HAEMONETICS CORP
Form 10-K
May 22, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2012
Commission file number 1-14041
HAEMONETICS CORPORATION
(Exact name of registrant as specified in its charter)

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

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

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

Securities registered pursuant to Section 12(g) of the Act:
None
Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o
Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant (1.) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) (2.) has been subject to the filing requirements for at least the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

(Do not check if a smaller reporting company)
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes o No þ
The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant (assuming for these purposes that all executive officers and directors are "affiliates" of the registrant) as of October 1, 2011, the last business day of the registrant's most recently completed second fiscal quarter was $1,387,470,924(based

on the closing sale price of the registrant's common stock on that date as reported on the New York Stock Exchange). The number of shares of $.01 par value common stock outstanding as of April 30, 2012 was 25,340,448.

Documents Incorporated By Reference

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

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ITEM 1. BUSINESS

Company Overview

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

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

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

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

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

Industry Segments

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

the regulatory environment in which we operate, are largely the same for all product lines.
The financial information required for the operating segment is included herein in Note 15 of the financial statements, entitled Segment, Geographic and Customer Information.

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- Plasma

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

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

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

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

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

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

- Blood Center

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

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

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

Haemonetics is a leader in automated component blood collections. While this market is smaller than the whole blood collection market, we believe that today it is a highly effective way of collecting and distributing blood products. In

this procedure, whole blood does not need to be transferred to a central laboratory for separation. Instead, the blood

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

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

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

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

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

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

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

- Hospital (reported as “hospital” product line)

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

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

to surgical suite service providers.

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

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

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

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

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

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

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

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

- Software Solutions

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

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

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

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

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

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

Marketing/Sales/Distribution

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

United States

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

Outside the United States

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

Research and Development

Our research and development (“R&D”) centers in the United States and Switzerland ensure that protocol variations are incorporated to closely match local customer requirements. In addition, our Haemonetics Software Solutions also maintains development operations in El Dorado Hills, California; Edmonton, Canada; and Limonest, France. Customer collaboration is also an important part of our technical strength and competitive advantage. These collaboration customers and transfusion experts provide us with ideas for new products and applications, enhanced protocols, and potential test sites as well as objective evaluations and expert opinions regarding technical and performance issues.

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

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

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

Manufacturing

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

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

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

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

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

Intellectual Property

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

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

Competition

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

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

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

In April 2011, Terumo Medical Corporation, a global competitor in the automated plasma and platelet collection markets, acquired Caridian BCT (formerly Gambro BCT). The resulting entity, Terumo BCT, is one of our major

competitors in automated platelet collection. Another major competitor in this area is Fenwal. In the automated platelet collection business, competition is based on continual performance improvement, as measured by the time and efficiency of platelet collection and the quality of the platelets collected. Each of these companies has taken a different technological approach in designing their systems for automated platelet collection. In the platelet collection market, we also compete with whole blood collections from which pooled platelets are derived.

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

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

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

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

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

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

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

Significant Customers

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

Government Regulation

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

All medical devices introduced to the United States market since 1976 are required by the FDA, as a condition of marketing, to secure either a 510(k) pre-market notification clearance or an approved Pre-market Approval Application (“PMA”). In the United States, software used to automate blood center operations and blood collections and to track those components through the system are considered by FDA to be medical devices, subject to 510(k) pre-market notification. Intravenous solutions (blood anticoagulants and solutions for storage of red blood cells) marketed by us for use with our automated systems requires us to obtain from CBER an approved New Drug Application (“NDA”) or Abbreviated New Drug Application (“ANDA”). A 510(k) pre-market clearance indicates FDA’s agreement with an applicant’s determination that the product for which clearance is sought is substantially equivalent

to another legally marketed medical device. The process of obtaining a 510(k) clearance may involve the submission of clinical data and supporting information. The process of obtaining NDA approval for solutions is likely to take much longer than 510(k) clearances because the FDA review process is more complicated.

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

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

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

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

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

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

Environmental Matters

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

Employees

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

Availability of Reports and Other Information

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

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Financial Information about Foreign and Domestic Operations and Export Sales

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

Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements we make which are prefaced with the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “intend,” “designed,” and similar expressions, are intended to identify forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, the impact of industry consolidation, foreign currency exchange rates, changes in customers’ ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and such other risks described under Item 1A. Risk Factors included in this report. The foregoing list should not be construed as exhaustive.

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ITEM 1A. RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

We may need to incur debt in the future, for example, to acquire complementary businesses. Our indebtedness would increase certain risks, including but not limited to the inability to satisfy our obligations with respect to our debt instruments, our inability to adjust to adverse economic conditions, our inability to fund future working capital, capital

expenditures, acquisitions and other general corporate requirements, and our inability to generate sufficient funds to cover required interest payments. The terms of our debt agreements may include covenants which could impose restrictions on our operations and limit

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our ability to pursue our growth strategy.

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

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

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

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

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

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

Loss of a significant customer could adversely affect our business.

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

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

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

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

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

International revenues and expenses account for a substantial portion of our operations and we intend to continue expanding our presence in international markets. In fiscal 2012, our international revenues accounted for 51.6% of our total revenues. The exposure to fluctuations in currency exchange rates takes different forms. Reported revenues for

sales, as well as manufacturing and operational costs, denominated in foreign currencies by our international businesses, when translated into U.S. dollars for financial reporting purposes, fluctuate due to exchange rate movement. Fluctuations in exchange rates could adversely affect our profitability in U.S. dollars of products and services sold by us into international markets, where payment for our products and services and related manufacturing and operational costs is made in local currencies.

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

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

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

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

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

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

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

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

We sell our products in certain emerging economies.

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

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

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

We have a complex international supply chain.

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

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

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

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

There is a risk that one or more of our products may be determined to infringe a patent held by another party. If this were to occur we may be subject to an injunction or to payment of royalties, or both, which may adversely affect our

ability to market the affected product(s). In addition, competitors may patent technological advances which may give them a competitive advantage or create barriers to entry.

