- (1) It is comprised of restricted stock units with respect to a publicly traded equity security of the Company or the surviving corporation or the ultimate parent of the applicable entity following a Qualifying Change of Control;
- (2) It has a fair market value at least equal to the fair market value of the Change of Control Adjusted Performance Share Units as of the date of a Qualifying Change of Control;
- (3) It contains terms relating to service-based vesting (including with respect to termination of employment) that are substantially identical to the terms set forth in this Award Agreement and does not contain any terms related to performance-based vesting; and
- (4) Its other terms and conditions are not less favorable to the Participant than the terms and conditions set forth in this Award Agreement or in the Plan (including provisions that apply in the event of a subsequent change of control) as of the date of a Qualifying Change of Control.

The determination of whether the conditions of this Section 3(c)(ii) are satisfied shall be made by the Committee, as constituted immediately prior to a Qualifying Change of Control, in its sole discretion, prior to such Change of Control. If a Replacement Award is provided, the Change of Control Adjusted Performance Share Units shall not be settled upon a Qualifying Change of Control, but instead as provided under Section 3(c)(iii) below.

(iii) If, in connection with a Qualifying Change of Control, the Participant is provided with a Replacement Award, such Replacement Award shall vest on the Vesting Date and be settled at the time as set forth in Appendix A, subject to the Participant having not incurred a termination of employment with the Employer prior to such Vesting Date; provided that, if, within two years following such Qualifying Change of Control, the Participant incurs a termination of employment due to being a Good Leaver (as defined below), then the Replacement Award shall become fully vested effective as of such termination of employment, and the Company shall issue one share to the Participant for each share under the Replacement Award as soon as reasonably practicable (but not later than 30 days) following such termination of employment.

(iv) For purposes of this Award Agreement, the following terms have the meanings set forth below:

(1) “Good Leaver” means the involuntary termination of the Participant’s employment by the Employer other than a termination for Cause, the Participant’s resignation for Good Reason, or the Participant’s termination of employment due to death, Disability or a Qualifying Retirement.

(2) “Good Reason” shall have the meaning given to such term in an employment agreement, severance or change in control agreement or, if there is no such agreement or if it does not define Good Reason, then Good Reason shall mean the occurrence of any one of the following in the absence of the Participant’s written consent:

a. A material diminution in the Participant’s annual base salary or target annual incentive compensation from that in effect immediately prior to a Qualifying Change of Control;

b. The assignment to the Participant of any duties materially inconsistent with the Participant’s positions (including status, offices, titles, and reporting requirements), authority, duties, or responsibilities, or any other action by the Employer that results in a material diminution in such positions, authority, duties, or responsibilities, in each case, from those in effect immediately prior to a Qualifying Change of Control; or

c. The relocation of the Participant to a work location more than 50 miles from the Participant’s current work location (unless, as a result of such relocation, the Participant’s work location is closer to his or her place of residence);

provided that, in each case the Participant provides written notice to the Employer of the existence of one or more of the conditions described in clauses described above

within 30 days following the Participant's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, (ii) the Employer fails to cure such event or condition within 30 days following the receipt of such notice and (iii) the Participant incurs a termination of employment within 30 days following the expiration of such cure period.

(3) "employed by the Employer" or "employment with the Employer" shall mean employment with the Company, or employment with any corporation, partnership, joint venture or other entity in which the Company, directly or indirectly, has a majority voting interest.

4. Termination of Performance Share Units.

(a) Except as set forth in this Award Agreement, if the Participant ceases to be employed by the Employer for any reason before the Vesting Date, the unvested Performance Share Units shall automatically terminate and shall be forfeited as of the date of the Participant's termination of employment. No payment shall be made with respect to any unvested Performance Share Units that terminate. For the avoidance of doubt, except as provided in Section 3(c) of this Award Agreement, vesting shall not be pro-rated between the Date of Grant and the Vesting Date.

(b) If the Participant ceases to be employed by the Employer as a result of the Participant's Disability or the Participant becoming Disabled, the Performance Share Units shall continue to vest pursuant to Section 3(a) and Appendix A of this Award Agreement, and the Share Payout as a Percentage of Target Award for the Performance Share Units shall be determined as of the Vesting Date and paid in accordance with Section 5 of this Award Agreement; provided, however that the number of shares of Company Stock paid to the Participant shall be multiplied by a fraction, the numerator of which is the number of days elapsed from the Date of Grant to the Participant's Disability, and the denominator of which is the number of days in the Performance Period.

(c) If the Participant ceases to be employed by the Employer as a result of the Participant's death, the Performance Share Units shall continue to vest pursuant to Section 3(a) and Appendix A of this Award Agreement, and the Share Payout as a Percentage of Target Award for the Performance Share Units shall be determined as of the Vesting Date and paid in accordance with Section 5 of this Award Agreement; provided, however that the number of shares of Company Stock paid to the Participant's estate or other applicable party shall be multiplied by a fraction, the numerator of which is the number of days elapsed from the Date of Grant to the Participant's death, and the denominator of which is the number of days in the Performance Period.

(d) If the Participant ceases to be employed by the Employer as a result of the Participant's Qualifying Retirement, the Performance Share Units shall continue to vest pursuant to Section 3(a) and Appendix A of this Award Agreement, and the Share Payout as a Percentage of Target Award for the Performance Share Units shall be determined as of the Vesting Date and paid in accordance with Section 5 of this Award Agreement; provided, however that the number

of shares of Company Stock paid to the Participant shall be multiplied by a fraction, the numerator of which is the number of days elapsed from the Date of Grant to the Participant's Qualifying Retirement, and the denominator of which is the number of days in the Performance Period. For purposes of this Award Agreement, a "Qualifying Retirement" shall mean that the Participant voluntarily retires from the employ of the Employer at or after both attaining age fifty-five (55) and completing five (5) consecutive years of service. For purposes of this Award Agreement, a "year of service" shall mean a twelve (12) month period of continuous full-time employment with the Employer (determined without regard to any breaks in service due to a paid leave of absence or any unpaid leave of absence authorized in writing by the Employer). For the avoidance of doubt, termination of the Participant's employment with the Employer, either with or without Cause, shall not be treated as a Qualifying Retirement.

5. Payment of Performance Share Units and Tax Withholding.

(a) If and when the Performance Share Units vest, the Company shall issue to the Participant one share of Company Stock for each vested Performance Share Unit, subject to applicable tax withholding obligations. Subject to Sections 5(b) and 19 below, the issuance of shares of Company Stock pursuant to the preceding sentence of this Section 5(a) shall be made as soon as administratively practicable (but no later than thirty (30) days) following the applicable Vesting Date and following the certification by the Committee of the of the Company's achievement, if any, of the Performance Goals set forth on Appendix A.

(b) All obligations of the Company under this Award Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant agrees that the Company shall direct the Plan administrator to sell on behalf of the Participant a number of shares of Company Stock having a value (as measured on the date the Performance Share Units are subject to tax) equal to the Participant's FICA, federal income, state, local and other tax liabilities required by law to be withheld with respect to the payment of the Performance Share Units and to remit the proceeds to the Company. To the extent Participant's tax liabilities are not satisfied in accordance with the immediately preceding sentence, the Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Performance Share Units.

(c) The obligation of the Company to deliver Company Stock shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of shares, the shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares, if any, to the Participant pursuant to this Award Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof.

6. No Stockholder Rights. Neither the Participant, nor any person or entity entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to shares of Company Stock, including voting or dividend rights (including Dividend Equivalents), until certificates for shares have been issued upon payment of Performance Share Units. The Participant acknowledges that no election under Section 83(b) of the Code is available with respect to the Performance Share Units.
7. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Performance Share Units are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Performance Share Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.
8. No Employment or Other Rights. The grant of the Performance Share Units shall not confer upon the Participant any right to be retained by or in the employ of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment at any time. The right of any Employer to terminate at will the Participant's employment at any time for any reason is specifically reserved. The obligations of the Company hereunder will be that of an unfunded and unsecured promise of the Company to deliver, for each vested Performance Share Unit, one share of Company Stock, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company hereunder.
9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Award Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Performance Share Units or any right hereunder, except as provided for in this Award Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Performance Share Units by notice to the Participant, and the Performance Share Units and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Award Agreement may be assigned by the Company without the Participant's consent.
10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Award Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Award Agreement shall be

brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

11. Notice. Subject to Section 13 of this Award Agreement, any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the corporate headquarters of the Company, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer. Any notice shall be delivered by hand, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Performance Share Units, and the right to receive and retain any Company Stock covered by this Award Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under any "clawback" or recoupment policies, securities exchange listing standard, share trading policy or and similar standard or policy that may be required by law or implemented by the Company and that is in effect on the Date of Grant or that may be established thereafter, including, but not limited to, the Company's Clawback Policy as set forth in the Principles of Corporate Governance, or other policy in effect from time to time, and any successor policy. By accepting the Performance Share Units, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Performance Share Units or shares or amounts paid under the Performance Share Units subject to clawback or recoupment pursuant to such policy, listing standard or law. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Performance Share Units or shares or amount paid from the Participant's accounts, or pending or future compensation or Awards under the Plan.

13. Electronic Delivery. The Company may, in its sole discretion, deliver any documents relating to the Participant's Performance Share Units and the Participant's participation in the Plan, or future Awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third-party designated by the Company.

14. Severability. If any provision of this Award Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Award Agreement, and the Award Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held

to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

15. Waiver. The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by such party of a provision of this Award Agreement.

16. Amendment. Except as permitted by the Plan, this Award Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

17. Counterparts. This Award Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

18. Binding Effect; No Third Party Beneficiaries. This Award Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Award Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

19. Application of Section 409A of the Code. The Award covered by this Award Agreement is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code, as amended, and the regulations and other guidance promulgated thereunder ("Section 409A"). Notwithstanding the foregoing, if the Performance Share Units constitute "deferred compensation" under Section 409A and the Performance Share Units become vested and settled upon the Participant's termination of employment, payment with respect to the Performance Share Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under Section 409A and if required pursuant to Section 409A. If payment is delayed, the Performance Share Units shall be settled and paid within thirty (30) days after the date that is six (6) months following the Participant's termination of employment. Payments with respect to the Performance Share Units may only be paid in a manner and upon an event permitted by Section 409A, and each payment under the Performance Share Units shall be treated as a separate payment, and the right to a series of installment payments under the Performance Share Units shall be treated as a right to a series of separate payments. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Company may change or modify the terms of this Award Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A or any regulations or other guidance issued thereunder. Notwithstanding the foregoing, the Company makes no representations and/or warranties with respect to compliance with Section 409A, and the Participant recognizes and acknowledges that Section 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible.

20. **Time for Acceptance.** Unless the Participant shall evidence acceptance of this Performance Share Unit Award Agreement by electronic or other means prescribed by the Committee within ninety (90) days after its delivery, the Performance Share Units shall be null and void (unless waived by the Committee).

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Award Agreement, and the Participant has executed this Award Agreement, effective as of the Date of Grant.

HAEMONETICS CORPORATION

Name:
Title:

I hereby accept the award of Performance Share Units described in this Award Agreement, and I agree to be bound by the terms of the Plan and this Award Agreement. I hereby agree that all decisions and determinations of the Committee with respect to the Performance Share Units shall be final and binding.

Date Participant

*Appendix A omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished as a supplement to the Securities and Exchange Commission upon request.

LEASE

ARTICLE 1

Reference Information

1.1 **Reference Information.** Reference in this Lease to any of the following shall have the meaning set forth below:

Effective Date: August 26, 2019.

Lot: The parcel of land known as 400 Wood Road, Braintree, Massachusetts, more particularly described on **Exhibit A** attached hereto.

Premises: The building situated on the Lot (the "**Building**").

Landlord: HRP Wood Road, LLC, a Delaware limited liability company

Address of Landlord: c/o Hilco Redevelopment Partners
99 Summer Street, Suite 1110
Boston, MA 02110

Tenant: Haemonetics Corporation, a Massachusetts corporation

Address of Tenant: 400 Wood Road
Braintree, MA 02184

Term Commencement Date: The Effective Date of this Lease.

Term Expiration Date: October 31, 2019

Extension Terms: See Section 2.3

Monthly Fixed Rental Rate:
During Original Term: None
During Extension Terms: See Section 2.3

Additional Rent: All sums, charges, and other amounts which Tenant is obligated to pay to Landlord under this Lease other than Monthly Fixed Rental Rate.

Rent: Monthly Fixed Rental Rate and Additional Rent.

Permitted Uses: All existing uses conducted at the Premises as of the Effective Date, including, without limitation, any general office, research and development, laboratory (including medical laboratory), and/or storage uses, including, but not limited to, administrative offices, and other lawful uses reasonably related to or incidental to such specified uses.

Security Deposit: None.

Broker: None.

Business Days All days except Saturdays, Sundays, and all legal holidays in which government offices in the Town of Braintree, Massachusetts, are closed.

1.2 **Exhibits.** The following Exhibits are attached to and incorporated in this Lease:

Exhibit A: Description of the Lot

Exhibit B: Description of the 355 Wood Road Lot

ARTICLE 2
Premises and Term

2.1 **Premises; Appurtenant Rights; As-Is Purchase; Release.**

(a) **Premises.** Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, subject to any and all existing encumbrances and other matters of record and subject to the terms and provisions of this Lease.

(b) **Appurtenant Rights.** During the Term, Tenant, and its employees, contractors, and vendors, shall have, as appurtenant to the Premises and at no additional cost, except as provided in Section 7.2 hereof, the exclusive right to use the Lot for access to and egress from the Premises and for the parking of vehicles in the parking areas located thereon.

(c) **“As-Is” Purchase of the Lot and the Building; Release.** The parties acknowledge that this Lease arises out of Tenant’s conveyance of the Lot and Building to Buyer on the Effective Date pursuant to that certain Purchase and Sale Agreement, dated as of July 9, 2019, by and between Tenant, as seller, and Landlord, as buyer (as amended, the “**PSA**”), and that Tenant has been in possession of the Premises prior to such conveyance. Without limiting any other provision of the PSA, Landlord hereby acknowledges and agrees that the provisions of Sections 12.d and 12.e thereof remain binding upon Landlord as the Buyer under the PSA, but the foregoing shall not affect or limit Tenant’s obligations set forth in this Lease.

2.2 **Term.** TO HAVE AND TO HOLD for an original term (the “**Original Term**”) beginning on the Term Commencement Date and continuing until the Term Expiration Date, unless sooner terminated and subject to extension as hereinafter provided (the Original Term and any exercised Extension Terms, the “**Term**”).

2.3 **Options to Extend Term.** Tenant shall have the following options to extend the term of this Lease for the Extension Terms set forth below, provided (i) no Event of Default shall exist at the time such option is exercised and (ii) Tenant shall give timely notice to Landlord of its exercise of such option as provided below. All of the terms and provisions of this Lease shall be applicable during each Extension Term except that the Monthly Fixed Rental Rate shall be as set forth below and Tenant shall have no option to extend the term of the Lease beyond the last Extension Term set forth below.

Extension Term I: By notice given at least thirty (30) days prior to the commencement of each extension included in Extension Term I, Tenant may extend the Term in one or two month increments (as Tenant shall elect) through December 31, 2019. The Monthly Fixed Rental Rate during Extension Term I shall be \$0.00.

Extension Term II: Tenant may extend the Term for the one (1) month period beginning January 1, 2020, and ending January 31, 2020, by notice given from Tenant to Landlord prior to December 1, 2019. The Monthly Fixed Rental Rate during Extension Term II shall be \$100,000.00. Pursuant to Article 4, the Monthly Fixed Rental Rate for Extension Term II shall be payable on or before January 1, 2020.