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

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

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

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

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

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

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

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

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

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ITEM 1B. UNRESOLVED STAFF COMMENTS
None.

ITEM 2. PROPERTIES
Our main facility, which the Company owns, is located on 14 acres in Braintree, Massachusetts. This facility is located in a light industrial park and was constructed in the 1970s. The building is approximately 180,000 square feet, of which 70,000 square feet are devoted to manufacturing and quality control operations, 35,000 square feet to warehousing, 72,000 square feet for administrative and research, development and engineering activities and 3,000 square feet available for expansion. See Note 8 to the financial statements for details of our mortgage on the Braintree facility.
On property adjacent to the Braintree facility the Company leases 43,708 square feet of additional office space. This facility is used for sales, marketing, finance, legal, and other administrative services. Annual lease expense for this facility is $579,131.
The Company leases an 81,929 square foot facility in Leetsdale, Pennsylvania. This facility is used for warehousing, distribution and manufacturing operations supporting our plasma business. Annual lease expense is $365,482 for this facility.
The Company leases 99,931 square feet in Draper, Utah. This facility is used for the manufacturing and distribution of plasma disposable products. Annual lease expense is $483,426.
The Company owns a facility in Union, South Carolina. This facility is used for manufacture of sterile solutions to support our blood center and plasma businesses. The facility is approximately 69,300 square feet.
The company leases a facility in Niles, Illinois, which performs research and manufacturing for the Company. This facility is 16,478 square feet of office and manufacturing space. Annual lease expense is $142,358.
The Company owns a facility in Bothwell, Scotland used to manufacture disposable components for European customers. This facility is approximately 40,200 square feet.
The Company leases 26,264 square feet of office space in Signy, Switzerland. This facility is used for sales, marketing, finance and other administrative services. Annual lease expense for this space is approximately $884,924.
The Company leases 6,214 square feet of space in Tokyo, Japan for sales, marketing, finance and other administrative offices. Annual lease expense is approximately $601,638.
The Company also leases sales, marketing, service, and distribution facilities in locations around the world.
ITEM 3. LEGAL PROCEEDINGS
We are presently engaged in various legal actions, and although our ultimate liability cannot be determined at the present time, we believe that any such liability will not materially affect our consolidated financial position or our results of operations.
Fenwal Patent Infringement
For the past five years, we have pursued patent infringement lawsuits against Fenwal Inc. seeking an injunction and damages from their infringement of a Haemonetics patent, through the sale of the ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems.
Currently, we are pursuing a patent infringement action in Germany against Fenwal, and its European and German subsidiary. On September 20, 2010, we filed a patent infringement action in Germany. In response, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action on December 1, 2010.
Haemonetics Italia Matter
In April 2008, our subsidiary Haemonetics Italia, Srl. and two of its employees were found guilty by a court in Milan, Italy of charges arising from allegedly improper payments made under a consulting contract with a local physician and in pricing products under a tender from a public hospital. The two employees found guilty in this matter are no longer employed by the Company. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. In connection with this conviction, our Italian subsidiary is liable to pay a fine of €147,500 and a proportionate share of the cost of the proceedings. The final amount has not yet been determined.

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When this matter first arose, our Board of Directors commissioned independent legal counsel to conduct investigations on its behalf. Based upon its evaluation of counsel's report, the Board concluded that no disciplinary action was warranted in either case. Neither the original ruling nor its final affirmation has impacted the Company's business in Italy to date.

ITEM 4. REMOVED AND RESERVED

Executive Officers of the Registrant

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

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

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

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

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

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

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

SANDRA JESSE (age 59) joined our Company as Vice President, Chief Legal Officer in September 2011, and is responsible for the company's world-wide Legal, Compliance, Corporate Audit and Controls, and Environmental Health and Safety groups. Ms. Jesse was previously the Executive Vice President and Chief Legal Officer of Blue

Cross Blue Shield of Massachusetts, a Partner in the Boston law firm of Choate, Hall and Stewart, and Press Secretary for United States Congressman, Lee Hamilton. She has served on a number of boards and is presently the Chair of the New England Foundation. Ms. Jesse is a former President of the Boston Bar Foundation.

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

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

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

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

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PART II

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

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

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

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

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

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

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

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

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ITEM 6. SELECTED FINANCIAL DATA

Haemonetics Corporation and Subsidiaries Five-Year Review

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

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

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

Our Business

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

Our medical device systems automate the collection and processing of donated blood components, assess likelihood for blood loss, salvage and process blood from surgery patients, and dispense and track blood inventory in the hospital. These systems include devices and single-use, proprietary disposable sets (“disposables”) that operate only with our specialized devices. Specifically, our plasma and blood center systems allow users to collect and process only the blood component(s) they target — plasma, platelets, or red blood cells — increasing donor and patient safety as well as collection efficiencies. Our blood diagnostics system assesses hemostasis (a patient’s clotting ability) to aid clinicians in assessing the cause of bleeding resulting in overall reductions in blood product usage. Our surgical blood salvage systems allow surgeons to collect the blood lost by a patient in surgery, cleanse the blood, and make it available for transfusion back to the patient. Our blood tracking systems automate the distribution of blood products in the hospital. Our business services products include blood management, Six Sigma, and LEAN manufacturing consulting, which support our customers’ needs for regulatory compliance and operational efficiency in the blood supply chain.

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

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

Our disposables revenue stream, which includes the sales of disposables and fees for the use of our equipment, accounted for approximately 81.7% , 81.5% and 86.0% of our total revenue for fiscal 2012, 2011 and 2010, respectively.

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

Market Trends

Plasma Market

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

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

- Reimbursement guidelines affect the demand for end product pharmaceuticals, although a high off-label use of

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pharmaceuticals occurs.