Extension Term III: Tenant may extend the Lease for the one (1) month period beginning February 1, 2020, and ending February 29, 2020, by notice given from Tenant to Landlord prior to January 1, 2019. The Monthly Fixed Rental Rate during Extension Term III shall be \$200,000.00. Pursuant to Article 4, the Monthly Fixed Rental Rate for Extension Term III shall be payable on or before February 1, 2020.

Extension Term IV: If, because of Force Majeure, the space to which Tenant intends to relocate at 125 Summer Street, Boston, Massachusetts, will not be ready for its occupancy by March 1, 2020, Tenant may extend the Term for the one (1) year period commencing March 1, 2020, and ending February 28, 2021, by notice given from Tenant to Landlord prior to February 1, 2020. The Monthly Fixed Rental Rate during Extension Term IV shall be \$167,167.00. Pursuant to Article 4, the Monthly Fixed Rental Rate for Extension Term IV shall be payable on or before the first calendar day of each month.

Notwithstanding the foregoing or any other provision of this Lease, Tenant shall have the right to terminate this Lease at any time prior to October 31, 2019, or during any Extension Term by giving at least thirty (30) days' prior notice to Landlord, provided that any termination effective during Extension Term IV shall require at least ninety (90) days' prior notice, and the date specified in such notice shall be the Term Expiration Date. Upon any such termination, Rent for any partial calendar month of the Term shall be prorated, and any prepaid rent applicable to the period after such termination shall be refunded by Landlord to Tenant within ten (10) days following the date of such termination.

ARTICLE 3
Condition of Premises

3.1 **Condition of Premises.** Tenant agrees to accept the Premises in its "as is" condition as of the Term Commencement Date, and Landlord shall have no obligation to perform any work or construction to prepare the Premises for Tenant. If Tenant shall desire to perform any work or construction, the same shall be done only in accordance with this Lease.

ARTICLE 4
Fixed Rent

4.1 **The Fixed Rent.** Tenant shall pay rent to Landlord at Hilco Redevelopment Partners, 5 Revere Drive, Suite 320, Northbrook, IL 60062, Attn: Michael Bauer or at such other place or to such other person or entity as Landlord may direct by not less than thirty (30) days' prior notice to Tenant from time to time, at the Monthly Fixed Rental Rate set forth in Article 1, in advance on the first day of each calendar month included in the Term. Rent for any partial calendar month of the Term shall be prorated.

Tenant shall pay, as Additional Rent, a late charge equal to five percent (5%) of the amount of any Fixed Rent or other charges not paid within five (5) days of the date due hereunder.

ARTICLE 5
Real Estate and Other Taxes

5.1 **Real Estate Taxes.** As Additional Rent, Tenant shall pay to Landlord all real estate taxes, levies, fees, water and sewer rents and charges which imposed or levied upon or assessed against the Premises (collectively "**taxes and assessments**" or if singular "**tax or assessment**") pro-rated for only such portion of the Term of this Lease included therein. Real Estate Taxes for purposes of this Article 5 shall exclude any assessments made for betterments by the municipality.

All payments shall be made by Tenant as provided in Article 8.

ARTICLE 6
Insurance.

6.1 **Tenant's Insurance.** Tenant shall maintain throughout the Term the following insurance:

(a) Commercial General Liability Insurance covering claims of bodily injury, personal injury and property damage arising out of Tenant's operations and contractual liabilities, including coverage formerly known as broad form, on an occurrence basis, with limits of \$1,000,000 each occurrence and \$2,000,000 annual aggregate and excess/umbrella limit of \$5,000,000.00.

(b) Automobile Liability Insurance covering the ownership, maintenance, and operations of any automobile or automotive equipment, whether such auto is owned, hired, or non-owned. Tenant shall maintain insurance with a combined single limit for bodily injury and property damage of not less than the equivalent of \$1,000,000 per accident. Limits can be satisfied through the maintenance of a combination of primary and umbrella policies. Such insurance shall cover Tenant against claims for bodily injury, including death resulting therefrom, and damage to the property of others caused by accident regardless of whether such operations are performed by Tenant, Tenant's agents, or by any one directly or indirectly employed by any of them. Tenant's automobile liability insurance shall be endorsed to add Landlord and Landlord's property manager as additional insureds.

(c) Commercial Property Insurance covering all furnishings, fixtures, equipment, and other personal property and effects of Tenant and of all persons claiming through Tenant which from time to time may be on the Premises or on the Lot. Such insurance shall be written on an "all risks" basis for physical loss or damage, for the full replacement cost value (subject to reasonable deductible amounts) without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance, and shall include coverage for damage or other loss caused by fire or other peril, including vandalism and malicious mischief, theft, water damage, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

(d) Worker's Compensation insurance as required by applicable law and Employer's Liability insurance with limits of at least \$1,000,000.

(e) Such increased amounts of the insurance required to be carried by Tenant under this Section 6.1, and such other types and amounts of insurance covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord, but not in excess of the amounts and types of insurance then being required by landlords of buildings comparable to, and in the vicinity of, the Premises.

(f) The insurance required to be maintained by Tenant shall (i) be issued by an insurance company that has an A.M. Best rating of not less than A-VIII; and (ii) be in form and content reasonably acceptable to Landlord. In the event that Tenant receives any notice of cancellation or material changes to the insurance policies required under this Lease, Tenant shall notify Landlord of the same within five (5) days after Tenant's receipt of such notice. Tenant's Commercial General Liability Insurance and Automobile Liability Insurance shall (a) name Landlord, Landlord's property management company and Landlord's mortgagee (the "**Additional Insured Parties**") as additional insureds; and (b) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and non-contributing with Tenant's insurance. Tenant shall deliver to Landlord, on or before the Term Commencement Date and at least fifteen (15) days before the expiration dates thereof, certificates from Tenant's insurance

company on the forms currently designated "ACORD 28" (Evidence of Commercial Property Insurance) and "ACORD 25-S" (Certificate of Liability Insurance) or the equivalent. Attached to the ACORD 25-S (or equivalent) there shall be a blanket Additional Insured endorsement or a specific endorsement naming the Additional Insured Parties as additional insureds which shall be binding on Tenant's insurance company. If Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord the certificates or evidence of coverage required herein, Landlord, in addition to any other remedy available pursuant to this Lease or otherwise, may, but shall not be obligated to, obtain such insurance and Tenant shall pay to Landlord on demand the premium costs thereof, plus an administrative fee of ten percent (10%) of such cost. It is expressly understood and agreed that the foregoing minimum limits of liability and coverages required of Tenant's insurance shall not reduce or limit the obligation of the Tenant to indemnify the Landlord as provided in this Lease. All policies required herein shall use occurrence based forms.

6.2 **Landlord's Insurance.** Landlord shall maintain throughout the Term the following insurance:

(a) Commercial general liability insurance for any injury to person or property occurring on the Premises, in such amounts and with such deductibles as are typically carried by owners of properties similar to the Premises in the Braintree, Massachusetts, area;

(b) All risk fire and casualty insurance on a replacement value, together with rental loss coverage and, if Landlord so elects, flood coverage to the extent the same is available, insuring the Building and its rental value, with such deductibles, if any, as are typically carried by owners of properties similar to the Premises in the Braintree Massachusetts, area; and

(c) At Landlord's option, insurance against loss or damage from sprinklers and from leakage or explosions or cracking of boilers, pipes carrying steam or water, or both, pressure vessels or similar apparatus, in the so-called "broad form", in such amounts and with such deductibles as are typically carried by owners of properties similar to the Premises in the Braintree, Massachusetts, area, and insurance against such other hazards and in such amounts as may from time to time be required by any bank, insurance company or other lending institution holding a mortgage on the Building.

6.3 **Tenant Reimbursement of Insurance Taken Out by Landlord.** As Additional Rent, Tenant shall from time to time reimburse Landlord for Landlord's costs incurred in maintaining the insurance provided pursuant to Section 6.2 pursuant to Article 8.

6.4 **Requirements Applicable to Insurance Policies.** All policies for insurance required under the provisions of this Article 6 shall be obtained from responsible companies qualified to do business in the Commonwealth of Massachusetts and in good standing therein, Tenant agrees to furnish Landlord with insurance company certificates of all such insurance prior to the beginning of the Term hereof and of each renewal policy at least thirty (30) days prior to the expiration of the policy it renews. Tenant agrees to give Landlord at least twenty (20) days' prior written notice of any cancellation of any such insurance policies.

6.5 **Waiver of Subrogation.** All property insurance which is carried, or required to be carried under this Lease, by either party with respect to the Premises or to furniture, furnishings,

fixtures or equipment therein or alterations or improvements thereto, shall include provisions which deny to the insurer acquisition by subrogation of rights of recovery against the other party to the extent such rights have been waived by the insured party prior to occurrence of loss or injury, insofar as, and to the extent that, such provisions may be effective without making it impossible to obtain insurance coverage from responsible companies qualified to do business in the Commonwealth of Massachusetts (even though extra premium may result therefrom) and without voiding the insurance coverage in force between the insurer and the insured party. On reasonable request, each party shall be entitled to have duplicates or certificates of policies containing such provisions. Each party hereby waives all rights of recovery against the other for loss or injury to the extent that the waiving party is covered by property insurance carried by it or required to be carried by it under this Lease.

ARTICLE 7

Utilities

7.1 **Utilities.** Tenant shall pay directly to the applicable provider all charges for gas, electricity and other utilities or services used or consumed at the Premises, and shall pay to Landlord, in accordance with Article 8, all charges for water and sewer, whether called charge, tax, assessment, fee or otherwise, including, without limitation, water and sewer use charges and taxes, if any, such charges, if paid by Landlord. Landlord shall not be liable for any interruption or failure in the supply of any such utilities to the Premises unless caused by the negligence or willful misconduct of Landlord or its employees, agents, representatives, or contractors. All utilities in the name of the Tenant as of Effective Date shall remain in the name of the Tenant during the Term of this Lease.

7.2 **Expenses.** Tenant shall pay to Landlord all of Landlord's costs and expenses incurred under Article 9, exclusive of any such costs and expenses for any capital improvement to or replacement of any part of the Building or the Lot or for any capital improvements or items of expense properly chargeable to "capital account" under generally accepted accounting principles (but, subject to the provisions of Section 6.5 hereof, including any such capital improvement or replacement to the extent necessitated by the grossly negligent or willful acts or omissions of Tenant occurring during the Term of this Lease and not having been in existence as of the time of the commencement of the Term of this Lease). In addition, Tenant shall pay a property management fee payable to Landlord or Landlord's property manager equal to \$4,000 per month, pro-rated for any partial month during the Term.

ARTICLE 8

Payments on Account

Tenant shall pay to Landlord, as Additional Rent, all amounts to be paid by Tenant pursuant to Articles 5, 6 and 7. Tenant shall make the payment under this Article 8 for the Original Term on the Effective Date. Thereafter, at the commencement of Extension Terms I, II, and III, if and as applicable, Tenant shall pay to Landlord such amounts as Landlord may reasonably determine will be sufficient to provide, in the aggregate, funds adequate to pay all amounts to be paid by Tenant pursuant to Articles 5, 6 and 7, for the applicable Extension Term, within five (5) Business Days following Tenant's receipt of Landlord's written statement therefor (an "Estimated Expense Statement"). Landlord shall deliver to Tenant Estimated Expense Statements for Extension Term

IV quarterly, with the first such Estimated Expense Statement to be given no later than ten (10) days prior to the commencement of Extension Term IV. Tenant shall pay the amount set forth in each Estimated Expense Statement within five (5) Business Days following Tenant's receipt of the same. Within sixty (60) days following the end of the Term, Landlord shall deliver to Tenant a final statement showing the actual payments due under this Article 8 and the payments made by Tenant under this Article 8. Any balance owed by Tenant for payments due under this Article 8 shall be paid by Tenant to Landlord within ten (10) days after Tenant's receipt of such final statement, and any excess payments paid by Tenant shall be paid by Landlord to Tenant within ten (10) days after Landlord's delivery of such final statement. Additional Rent payable under this Article 8 for any partial month or partial quarter, as the case may be, shall be prorated. The provisions of this Article 8 shall survive the expiration or termination of this Lease.

ARTICLE 9 **Landlord's Covenants**

9.1 **Building Maintenance.** Subject to Articles 10 and 11, Landlord shall maintain and repair so as to keep the same in good, safe and operating condition, the exterior walls (exclusive of glass and doors and exclusive of the interior surfaces of the exterior walls, all of which Tenant shall maintain and repair), roof, foundation, structural supports of the Building and the heating, plumbing, electrical, air-conditioning, mechanical, life safety and other systems of the Building.

9.2 **Lot Maintenance.** Subject to Section 10.2 and Article 11, Landlord shall maintain and repair so as to keep the same in a good and safe condition, the non-building areas of the Lot, including, without limitation, parking areas, and Landlord shall clean and provide snowplowing for the same, but excluding landscaping, which Tenant shall cause to be maintained pursuant to its landscaping services contract in accordance with Section 10.2 below.

ARTICLE 10 **Tenant's Covenants**

10.1 **Use.** Tenant shall use the Premises only for the Permitted Uses and shall maintain all licenses and permits necessary for Tenant's business operations at the Premises (as opposed to licenses and permits necessary for the real property constituting the Premises, for which Tenant shall not be responsible), at Tenant's sole expense.

10.2 **Repair and Maintenance.** Except as otherwise provided in Articles 9 and 11, Tenant shall keep the interior, non-structural portions of the Premises in a clean condition and otherwise in substantially the same condition as existed on the Effective Date, wear and tear, casualty and condemnation, and matters for which Landlord is responsible hereunder, excepted. Notwithstanding the foregoing or anything to the contrary contained in this Lease, except as provided in Section 7.2, in no event shall Tenant be obligated to perform, or pay the costs of, any capital improvement to or replacement of any part of the Premises or for any capital improvements or items of expense properly chargeable to "capital account" under generally accepted accounting principles. Tenant shall maintain its own janitorial contract to clean all interior areas of the Premises and shall keep in a safe, secure and sanitary condition all trash and rubbish temporarily stored at the Premises and shall arrange for and be responsible for all of the costs of a trash and rubbish removal service in connection with Tenant's use of the Premises. During the Term,

provided the same is reasonably acceptable to Landlord, Tenant, at its expense, shall maintain its current contract, or a similar contract, for landscaping services for the Lot.

10.3 **Compliance with Law and Insurance Requirements.** Tenant shall comply with all legal requirements applicable to its use of the Premises; provided, however, that Tenant shall not be obligated to perform any capital improvement to or replacement of any part of the Premises unless any such capital improvement or replacement is necessitated by the grossly negligent or willful acts or omissions of Tenant occurring during the Term of this Lease and not having been in existence as of the time of the commencement of the Term of this Lease. Tenant shall not dump, flush, or in any way introduce any hazardous substances or any other toxic substances into the septic, sewage or other waste disposal system serving the Premises, or generate, store or dispose of hazardous substances in or on the Premises or dispose of hazardous substances from the Premises to any other location, except in accordance with the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. §6901 et seq., the Massachusetts Hazardous Waste Management Act, M.G.L. c.21C, as amended, the Massachusetts Oil and Hazardous Material Release Prevention and Response Act, M.G.L. c. 21E, as amended, and all other applicable codes, regulations, ordinances and laws. Tenant shall notify Landlord of any incident which would require the filing of a notice under Chapter 232 of the Acts of 1982 and shall comply with the orders and regulations of all governmental authorities with respect to zoning, building, fire, health and other codes, regulations, ordinances or laws applicable to the Premises. "**Hazardous substances**" as used in this Lease shall mean "hazardous substances" as defined in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601 and regulations adopted pursuant to said Act.