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

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

Blood Center Market

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

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

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

Hospital Market

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

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

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

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

Software Market

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

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

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

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

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Financial Summary

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

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

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

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

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

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

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

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

also included a reduction in the expense associated with cash bonus incentive compensation. The decreases were offset by higher operating expenses associated with the

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Global Med acquisition.

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

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

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

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

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RESULTS OF OPERATIONS

Net Revenues by Geography

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

International Operations and the Impact of Foreign Exchange

Our principal operations are in the U.S., Europe, Japan and other parts of Asia. Our products are marketed in more than 97 countries around the world through a combination of our direct sales force and independent distributors and agents.

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

For fiscal 2012 as compared to fiscal 2011, the effects of foreign exchange resulted in a 2.0% increase in sales. For fiscal 2011 as compared to fiscal 2010, the effects of foreign exchange accounted for a 0.2% increase in sales. Please see section entitled “Foreign Exchange” in this discussion for a more complete explanation of how foreign currency affects our business and our strategy for managing this exposure.

Net Revenues by Product Type

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

Disposables Revenues by Product Type

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

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Disposables Revenue

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

Plasma

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

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

Blood Center

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

Platelet

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

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

Red Cell

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

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

Hospital

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

Surgical

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

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revenue results.

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

OrthoPAT

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

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

Diagnostics

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

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

Other Revenues

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

Software Solutions

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

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

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

Equipment & Other

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

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

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

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Gross Profit

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

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

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

Operating Expenses

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

Research and Development

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

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

Selling, General and Administrative

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

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

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

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

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

Contingent Consideration Income

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

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

Asset Write Downs

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

Other income (expense), net

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

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

Taxes

	March 31, 2012	April 2, 2011	April 3, 2010	% Increase/(Decrease) 12 vs. 11	% Increase/(Decrease) 11 vs. 10

Reported income tax rate	25.3	%	27.3	%	28.2	%	(2.0	)%	(0.9	)%
Reported Tax Rate										

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

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

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

Critical Accounting Policies

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

The accounting policies identified as critical are as follows:

Revenue Recognition

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

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

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

Inventories

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

Goodwill and Other Intangible Assets

Intangible assets acquired in a business combination, including licensed technology, are recorded under the purchase method of accounting at their estimated fair values at the date of acquisition. Goodwill represents the excess purchase price over the fair value of the net tangible and other identifiable intangible assets acquired. We amortize our other intangible assets over their useful lives using the estimated economic benefit method, as applicable.
Goodwill is not amortized. Instead goodwill is reviewed for impairment at least annually in accordance with ASC Topic 350,

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

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

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

Property, Plant and Equipment

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

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

Capitalized Software Costs

Software development costs have been capitalized in accordance with ASC Topic 985-20, Software, which specifies that costs incurred internally in researching and developing a computer software product should be charged to expense until technological feasibility has been established for the product. Technological feasibility is established when we have a detailed program design of the software and when research and development activities on the underlying device, if applicable, are completed. Once technological feasibility is established, all software costs should be capitalized until the product is available for general release to customers. We review the net realizable value of capitalized software assets periodically to assess the recoverability of amounts capitalized. In the future, the net realizable value may be adversely affected by the loss of a significant customer or a significant change in the market place, which could result in an impairment being recorded.

Income Taxes

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

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

and all relevant facts.

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

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Stock-Based Compensation

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

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

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

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

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

Valuation of Acquisitions

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

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

Contingencies

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

deductibles, policy limits and the historical payment experience of the insurance carriers.

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Liquidity and Capital Resources

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

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

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

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

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

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

Cash Flow Overview:

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

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

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

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

FISCAL 2012 AS COMPARED TO FISCAL 2011

Operating Activities:

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

Investing Activities:

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

Financing Activities:

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

FISCAL 2011 AS COMPARED TO FISCAL 2010

Operating Activities:

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

Investing Activities:

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

Financing Activities:

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

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

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Contractual Obligations and Contingencies

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

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

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

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

Concentration of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are generally limited due to our large number of customers and their diversity across many geographic areas. A portion of our trade accounts receivable outside the United States, however, include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. We have not incurred significant losses on government receivables. We continually evaluate all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods. Deteriorating credit and economic conditions in parts of Western Europe, particularly in Italy where our net accounts receivable is $21.0 million as of March 31, 2012, may increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

Contingent Commitments

Contingent Consideration

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

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

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Legal Proceedings

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

Fenwal Patent Infringement

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

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

Haemonetics Italia Matter

In April 2008, our subsidiary Haemonetics Italia, Srl. and two of its employees were found guilty by a court in Milan, Italy of charges arising from allegedly improper payments made under a consulting contract with a local physician and in pricing products under a tender from a public hospital. The two employees found guilty in this matter are no longer employed by the Company. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. In connection with this conviction, our Italian subsidiary is liable to pay a fine of €147,500 and a proportionate share of the cost of the proceedings. The final amount has not yet been determined.

When this matter first arose, our Board of Directors commissioned independent legal counsel to conduct investigations on its behalf. Based upon its evaluation of counsel's report, the Board concluded that no disciplinary action was warranted in either case. Neither the original ruling nor its final affirmation has impacted the Company's business in Italy to date.

Pall Acquisition

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

Inflation

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

Foreign Exchange

During fiscal 2012, approximately 51.6% of our sales were generated outside the U.S., generally in foreign currencies, yet our reporting currency is the U.S. Dollar. Our primary foreign currency exposures relate to sales denominated in the Euro and the Japanese Yen. We also have foreign currency exposure related to manufacturing and other operational costs denominated in the Swiss Franc, the British Pound, and the Canadian Dollar. The Yen and Euro sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in foreign currencies Since our foreign currency denominated Yen and Euro sales exceed the foreign currency denominated costs, whenever the U.S. Dollar strengthens relative to the Yen or Euro, there is an adverse affect on our

results of operations and conversely, whenever the U.S. dollar weakens relative to the Yen or Euro, there is a positive effect on our results of operations. For the Swiss Franc, the British Pound, and the Canadian Dollar, our primary cash flows are product costs, or costs and expenses of local operations. Whenever the U.S. Dollar strengthens relative to these foreign currencies, there is a positive effect on our results of operations. Conversely, whenever the U.S. Dollar weakens relative to these currencies, there is an adverse effect on our results of operations.