Tenant will provide Landlord, from time to time upon Landlord's request (but no more than one time during the Original Term or any Extension Term), with all records and information regarding any hazardous substances maintained on the Premises by Tenant.

Landlord shall have the right to make such inspections as Landlord shall reasonably elect from time to time to determine if Tenant is complying with this Section.

Except for the Permitted Uses, in no event shall any activity be conducted by Tenant on the Premises which may give rise to any cancellation of any insurance policy or make any insurance unobtainable.

10.4 **Tenant's Work.** Tenant shall not make any installations, alterations, additions or improvements in or to the Premises, including, without limitation, any apertures in the walls, partitions, ceilings or floors, without on each occasion obtaining the prior written consent of Landlord. Any such work so approved by Landlord shall be performed only in accordance with plans and specifications therefor approved by Landlord. Tenant shall procure at Tenant's sole expense all necessary permits and licenses before undertaking any work on the Premises and shall perform all such work in a good and workmanlike manner employing materials of good quality and so as to conform with all applicable zoning, building, fire, health and other codes, regulations, ordinances and laws and with all applicable insurance requirements. If requested by Landlord, Tenant shall furnish to Landlord prior to the commencement of any such work a bond or other security acceptable to Landlord assuring that any work by Tenant will be completed in accordance with the approved plans and specifications. Tenant shall keep the Premises at all times free of liens

for labor and materials. Tenant shall employ for such work only contractors approved by Landlord and shall require all contractors employed by Tenant to carry worker's compensation insurance in accordance with statutory requirements and comprehensive public liability insurance covering such contractors on or about the Premises in amounts that at least equal the limits set forth in Article 1 and to submit certificates evidencing such coverage to Landlord prior to the commencement of such work. Landlord may inspect the work of Tenant at reasonable times and give notice of observed defects. Notwithstanding the foregoing, Landlord acknowledges that Tenant shall make such modifications to the Premises as are necessary in connection with the Tenant vacating the Premises at the end of the Lease Term, provided such modifications shall be subject to Landlord's reasonable approval.

10.5 **Indemnity.** Subject the provisions of Section 6.5 and Section 12.8, and except to the extent caused by the negligence or willful misconduct of Landlord or its employees, agents, representative, or contractors, Tenant shall defend, with counsel appointed by Tenant's insurer or otherwise approved by Landlord, all actions against Landlord, any member, partner, trustee, stockholder, officer, director, employee or beneficiary of Landlord, holders of mortgages secured by the Premises and any other party having an interest in the Premises (the "**Landlord Indemnified Parties**") with respect to, and shall pay, protect, indemnify and save harmless, to the extent permitted by law, all Landlord Indemnified Parties from and against, any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature to the extent arising from (a) injury to or death of any person, or damage to or loss of property, occurring in the Premises, or (b) the negligence or willful misconduct of Tenant or its employees, agents, representatives, contractors, licensees, or sublessees.

Subject the provisions of Section 6.5 and Section 12.8, and except to the extent caused by Tenant or its employees, agents, representatives, contractors, licensees, or sublessees, Landlord shall defend, with counsel appointed by Landlord's insurer or otherwise approved by Tenant, all actions against Tenant, and any partner, member, trustee, stockholder, officer, director, employee or beneficiary of Tenant, (the "Tenant Indemnified Parties") with respect to, and shall pay, protect, indemnify and save harmless, to the extent permitted by law, all Tenant Indemnified Parties from and against, any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature to the extent arising from the negligence or willful misconduct of Landlord or its employees, agents, representatives, contractors, licensees, or sublessees.

10.6 **Landlord's Right to Enter.** Tenant shall permit Landlord and its agents to enter into the Premises at reasonable times to examine the Premises, make such repairs and replacements as Landlord is required to make under this Lease or otherwise may elect to make, and show the Premises to prospective tenants, lenders, investors, and advisors and to keep affixed in suitable places notices of availability of the Premises. Except in emergencies, Landlord shall provide Tenant with reasonable (but not less than twenty-four (24) hours) prior oral notice of entry. In connection with any such entry for non-emergency work performed during Tenant's normal business hours, Landlord shall use reasonable efforts not to unreasonably interfere with Tenant's use of the Premises. Except in the case of emergencies, Tenant shall have the right to accompany Landlord and/or its agents, representatives, or contractors during any entry onto the Premises by Landlord or its agents, representatives, or contractors. In addition, in connection with any entry to

show the Premises to prospective tenants, lenders, investors, and advisors, Landlord shall comply with any reasonable privacy and security protocols established by Tenant for its laboratory space to ensure the confidentiality of any proprietary information.

10.7 **Personal Property at Tenant's Risk.** All furnishings, fixtures, equipment, effects and property of every kind of Tenant and of all persons claiming by, through or under Tenant which may be on the Premises, shall be at the sole risk and hazard of Tenant and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft or from any other cause, no part of said loss or damage shall be charged to or to be borne by Landlord, except that Landlord shall in no event be indemnified or held harmless or exonerated from any liability to Tenant for any injury, loss, damage or liability not covered by Tenant's insurance to the extent prohibited by law.

10.8 **Payment of Landlord's Cost of Enforcement.** Tenant shall pay, within thirty (30) days following Tenant's receipt of Landlord's demand therefor, Landlord's expenses, including reasonable attorney's fees, incurred in enforcing any obligation of Tenant under this Lease or in curing any default by Tenant under this Lease as provided in Section 12.4.

10.9 **Yield Up.** At the expiration of the Term, Tenant shall surrender all keys to the Premises, remove all of its trade fixtures and personal property in the Premises, remove all Excluded Equipment (as defined the PSA) that it has elected to retain pursuant to Section 2 of the PSA, remove such installations and improvements made by Tenant after the Effective Date as Landlord may have required to be removed at the expiration of the Term at the time of Landlord's consent to such installations and improvements, and all Tenant's signs wherever located, remove in accordance with applicable laws any and all hazardous substances used, stored, or generated by Tenant in connection with its business operations at the Premises, and repair all damage caused by such removal (subject to the terms of this Section 10.9), and yield up the Premises (including all installations and improvements made by Tenant except for trade fixtures) broom-clean and in the same condition which Tenant is obliged to keep and maintain the Premises under this Lease. Any property not so removed by Tenant within seven (7) days following Landlord's notice to Tenant of such failure of removal shall be deemed abandoned and may be removed and disposed of by Landlord in such manner as Landlord shall determine and Tenant shall pay Landlord the entire cost and expense incurred by it in effecting such removal and disposition. Landlord acknowledges that the sign structures on the Lot have been in place for a number of years. Tenant agrees to use commercially reasonable efforts to minimize any damage to the sign structures caused by the removal of Tenant's signs or other identification of Tenant therefrom. Tenant agrees to provide Landlord with the scope of work for the removal of Tenant's signs from such sign structures before Tenant commences such removal. If, despite using such commercially reasonable efforts, any of Tenant's signs or other identification of Tenant cannot be removed from the associated sign structure without damage to such sign structure, then such sign structure may not be removed by Tenant, and the parties shall agree upon a process to remove the sign without removing the sign structure causing as little damage thereto as reasonably possible.