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

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

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

	First Quarter	Favorable / (Unfavorable)	Second Quarter	Favorable / (Unfavorable)	Third Quarter	Favorable / (Unfavorable)	Fourth Quarter	Favorable / (Unfavorable)
Euro - Hedge Spot Rate (US$ per Euro)								
FY10	1.57		1.49		1.32		1.28	
FY11	1.36	(13)%	1.41	(5)%	1.43	8 %	1.35	6 %
FY12	1.24	(9)%	1.30	(8)%	1.36	(5)%	1.37	2 %
FY13	1.43	15 %	1.42	9 %	1.36	— %	1.32	(4)%
Japanese Yen - Hedge Spot Rate (JPY per US$)								
FY10	105.28		105.11		96.38		93.50	
FY11	98.17	7 %	94.91	10 %	89.13	8 %	89.78	4 %
FY12	88.99	9 %	85.65	10 %	81.73	8 %	82.45	8 %
FY13	79.40	11 %	76.65	11 %	77.58	5 %	78.69	5 %
Canadian Dollar - Hedge Spot Rate (CAD per US$)								
FY10	1.14		1.12		1.11		1.09	
FY11	1.10	(4)%	1.09	(3)%	1.07	(4)%	1.03	(6)%
FY12	1.05	(5)%	1.03	(6)%	1.00	(7)%	0.99	(4)%
FY13	0.98	(7)%	0.99	(5)%	1.01	(1)%	1.00	1 %
British Pound - Hedge Spot Rate (US$ per GBP)								
FY10	1.45		1.44		1.42		1.40	
FY11	1.47	(1)%	1.65	(15)%	1.63	(15)%	1.59	(14)%
FY12	1.50	(2)%	1.54	7 %	1.57	4 %	1.58	1 %
FY13	1.62	(8)%	1.63	(6)%	1.60	(2)%	1.57	1 %
Swiss Franc - Hedge Spot Rate (CHF per US$)								
FY11			1.05		1.04		1.05	
FY12	1.05		1.01	(4)%	0.96	(8)%	0.92	(12)%
FY13	0.82	(22)%	0.85	(21)%	0.92	(4)%	0.91	(1)%

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

Recent Accounting Pronouncements

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

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, Intangibles — Goodwill and Other (Topic 350). ASU 2011-08 allows entities to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step goodwill impairment test is required. An entity has the unconditional option to bypass the qualitative assessment and proceed directly to performing the first step of the goodwill impairment test. ASU 2011-08 is effective for our first quarter of fiscal 2013 but is eligible for early adoption. We do not believe adoption of this standard will have an impact on our consolidated financial statements.

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

Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements we make which are prefaced with the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “intend,” “designed,” and similar expressions, are intended to identify forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, the impact of industry consolidation, foreign currency exchange rates, changes in customers’ ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and such other risks described under Item 1A. Risk Factors included in this report. The foregoing list should not be construed as exhaustive.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Foreign Exchange Risk

See the section above entitled Foreign Exchange for a discussion of how foreign currency affects our business. It is our policy to minimize, for a period of time, the unforeseen impact on our financial results of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge anticipated cash flows from forecasted foreign currency denominated sales and costs. We do not use the financial instruments for speculative or trading activities. At March 31, 2012, we had the following significant foreign exchange contracts to hedge the anticipated foreign currency cash flows outstanding. The contracts have been organized into maturity groups and the related quarter that we expect the hedge contract to affect our earnings.

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

			0.816per US$		Apr 2012 - Jun 2012	
CHF	(4,770,000)	0.847per US$	0.839per US$	$(405,215)	Jul 2012 - Sep 2012	Q2 FY13
CHF	(4,724,000)	0.918per US$	0.910per US$	$32,219	Oct 2012 - Dec 2012	Q3 FY13
CHF	(2,888,000)	0.914per US$	0.909per US$	$20,034	Jan 2012 - Mar 2013	Q4 FY13
				$5,000,160		

We estimate the change in the fair value of all forward contracts assuming both a 10% strengthening and weakening of the U.S. dollar relative to all other major currencies. In the event of a 10% strengthening of the U.S. dollar, the change in fair value of all forward contracts would result in a $8.9 million increase in the fair value of the forward contracts; whereas a 10% weakening of the US dollar would result in a $9.7 million decrease in the fair value of the forward contracts.

Interest Rate Risk

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

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

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the original $10.0 million, 8.41% real estate mortgage due January, 2016.
Using scenario analysis, if the interest rate on all long-term maturities changed by 10% from the rate levels that existed at March 31, 2012, the fair value of our long-term debt would change by less than $0.1 million.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

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

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

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

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

Accumulated other comprehensive income	9,110	9,541
Total stockholders' equity	732,631	686,136
Total liabilities and stockholders' equity	$911,135	$833,264

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

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HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME

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

Issuance of restricted stock, net of cancellations							
Stock compensation expense	—	—	9,286	—	—	9,286	
Net income	—	—	—	66,886	—	66,886	$ 66,886
Impact of defined benefit plans, net of tax	—	—	—	—	(3,988)	(3,988)	(3,988)
Foreign currency translation adjustment	—	—	—	—	(2,813)	(2,813)	(2,813)
Unrealized gain on hedges, net of tax	—	—	—	—	3,140	3,140	3,140
Reclassification of hedge loss to earnings, net of tax	—	—	—	—	3,230	3,230	3,230
Comprehensive income	—	—	—	—	—	—	$ 66,455
Balance, March 31, 2012	25,302	$253	$322,485	$400,783	$ 9,110	$732,631	

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

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HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Haemonetics equipment	$18,333	$5,069	$7,833
Debt assumed from acquisition	$—	$—	$5,132
Supplemental Disclosures of Cash Flow Information:			
Interest paid	$414	$487	$563
Income taxes paid	$10,764	$16,669	$21,519

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

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HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.DESCRIPTION OF THE BUSINESS

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

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

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

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

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year

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

Principles of Consolidation

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

Use of Estimates

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

Reclassifications

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

Revenue Recognition

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

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

Product Revenues

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

Collection of Taxes from Customers

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

Software Solutions and Services Revenues

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

Our software solutions revenues also include revenue from software sales which includes per collection or monthly subscription fees for the license and support of the software as well as hosting services. With the acquisition of Global Med, a significant portion of our software sales are perpetual licenses typically accompanied with significant implementation service fees related to software customization as well as other professional and technical service fees. We generally recognize revenue from the sale of perpetual licenses on a percentage-of-completion basis which requires us to make reasonable estimates of the extent of progress toward completion of the contract. These arrangements most often include providing customized implementation services to our customer. We also provide other services, including in some instances hosting, technical support, and maintenance, for the payment of periodic, monthly, or quarterly fees. We recognize these fees and charges as earned, typically as these services are provided during the contract period.

Translation of Foreign Currencies

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

Cash and Cash Equivalents

Cash equivalents include various instruments such as money market funds, U.S. government obligations and commercial paper with maturities of three months or less at date of acquisition. Cash and cash equivalents are recorded at cost, which approximates fair market value. As of March 31, 2012, our cash and cash equivalents

consisted of investments in United States Government Agency and Institutional Money Market Funds.

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

Allowance for Doubtful Accounts

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

Concentration of Credit Risk and Significant Customers

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

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

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

Property, Plant and Equipment

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

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

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

Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease. Maintenance and repairs are expensed to operations as incurred. When equipment and improvements are sold or otherwise disposed of,

the asset cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is included in the statements of income. Fully depreciated assets are removed from the accounts when they are no longer in use.

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

- Purchase and consumption of a certain level of disposable products

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

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

Expenditures for normal maintenance and repairs are charged to expense as incurred.

Goodwill and Other Intangible Assets

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

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

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

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

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

ASC Topic 985-20, Software, specifies that costs incurred internally in researching and developing a computer software product should be charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, all software costs should be capitalized until the product is available for general release to customers. Technological feasibility is established when we have a detailed design of the software and when research and development activities on the underlying device, if applicable, are completed.

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

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

Other Liabilities

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

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

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

Research and Development Expenses

All research and development costs are expensed as incurred.

Advertising Costs

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

Accounting for Shipping and Handling Costs

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

Income Taxes

The income tax provision is calculated for all jurisdictions in which we operate. This process involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability and a valuation allowance is established with a corresponding additional income tax provision recorded in our consolidated statements of income if their recovery is not considered more likely than not. The provision for income taxes could also be materially impacted if actual taxes due differ from our earlier estimates. We record a liability for uncertain tax positions taken or expected to be taken in income tax returns. Uncertain tax positions are unrecognized tax benefits for which reserves have been established. Our financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts.

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

Foreign Currency

We recognize all derivative financial instruments in our consolidated financial statements at fair value in accordance with ASC Topic 815, Derivatives and Hedging. In accordance with ASC Topic 815, for those derivative instruments that are designated and qualify as hedging instruments, the hedging instrument must be designated, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. The gains or losses on the forward exchange contracts designated as hedges are recorded in net revenues, cost of goods sold, and operating expenses in our consolidated statements of income when the underlying hedged transaction affects earnings. The cash flows related to the gains and losses are classified in the

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

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

Stock-Based Compensation

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

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

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

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

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

Valuation of Acquisitions

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

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

Recent Accounting Pronouncements

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. Update No. 2011-05 updates the disclosure requirements for comprehensive

income to include total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The updated guidance does not affect how earnings per share is calculated or presented. The updated guidance is effective for fiscal years, and interim periods

within those years, beginning after December 15, 2011, and should be applied retrospectively. Early adoption is permitted and amendments do not require any transition disclosures. We will adopt this standard in the first quarter of fiscal 2013. The adoption of ASU 2011-05 will affect the presentation of comprehensive income but will not impact our financial condition or statement of operations.

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, Intangibles — Goodwill and Other (Topic 350). ASU 2011-08 allows entities to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step goodwill impairment test is required. An entity has the unconditional option to bypass the qualitative assessment and proceed directly to performing the first step of the goodwill impairment test. ASU 2011-08 is effective for our first quarter of fiscal 2013 but is eligible for early adoption. We do not believe adoption of this standard will have an impact on our consolidated financial statements.

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

Standards Implemented

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

In December 2010, the FASB issued Accounting Standards Update No. 2010-29, Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations. Update No. 2010-29 clarifies paragraph 805-10-50-2(h) to require public entities that enter into business combinations that are material on an individual or aggregate basis to disclose pro forma information for such business combinations that occurred in the current reporting period, including pro forma revenue and earnings of the combined entity as though the acquisition date had been as of the beginning of the comparable prior annual reporting period only. We did not complete any material business acquisitions during fiscal 2012 and thus the disclosure requirements were not applicable for the period.

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. Update No. 2011-04 updates the accounting guidance related to fair value measurements that results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and International Financial Reporting Standards (IFRS). ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. On January 1, 2012, we adopted this guidance, which did not have a material impact on our financial position or results of

operations.