10.10 **Estoppel Certificate.** Upon not less than five (5) Business Days' prior notice by Landlord, Tenant shall execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect and that, except as stated therein, Tenant has no knowledge of any defenses, offsets or counterclaims against its obligations to pay

Rent and to perform its other covenants under this Lease (or, if there have been any modifications that the same is in full force and effect as modified and stating the modifications and, if there are any defenses, offsets or counterclaims, setting them forth in reasonable detail), the dates to which Rent has been paid and a statement that, to Tenant's knowledge, Landlord is not in default hereunder (or if in default, the nature of such default, in reasonable detail). Any such statement delivered pursuant to this Section 10.10 may be relied upon by any prospective purchaser or mortgagee of the Building.

10.11 **Landlord's Expenses Regarding Consents.** Tenant shall reimburse Landlord promptly on demand for all reasonable legal and other expenses incurred by Landlord in connection with all requests by Tenant for consent or approval hereunder.

10.12 **Rules and Regulations.** Tenant shall comply with such reasonable Rules and Regulations as may be adopted from time to time by Landlord to provide for the beneficial operation of the Lot and Building, provided prior written notice of such Rules and Regulations is given by Landlord to Tenant.

10.13 **Holding Over.** Tenant shall vacate the Premises immediately upon the expiration or sooner termination of this Lease. If Tenant retains possession of the Premises or any part thereof in violation of the immediately preceding sentence without Landlord's express consent, Tenant shall pay Landlord during such period of holdover Monthly Fixed Rental at the monthly rate of the greater (a) 150% of the Monthly Fixed Rental Rate that would be payable under the Lease during the applicable holdover period if Tenant had properly exercised its applicable extension right, (b) 150% of Monthly Fixed Rental Rate last in effect for the time Tenant thus remains in possession and (c) \$125,000.00 per month. The provisions of this Section do not exclude Landlord's rights of re-entry or any other right hereunder, including without limitation, the right to remove Tenant through summary proceedings for holding over beyond the expiration of the term of this Lease. If Tenant (a) holds over beyond the expiration or termination of Extension Term II, and such holdover continues for more than twenty-nine (29) days following the expiration or termination of Extension Term II or (b) otherwise holds over after expiration or termination of this Lease and such holdover continues or otherwise exists after February 29, 2020, then, in either case, Tenant shall also be responsible for all of Landlord's indirect or consequential damages arising from such holdover.

10.14 **Assignment and Subletting.** Tenant shall not assign, transfer, mortgage or pledge this Lease or grant a security interest in Tenant's rights hereunder or sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy of the Premises by anyone other than Tenant. Any attempted assignment, transfer, mortgage, pledge, grant of security interest, sublease or other encumbrance, except with prior written approval thereof from Landlord, shall be void. No assignment, transfer, mortgage, grant of security interest, sublease or other encumbrance, whether or not approved, and no indulgence granted by Landlord to any assignee or sublessee, shall in any way impair the continuing primary liability (which after an assignment shall be joint and several with the assignee) of Tenant hereunder, and no approval in a particular instance shall be deemed to be a waiver of the obligation to obtain Landlord's approval in any other case.

10.15 **Overloading and Nuisance.** Tenant shall not injure, overload, deface or otherwise harm the Premises, commit any nuisance, permit the emission of any objectionable noise, vibration or odor, make, allow or suffer any waste or make any use of the Premises which is improper, offensive or contrary to any law or ordinance or which will invalidate any of Landlord's insurance.

ARTICLE 11
Casualty or Taking

11.1 **Termination.** In the event that greater than twenty-five (25) percent of the Building or the Lot shall be taken by any public authority or for any public use (a "**Taking**") then this Lease may be terminated by Tenant effective on the effective date of the Taking. In the event that the Premises shall be destroyed or damaged by fire or casualty (a "**Casualty**") and if Landlord's architect, engineer or contractor shall determine that it will require in excess of forty-five (45) days from the date of the Casualty to restore the Premises, this Lease may be terminated by either Landlord or Tenant by notice to the other within thirty (30) days after the casualty; provided, however, that if the Premises is partially damaged or destroyed by fire or casualty, such that the remainder of the Premises can be safely occupied, Landlord shall not have the right to terminate this Lease, and Tenant shall have the option, at its sole discretion, to occupy such remainder of the Premises, in which event a just proportion of Rent shall be abated. In the case of a Taking, such election, which may be made notwithstanding the fact that Landlord's entire interest may have been divested, shall be made by the giving of notice by Landlord or Tenant to the other within thirty (30) days after Landlord or Tenant, as the case may be, shall receive notice of the Taking.

11.2 **Restoration.** In the event of a Taking or a Casualty, if neither Landlord nor Tenant exercises the election to terminate provided in Section 11.1, this Lease shall continue in force and a just proportion of Rent, according to the nature and extent of the damages sustained by the Premises, but not in excess of an equitable portion of the net proceeds of insurance recovered by Landlord under the rental insurance carried pursuant to Section 6.2, shall be abated until the Premises, or what may remain thereof, shall be put by Landlord in proper condition for use subject to zoning and building laws or ordinances then in existence, which, unless Landlord or Tenant has exercised its option to terminate pursuant to Section 11.1, Landlord covenants to do with reasonable diligence at Landlord's expense. Landlord's obligations with respect to restoration shall not require Landlord to expend more than the net proceeds of insurance recovered or damages awarded for such Casualty or Taking and made available for restoration by Landlord's mortgagees. "Net proceeds of insurance recovered or damages awarded" refers to the gross amount of such insurance or damages less the reasonable expenses of Landlord in connection with the collection of the same, including without limitation, fees and expenses for legal and appraisal services.

11.3 **Award.** Irrespective of the form in which recovery may be had by law, all rights to damages or compensation shall belong to Landlord in all cases. Tenant hereby grants to Landlord all of Tenant's rights to such damages and compensation and covenants to deliver such further assignments thereof as Landlord may from time to time request.

ARTICLE 12
Default

12.1 **Events of Default.** If:

(a) Tenant shall default in the performance of any of its obligations to pay the Fixed Rental, Additional Rent or any other sum payable hereunder and if such default shall continue for five (5) days after notice from Landlord designating such default;

(b) if within thirty (30) days after notice from Landlord to Tenant specifying any other default or defaults Tenant has not commenced diligently to correct the default or defaults so specified or has not thereafter diligently pursued such correction to completion;

(c) if any assignment for the benefit of creditors shall be made by Tenant;

(d) if Tenant's leasehold interest shall be taken on execution or other process of law in any action against Tenant;

(e) if a lien or other involuntary encumbrance is filed against Tenant's leasehold interest, and is not discharged or bonded over of record within ten (10) days thereafter;

(f) if a petition is filed by Tenant for liquidation, or for reorganization or an arrangement or any other relief under any provision of the Bankruptcy Code as then in force and effect; or

(g) if an involuntary petition under any of the provisions of said Bankruptcy Code is filed against Tenant and such involuntary petition is not dismissed within thirty (30) days thereafter,

then, and in any of such cases, Landlord and the agents and servants of Landlord lawfully may, in addition to and not in derogation of any remedies for any preceding breach of covenant, immediately or at any time thereafter in accordance with applicable law, enter into and upon the Premises or any part thereof in the name of the whole, or mail a notice of termination addressed to Tenant, and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant and remove its and their effects without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or prior breach of covenant, and upon such entry or mailing as aforesaid this Lease shall terminate, Tenant hereby waiving all rights of redemption, if any, to the extent such rights may be lawfully waived.

12.2 **Remedies.** In the event that this Lease is terminated under any of the provisions contained in Section 12.1, (a) Tenant shall pay forthwith to Landlord all amounts payable by Tenant to Landlord under this Lease up to the date of such termination, and (b) in lieu of all damages beyond the date of such termination, Tenant shall pay forthwith to Landlord, as full and final liquidated damages, an amount equal to the total Rent reserved for the remainder of the then-current Term (prorated on a daily basis); provided, however, that if such termination occurs during Extension Term IV, the total amount of Rent reserved for the remainder of Extension Term IV shall be deemed to be the lesser of (i) the Rent which would have been payable hereunder if this Lease had not been terminated for the period from the date of such termination until the expiration of Extension Term IV (prorated on a daily basis), and (ii) the Rent which would have been payable hereunder if this Lease had not been terminated for a period of ninety (90) days immediately following the date of such termination (prorated on a daily basis), and Tenant shall surrender the Premises in accordance with Section 10.9.