3.ACQUISITIONS

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

Fiscal 2011 Acquisition

ACCS Acquisition

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

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

Fiscal 2010 Acquisitions

Global Med Acquisition

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

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

Purchase Price Allocation

The following chart summarizes the final purchase price allocation:

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

SEBRA Acquisition

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

Neoteric Acquisition

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

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

the necessary revenue growth milestones for the former shareholders to receive additional performance payments. As such, we reduced the contingent liability by $1.6 million, $1.9

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

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

4.PRODUCT WARRANTIES

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

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

5.INVENTORIES

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

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

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6.GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

Other Intangible Assets

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

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

Amortized Intangibles

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

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

Total intangibles	$145,616	$43,827	11

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

7.DERIVATIVES AND FAIR VALUE MEASUREMENTS

We manufacture, market and sell our products globally. For the fiscal year ended March 31, 2012, approximately 51.6% of our sales were generated outside the U.S. in local currencies. We also incur certain manufacturing, marketing and selling costs in international markets in local currency. Accordingly, our earnings and cash flows are exposed to market risk from changes in foreign currency exchange rates relative to the U.S. dollar, our reporting currency.

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

Designated Foreign Currency Hedge Contracts

All of our designated foreign currency hedge contracts as of March 31, 2012 and April 2, 2011 were cash flow hedges under ASC Topic 815, Derivatives and Hedging. We record the effective portion of any change in the fair value of designated foreign currency hedge contracts in Other Comprehensive Income in the Statement of Stockholders' Equity until the related third-party transaction occurs. Once the related third-party transaction occurs, we reclassify the effective portion of any related gain or loss on the designated foreign currency hedge contracts to earnings. In the event the hedged forecasted transaction does not occur, or it becomes probable that it will not occur, we would reclassify the amount of any gain or loss on the related cash flow hedge to earnings at that time. We had designated foreign currency hedge contracts outstanding in the contract amount of $162.1 million as of March 31, 2012 and $154.8 million as of April 2, 2011.

During fiscal 2012 and 2011, we recognized net losses of $3.2 million and $0.8 million, respectively, in earnings on our cash flow hedges. All currency cash flow hedges outstanding as of March 31, 2012 mature within twelve months. For the fiscal year ended March 31, 2012, $3.1 million of gains, net of tax, were recorded in Other Comprehensive Income to recognize the effective portion of the fair value of any designated foreign currency hedge contracts that are, or previously were, designated as foreign currency cash flow hedges, as compared to net losses of $4.1 million for the fiscal year ended April 2, 2011. At March 31, 2012, gains of $3.1 million, net of tax, may be reclassified to earnings within the next twelve months.

Non-designated Foreign Currency Contracts

We manage our exposure to changes in foreign currency on a consolidated basis to take advantage of offsetting transactions and balances. We use currency forward contracts as a part of our strategy to manage exposure related to foreign currency denominated monetary assets and liabilities. These foreign currency forward contracts are entered into for periods consistent with currency transaction exposures, generally one month. They are not designated as cash flow or fair value hedges under ASC Topic 815. These forward contracts are marked-to-market with changes in fair value recorded to earnings. We had non-designated foreign currency hedge contracts under ASC Topic 815 outstanding in the contract amount of $45.5 million as of March 31, 2012 and $45.9 million as of April 2, 2011.

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Fair Value of Derivative Instruments

The following table presents the effect of our derivative instruments designated as cash flow hedges and those not designated as hedging instruments under ASC Topic 815 in our consolidated statement of income for the fiscal year ended March 31, 2012.

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

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

We did not have fair value hedges or net investment hedges outstanding as of March 31, 2012 or April 2, 2011.

ASC Topic 815 requires all derivative instruments to be recognized at their fair values as either assets or liabilities on the balance sheet. We determine the fair value of our derivative instruments using the framework prescribed by ASC Topic 820, Fair Value Measurements and Disclosures, by considering the estimated amount we would receive or pay to sell or transfer these instruments at the reporting date and by taking into account current interest rates, currency exchange rates, the creditworthiness of the counterparty for assets, and our creditworthiness for liabilities. In certain instances, we may utilize financial models to measure fair value. Generally, we use inputs that include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; other observable inputs for the asset or liability; and inputs derived principally from, or corroborated by, observable market data by correlation or other means. As of March 31, 2012, we have classified our derivative assets and liabilities within Level 2 of the fair value hierarchy prescribed by ASC Topic 815, as discussed below, because these observable inputs are available for substantially the full term of our derivative instruments.

The following tables present the fair value of our derivative instruments as they appear in our consolidated balance sheets as of March 31, 2012 and April 2, 2011 by type of contract and whether it is a qualifying hedge under ASC Topic 815.

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

Other Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair value measurements. ASC Topic 820 does not require any new fair value measurements; rather, it applies to other accounting pronouncements that require

or permit fair value measurements. In accordance with ASC Topic 820, for the fiscal year ended March 31, 2012 and April 2, 2011, we applied the requirements under ASC Topic 820 to our non-financial assets and non-financial liabilities. As we did not have an impairment of any non-financial assets or non-financial liabilities, there was no disclosure required relating to our non-financial assets or non-financial liabilities.

On a recurring basis, we measure certain financial assets and financial liabilities at fair value, including our money market funds, foreign currency derivative contracts, and contingent consideration. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the

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measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We base fair value upon quoted market prices, where available. Where quoted market prices or other observable inputs are not available, we apply valuation techniques to estimate fair value.

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

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

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

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

Fair Value Measured on a Recurring Basis

Financial assets and financial liabilities measured at fair value on a recurring basis consist of the following as of March 31, 2012:

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

Neoteric contingent consideration

Under ASC Topic 805, Business Combinations, we established a liability for payments to former shareholders of Neoteric which were contingent on the performance of the Blood Track business in the first three years post

acquisition, beginning with fiscal 2010. As of April 2, 2011, the liability was $2.3 million. We have reviewed the expected performance versus the performance thresholds for payment. Because the expected performance thresholds would not be achieved, we recorded an adjustment to the fair value of the contingent consideration liability. This appears as contingent consideration income of $1.6 million in the accompanying consolidated statements of income. Interest expense reversal on the contingent consideration was $0.6 million in fiscal 2012.