12.3 **Remedies Cumulative.** Except as otherwise expressly provided herein, any and all rights and remedies which Landlord may have under this Lease and at law and equity shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time to the greatest extent permitted by law.

12.4 **Landlord's Right to Cure Defaults.** At any time following ten (10) days' prior notice to Tenant (except in cases of emergency when no notice shall be required), Landlord may (but shall not be obligated to) cure any default by Tenant under this Lease, and whenever Landlord so elects, all costs and expenses incurred by Landlord, including reasonable attorneys' fees, in curing a default shall be paid by Tenant to Landlord as Additional Rent on demand, together with interest thereon at the rate provided in Section 12.7 from the date of payment by Landlord to the date of payment by Tenant.

12.5 **Effect of Waivers of Default.** Any consent or permission by Landlord to any act or omission which otherwise would be a breach of any covenant or condition herein, or any waiver by Landlord of the breach of any covenant or condition herein, shall not in any way be held or construed (unless expressly so declared) to operate so as to impair the continuing obligation of any covenant or condition herein, or otherwise operate to permit the same or similar acts or omissions except as to the specific instance. The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed to have been a waiver of such breach by Landlord or of any of Landlord's remedies on account thereof, including its right of termination for such default.

12.6 **No Accord and Satisfaction.** No acceptance by Landlord of a lesser sum than the Fixed Rental, Additional Rent or any other charge then due shall be deemed to be other than on account of the earliest installment of such rent or charge due, unless Landlord elects by notice to Tenant to credit such sum against the most recent installment due. Any endorsement or statement on any check or any letter accompanying any check or payment as rent or other charge shall not be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy under this Lease or otherwise.

12.7 **Interest on Overdue Sums.** If Tenant fails to pay Fixed Rental, Additional Rent or any other sum payable by Tenant to Landlord by the due date thereof (i.e., the due date disregarding any requirement of notice from Landlord or any period of grace allowed to Tenant), the amount so unpaid shall bear interest at a variable rate (the "Delinquency Rate") equal to four percent (4%) in excess of the base rate (prime rate) of Bank of America from time to time in effect commencing with the due date and continuing through the day on which payment of such delinquent payment with interest thereon is paid. If such rate is in excess of any maximum interest rate permissible under applicable law, the Delinquency Rate shall be the maximum interest rate permissible under applicable law

12.8 **No Consequential Damages.** Notwithstanding anything to the contrary contained in this Lease, except as provided in Section 10.13, in no event shall Landlord or any Landlord

Related Party ever be liable to Tenant or any Tenant Related Party for loss of profits, loss of business, or indirect, consequential, or punitive damages suffered by Tenant or any Tenant Related Party from whatever cause, and in no event shall Tenant or any Tenant Related Party ever be liable to Landlord or any Landlord Related Party for loss of profits, loss of business, or indirect, consequential, or punitive damages suffered by Landlord or any Landlord Related Party from whatever cause.

ARTICLE 13

Mortgages

13.1 **Rights of Mortgage Holders.** No Fixed Rental, Additional Rent or any other charge shall be paid more than ten (10) days prior to the due date thereof and payments made in violation of this provision shall (except to the extent that such payments are actually received by a mortgagee in possession or in the process of foreclosing its mortgage) be a nullity as against such mortgagee and Tenant shall be liable for the amount of such payments to such mortgagee.

In the event of any act or omission by Landlord which would give Tenant the right to terminate this Lease or to claim a partial or total eviction, Tenant shall not exercise any such right (a) until it shall have given notice, in the manner provided in Section 14.1, of such act or omission to the holder of any mortgage encumbering the Premises whose name and address shall have been furnished to Tenant in writing, at the last address so furnished, and (b) until a reasonable period of time for remedying such act or omission shall have elapsed following the giving of such notice, provided that following the giving of such notice, Landlord or such holder shall, with reasonable diligence, have commenced and continued to remedy such act or omission or to cause the same to be rendered.

In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage now or hereafter encumbering the Premises, Tenant shall attorn to the purchaser upon such foreclosure or sale or upon any grant of a deed in lieu of foreclosure and recognize such purchaser as Landlord under this Lease.

13.2 **Superiority of Lease; Option to Subordinate.** Unless Landlord exercises the option set forth below in this Section 13.2, this Lease shall be superior to and shall not be subordinate to any mortgage on the Premises. Landlord shall have the option to subordinate this Lease to any mortgage of the Premises provided that the holder of record thereof enters into a non-disturbance agreement with Tenant in such holder's customary form. Tenant agrees to execute and deliver any appropriate instruments necessary to carry out the agreements contained in this Section 13.2.

ARTICLE 14

Miscellaneous Provisions

14.1 **Notices from One Party to the Other.** All notices required or permitted hereunder shall be in writing and addressed, if to Tenant, at the Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord and, if to Landlord, at the Original Address of Landlord or such other address as Landlord shall have last designated by notice in writing to Tenant. Notices shall be sent via a nationally recognized overnight courier or by

United States Postal Service registered or certified mail. Any notice shall be deemed duly given when delivered or tendered for delivery at such address.

Landlord's Initial Address for Notices:

c/o Hilco Redevelopment Partners
Suite 1110
99 Summer Street
Boston, MA 02110
Attn: Ben Spera and Andrew Chused

c/o Hilco Global
Suite 320
5 Revere Drive
Northbrook, IL 60062
Attn: Eric Kaup

Nutter McClennen & Fish LLP
155 Seaport Boulevard
Boston, MA 02210
Attn: Michael Scott

Tenant's Initial Address for Notices:

Haemonetics Corporation
400 Wood Road
Braintree, MA 02184-9114
Attention: Senior Vice President, Global Business Services

Haemonetics Corporation
400 Wood Road
Braintree, MA 02184-9114
Attention: Executive Vice President, General Counsel

14.2 **Quiet Enjoyment.** Landlord agrees that upon Tenant's paying the rent and performing and observing the terms, covenants, conditions and provisions on its part to be performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the term without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord, subject, however, to the terms of this Lease.

14.3 **Lease Not to be Recorded; Notice of Lease.** Tenant agrees that it will not record this Lease or a notice of this Lease.

14.4 **Bind and Inure; Limitation of Landlord's Liability.** The obligations of this Lease shall run with the land, and this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No owner of the Premises shall be liable

under this Lease except for breaches of Landlord's obligations occurring while owner of the Premises. The obligations of Landlord shall be binding upon the assets of Landlord which comprise the Premises but not upon other assets of Landlord. No individual partner, trustee, stockholder, officer, director, employee or beneficiary of Landlord shall be personally liable under this Lease and Tenant shall look solely to Landlord's interest in the Premises in pursuit of its remedies upon an event of default hereunder, and the general assets of Landlord and its partners, trustees, stockholders, officers, employees or beneficiaries of Landlord shall not be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Tenant.

14.5 **Acts of God.** In any case where either party hereto is required to do any act, delays caused by or resulting from acts of God, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, unusually severe weather, or other causes beyond such party's reasonable control ("**Force Majeure**") shall not be counted in determining the time during which work shall be completed, whether such time be designated by a fixed date, a fixed time or a "reasonable time", and such time shall be deemed to be extended by the period of such delay.

14.6 **Landlord's Default.** Landlord shall not be deemed to be in default in the performance of any of its obligations hereunder unless it shall fail to perform such obligations and unless within thirty (30) days after notice from Tenant to Landlord specifying such default Landlord has not commenced diligently to correct the default so specified or has not thereafter diligently pursued such correction to completion. Tenant shall have no right, for any default by Landlord, to offset or counterclaim against any rent due hereunder.

14.7 **Brokerage.** Tenant warrants and represents to Landlord that it has had no dealings with any broker or agent in connection with this Lease other than the dealings with the broker referenced in Section 17 of the PSA (as this Lease was a part of the transactions contemplated under the PSA) and that, pursuant to Section 17 of the PSA, Tenant is responsible for any fees or commissions payable to such broker. Tenant covenants to defend with counsel approved by Landlord, hold harmless and indemnify Landlord from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or agent in connection with this Lease. Nothing herein shall modify or limit the provisions of Section 17 of the PSA.

14.8 **Miscellaneous.** This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. There are no prior oral or written agreements between Landlord and Tenant affecting this Lease

ARTICLE 15

Provisions Relating to 355 Wood Road

Landlord agrees to lease to Tenant, and Tenant agrees to lease from Landlord, certain premises (the "**355 Wood Road Premises**") on the first floor of the building (the "**355 Wood Road Building**") currently occupied and used by Bright Horizons Family Solutions, Inc. ("**Bright Horizons**") pursuant to that certain Child Development Center Management Agreement by and between Seller and Bright Horizons (the "**Management Agreement**"). The 355 Wood Road Building is located on the parcel of land known as 355 Wood Road, Braintree,

Massachusetts, more particularly described on Exhibit B attached hereto (the “**355 Wood Road Lot**”). The lease of the 355 Wood Road Premises by Landlord to Tenant shall be upon the same terms and conditions set forth herein with respect to the Premises, and the terms and conditions of the other Articles of this Lease shall apply to the lease of the 355 Wood Road Premises as though (a) the 355 Wood Road Premises were the “Premises” under this Lease, (b) the 355 Wood Road Building was the “Building” under this Lease and (c) the 355 Wood Road Lot was the “Lot” under this Lease; provided however, that:

1. Tenant’s lease of the 355 Wood Road Premises shall be coterminous with the Original Term, and Tenant shall have no right to extend the term of its lease of the 355 Wood Road Premises beyond the expiration of the Original Term. Seller agrees to terminate the Management Agreement and to deliver the 355 Wood Road Premises, free of the Bright Horizon’s possession thereof and free of any and all personal property of Bright Horizons and Seller and otherwise in the condition required under Section 10.9 of this Lease, on or before the expiration of the Original Term.
2. Tenant shall have the right to terminate this Lease with respect to the 355 Wood Road Premises at any time during the Term of this Lease by giving at least thirty (30) days’ prior notice to Landlord.
3. The Monthly Fixed Rental Rate for the 355 Wood Road Premises shall be \$0.00, and Tenant shall pay, in accordance with Article 8 hereof, all amounts to be paid by Tenant pursuant to Articles 5, 6, and 7 hereof that are applicable to the 355 Wood Road Building (as if it were the “Premises”) and the 355 Wood Road Lot (as if it were the “Lot”) to the extent attributable to the period of time prior to when the 355 Wood Road Premises is surrendered to Landlord in accordance with subsection 1 of this Article 15. Notwithstanding the foregoing, if any utilities or services to the 355 Wood Road Premises are separately metered, then Tenant shall only be responsible for the cost of providing such utilities or services to the 355 Wood Road Premises.
4. The 355 Wood Road Premises may be used and occupied by Bright Horizons for the use set forth in the Management Agreement, and such use and occupation shall be deemed a part of the Permitted Uses with respect to the 355 Wood Road Premises. Tenant shall ensure that Bright Horizons maintains all licenses and permits necessary for Bright Horizon’s business operations at the 355 Wood Road Premises.
5. If Tenant holds over in the 355 Wood Road Premises beyond the expiration or termination of the Original Term, and such holdover continues for more than thirty (30) days following such expiration or termination, then Tenant shall be responsible for all of Landlord’s indirect or consequential damages arising from such holdover.

[Remainder of Page Intentionally Left Blank]

WITNESS the execution hereof under seal as of the day and year first above written.

TENANT:

HAEMONETICS CORPORATION

By: /s/ William P. Burke
Name: William P. Burke
Its: Executive Vice President,
Chief Financial Officer

LANDLORD:

HRP WOOD ROAD, LLC

By: /s/ Eric Kaup
Name: Eric Kaup
Its: Authorized Signatory

EXHIBIT A

Description of the Lot

400 Wood Road, a/k/a 360 Wood Road

That certain parcel of land with the building and other improvements thereon, situated at the Southwesterly end of Wood Road in Braintree, Norfolk County, Massachusetts, bounded and described as follows:

EASTERLY: by the Westerly line of Wood Road, shown on the plan hereinafter referred to, one hundred sixty and $52/100$ (160.52) feet;

SOUTHEASTERLY: five and $36/100$ (5.36) feet;

NORTHEASTERLY: four hundred twenty-one and $92/100$ (421.92) feet, by lot numbered 30, shown on said plan;

SOUTHEASTERLY: by the Northwesterly line of Route 128, shown on said plan, eight hundred seventy-one and $54/100$ (871.54) feet;

WESTERLY: eight hundred twenty and $27/100$ (820.27) feet;

NORTHWESTERLY: seven hundred thirty-two (732) feet, by land now or formerly of the Commonwealth of Massachusetts; and

NORTHEASTERLY: by lot numbered 32, shown on said plan, three hundred eight and $08/100$ (308.08) feet.

Said parcel is shown as lot numbered 31 on a plan drawn by Ernest W. Branch, Inc., Surveyors, dated April 25, 1980, as approved by the Land Court, filed in the Land Registration Office as No. 11973M, a copy of a portion of which is filed in Norfolk Registry District of the Land Court with Certificate No. 111018, Sheet 2, Book 556.

EXHIBIT B

Description of the 355 Wood Road Lot

355 Wood Road

The land, with any buildings and other improvements thereon, situated at the Northwesterly side of Wood Road, in Braintree, Norfolk County, Massachusetts, shown as Lot 34 on Land Court Plan No. 11973N, filed with the Norfolk Registry District of the Land Court, bounded and described, according to said Plan, as follows:

Lot 34

SOUTHEASTERLY: by the side line of Wood Road as shown on Plan, 325.98 feet,

SOUTHERLY: by the side line of Wood Road as shown on said Plan by a curved line having a radius of 50.00 feet, 44.05 feet;

SOUTHERLY: again by the side line of Wood Road as shown on said Plan by a curved line having a radius of 60.00 feet, 6.94 feet;

SOUTHWESTERLY: by Lot 31 as shown on said Plan, 308.08 feet;

NORTHWESTERLY: by land now or late of the Commonwealth of Massachusetts, 540.36 feet;

NORTHEASTERLY: by Lot 35 as shown on said Plan, 32.83 feet;

SOUTHEASTERLY: by Lot 35 as shown on said Plan, 180.30 feet;

NORTHEASTERLY: by Lot 35 as shown on said Plan, 306.86 feet.

Said land is shown as Lot 34 containing 2.921 acres on a Plan of Land in Braintree, Mass., Scale 40 feet to an inch, dated February 4, 1985, by Ernest W. Branch, Inc., Civil Engineers, filed with the Land Court on March 22, 1985, and designated Land Court Plan No. 11973N.

CERTIFICATION

I, Christopher A. Simon, certify that:

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

November 1, 2019

/s/ Christopher A. Simon

Christopher A. Simon, President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, William Burke, certify that:

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

November 1, 2019

/s/ William Burke

William Burke, Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher A. Simon, 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.

November 1, 2019

/s/ Christopher A. Simon

Christopher A. Simon,
President and Chief Executive Officer

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

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

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Burke, Executive Vice President, Chief Financial 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.

November 1, 2019

/s/ William Burke

William Burke,

Executive Vice President, Chief Financial 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.