In September 2011, we entered into an agreement to release the Company from the contingent consideration due to the former shareholders of Neoteric. Under the terms of the agreement, the former shareholders of Neoteric received $0.7 million in

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exchange for releasing the Company from any future claims for contingent consideration. The Company paid the $0.7 million settlement amount during September 2011 and has recorded the associated expense in the selling, general and administrative line item in the accompanying consolidated statements of income.

Other Fair Value Disclosures

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

8.NOTES PAYABLE AND LONG-TERM DEBT

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

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

Real Estate Mortgage Agreement

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

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

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

9.INCOME TAXES

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

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

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The income tax provision contains the following components:

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

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

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

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

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

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

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

Unrecognized Tax Benefits

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

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

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

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

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

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

We conduct business globally and, as a result, file consolidated and separate Federal, state and foreign income tax returns in multiple jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. With few exceptions, we are no longer subject to U.S. federal, state and local, or foreign income tax examinations for years before 2008.

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10.COMMITMENTS AND CONTINGENCIES

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

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

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

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

During the first quarter of fiscal 2012, we received customer complaints in Europe regarding a quality issue with our High Separation Core Bowl (“HS Core”), a plasma disposable product used primarily to collect plasma for transfusion. Certain of these customers also made subsequent claims regarding financial losses alleged to have been incurred as a result of this matter. As of March 31, 2012, our current best estimate of the liability associated with this matter is $10.0 million, and we recorded that amount as an expense within selling, general and administrative expenses. To date, we have been reimbursed under our insurance policies for $3.7 million paid to customers to settle their claims. We have also determined that an additional $3.2 million is recoverable under our insurance policies and recorded a corresponding insurance receivable within current assets as of March 31, 2012. Receivables for insurance recoveries for product liability claims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized on a claim by claim basis. We have recorded $3.1 million of expenses, net of insurance recovery, within selling, general and administrative expenses for fiscal 2012 related to this matter.

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

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

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

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

In April 2008, our subsidiary Haemonetics Italia, Srl. and two of its employees were found guilty by a court in Milan, Italy of charges arising from allegedly improper payments made under a consulting contract with a local physician and in pricing products under a tender from a public hospital. The two employees found guilty in this matter are no longer employed by the Company. On June 14, 2011, the final level appeals court affirmed these verdicts. There are no further appeals available and the convictions are now final. In connection with this conviction, our Italian subsidiary is liable to pay a fine of €147,500 and a proportionate share of the cost of the proceedings. The final amount has not yet been determined.

When this matter first arose, our Board of Directors commissioned independent legal counsel to conduct investigations on its behalf. Based upon its evaluation of counsel's report, the Board concluded that no disciplinary action was warranted in either case. Neither the original ruling nor its final affirmation has impacted the Company's business in Italy to date.

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11.CAPITAL STOCK

Stock Plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Restricted Stock Awards

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

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

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

Restricted Stock Units

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

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

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

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12.EARNINGS PER SHARE ("EPS")

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

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

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

13.COMPREHENSIVE INCOME

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

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

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

14.RETIREMENT PLANS

Defined Contribution Plans

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

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

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

Defined Benefit Plans

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

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

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

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

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

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The activity under those defined benefit plans are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

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

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

15.SEGMENT INFORMATION

Segment Definition Criteria

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

Enterprise Wide Disclosures about Product and Services

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

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

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

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

Revenues from External Customers:

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

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

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

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

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

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

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16.RESTRUCTURING

During fiscal 2012, the Company's restructuring activities primarily consist of reorganization within our research and development, manufacturing and software operations. Employee-related costs primarily consist of employee severance and benefits. Facility-related costs primarily consist of charges associated with closing facilities, related lease obligations, and other related costs.

For fiscal 2012, the Company incurred $5.9 million of restructuring charges. Restructuring expenses have been primarily included as a component of selling, general and administrative expense in the accompanying statements of income.

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

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

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

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

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

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

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

$2,849	$24,284	$(1,686)	$(15,686)	$9,761

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

17.CAPITALIZATION OF SOFTWARE DEVELOPMENT COSTS

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

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

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

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

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

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

18.SUMMARY OF QUARTERLY DATA (UNAUDITED)

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

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

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

19.SUBSEQUENT EVENTS (UNAUDITED)

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

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

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

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

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

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

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

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

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

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

None.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Haemonetics Corporation:

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

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

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

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

/s/ Ernst & Young LLP

Boston, Massachusetts

May 22, 2012

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ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures are effective.

Reports on Internal Control

Management's Annual Report on Internal Control over Financial Reporting

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

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

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

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

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Haemonetics Corporation:

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

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

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

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

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

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

/s/ Ernst & Young LLP

Boston, Massachusetts

May 22, 2012

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Changes in Internal Controls

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

ITEM 9B. OTHER INFORMATION

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

PART III

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

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

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

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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Stock Plans

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

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

Financial Statements required by Item 8 of this Form

Schedules required by Article 12 of Regulation S-X

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

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HAEMONETICS CORPORATION

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

Date : May 22, 2012

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

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

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EXHIBITS FILED WITH SECURITIES AND EXCHANGE COMMISSION

Number	Description of Exhibit
1. Articles of Organization	
3A*	Articles of Organization of the Company effective August 29, 1985, as amended December 12, 1985 and May 21, 1987 (filed as Exhibit 3A to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
3B*	Form of Restated Articles of Organization of the Company (filed as Exhibit 3B to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
3C*	Articles of Amendment to the Articles of Organization of the Company filed May 8, 1991 with the Secretary of the Commonwealth of Massachusetts (filed as Exhibit 3E to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).
3D*	Articles of Amendment to the Articles of Organization of the Company filed August 21, 2006 with the Secretary of the Commonwealth of Massachusetts
3E	By-Laws of the Company, as amended January 23, 2008 (filed herewith)
2. Instruments defining the rights of security holders	
4A*	Specimen certificate for shares of common stock (filed as Exhibit 4B to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).
3. Material Contracts	
10A*	Lease dated July 17, 1990 between the Buncher Company and the Company of property in Pittsburgh, Pennsylvania (filed as Exhibit 10K to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
10B*	First Amendment to lease dated July 17, 1990 between Buncher Company and the Company of property in Pittsburgh, Pennsylvania (filed as Exhibit 10AI to the Company's Form 10-Q No. 1-10730 for the quarter ended December 28, 1996 and incorporated herein by reference).
10C*	Second Amendment to lease dated July 17, 1990 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania.(filed as Exhibit 10AG to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003 and incorporated herein by reference).
10D*	Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company for the property adjacent to the main facility in Braintree, Massachusetts (filed as Exhibit 10M to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).
10E*	Amendment No. 1 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company for the child care facility (filed as Exhibit 10N to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).
10F*	Amendment No. 2 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company (filed as Exhibit 10S to the Company's Form 10-K No. 1-10730 for the year ended April 3, 1993 and incorporated herein by reference).
10G*	Amendment No. 3 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company, dated April 1, 1997 (filed as Exhibit 10AA to the Company's Form 10-K No. 1-10730 for the year ended March 30, 2002 and incorporated herein by reference).
10H*	Amendment No. 4 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership, as assigned to Trinet Essential Facilities XXIX, Inc., effective June 18, 1998, and the Company, dated February 25, 2002. (filed as Exhibit 10AB to the Company's Form 10-K No. 1-10730 for the year ended March 30, 2002 and incorporated herein by reference).
10I*	Note and Mortgage dated December 12, 2000 between the Company and General Electric Capital Business Asset Funding Corporation relating to the Braintree facility (filed as Exhibit 10B to the Company's Form 10-Q No. 1-10730 for the quarter ended December 30, 2000 and incorporated herein by reference).
10J*†	1992 Long-Term Incentive Plan (filed as Exhibit 10V to the Company's Form 10-K No. 1-10730 for the year ended April 3, 1993 and incorporated herein by reference).

10K*†	1998 Stock Option Plan for Non-Employee Directors. (filed as Exhibit 10AA to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1998 and incorporated herein by reference).
10L*†	Haemonetics Corporation 2000 Long-term Incentive Plan (filed as Exhibit 10A to the Company's Form 10-Q No. 1-10730 for the quarter ended December 30, 2000 and incorporated herein by reference).

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10M*†	Form of Option Agreements for Non-Qualified stock options for the 1998 Stock Option Plan for Non-Employee Directors. (filed as Exhibit 10AI to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003 and incorporated herein by reference).
10N*†	Form of Option Agreement for Non-Qualified stock options for the 2000 Long Term-Incentive Plan for Employees. (filed as Exhibit 10AJ to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003 and incorporated herein by reference).
10O*†	Form of Option Agreements for Non-Qualified stock options for the 2000 Long- Term Incentive Plan for Non-Employee Directors. (filed as Exhibit 10AK to the Company's Form 10-K No. 1-10730 for the year ended March 29, 2003).
10P*†	2005 Long Term Incentive Compensation Plan (filed as Exhibit 10Z in the Company's Form 10-Q for the quarter ended September 26, 2009)
10Q*†	Amendment to the 2005 Long Term Incentive Compensation Plan (filed as Item 2 in the Company's 2008 Definitive Proxy Statement)
10R*†	Amendment to the 2005 Long Term Incentive Compensation Plan (filed as Item 2 in the Company's 2011 Definitive Proxy Statement)
10S*†	Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term-Incentive Compensation Plan for Non-employee Directors (filed as Exhibit 10.1 to the Company's Form 10-Q No. 1-10730 for the quarter ended October 1, 2005).
10T*	Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term Incentive Compensation Plan for Employees.
10U*†	Form of Option Agreement for Non-Qualified stock options for the 2005 Long Term-Incentive Compensation Plan for the Chief Executive Officer (filed as Exhibit 10.3 to the Company's Form 10-Q No. 1-10730 for the quarter ended October 1, 2005).
10V*	Form of Restricted Stock Agreement with Employees under 2005 Long Term Incentive Compensation Plan.
10W*†	Form of Change in Control Agreement dated January 19, 2006 between the Company and members of the Company's Operating Committee (filed as Exhibit 10AQ to the Company's Form 10-K No. 1-10730 for the year ended April 1, 2006 and incorporated herein by reference).
10X*†	Change in Control Agreement entered into between the Company and Christopher Lindop on and January 2, 2007 (filed as Exhibit 10AR to the Company's Form 10-K No. 1-10730 for the year ended March 31, 2007 and incorporated herein by reference).
10Y*†	2007 Employee Stock Purchase Plan (filed as Exhibit 10AS to the Company's Form 10-K No. 1-14041 for the year ended March 29, 2008 and incorporated herein by reference).
10Z	Asset Purchase Agreement, dated as of April 28, 2012, by and between Haemonetics Corporation and Pall Corporation (filed herewith)
21.1	Subsidiaries of the Company
23.1	Consent of the Independent Registered Public Accounting Firm
31.1	Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002, of Brian Concannon, President and Chief Executive Officer of the Company
31.2	Certification pursuant to Section 302 of Sarbanes-Oxley of 2002, of Christopher Lindop, Vice President and Chief Financial Officer of the Company
32.1	Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Brian Concannon, President and Chief Executive Officer of the Company
32.2	Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Christopher Lindop, Chief Financial Officer and Vice President Business Development of the Company
101ˆ	The following materials from Haemonetics Corporation on Form 10-K for the year ended March 31, 2012, formatted in Extensive Business Reporting Language (XBRL): (i) Consolidated Statements of Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statement of Stockholders' Equity and Other

Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.

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* Incorporated by reference

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

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

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(All other exhibits are inapplicable.)

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SCHEDULE II
HAEMONETICS CORPORATION
VALUATION AND QUALIFYING ACCOUNTS

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