HAEMONETICS CORP
Form 10-K
May 26, 2011

Table of Contents

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 April 2, 2011

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 (Do not check if a smaller reporting company)	Smaller reporting company o

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 2, 2010, the last business day of the registrant s most recently completed second fiscal quarter was $1,355,592,693 (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, 2011 was 25,681,603.

Documents Incorporated By Reference

Portions of the definitive proxy statement for our Annual Meeting of Shareholders to be held on July 21, 2011 are incorporated by reference in Part III of this report.

TABLE OF CONTENTS

Table of Contents

Item 1. *Business*

(A) General History of the Business

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 1983, we were acquired by American Hospital Supply Corporation (AHS), which was then acquired by Baxter Travenol Laboratories, Inc. (Baxter). In December 1985, a group of investors, which included Haemonetics employees, purchased the Company from Baxter. In May 1991, we completed an initial public offering and to this day remain an independent company with products and services marketed in more than 80 countries around the world.

Haemonetics devices help ensure a safe and adequate blood supply and assist blood centers and hospitals in their efforts to operate efficiently and in compliance with regulatory requirements. Our customers are blood and plasma collectors, hospitals and health care providers globally.

Several years ago, we recognized that devices were not enough. Our customers told us of the varied challenges they were facing. Collection centers needed to attract more donors. Hospitals needed to manage blood more efficiently and effectively. At Haemonetics, we understood immediately that we needed to transform our business to serve these needs.

We altered our mission from providing blood collection and salvage devices to delivering blood management solutions. We looked at every step in the process, from what factors attract people to donate to how blood is tracked until it is transfused into a patient. We recognized that our customers needed solutions that helped them run their business more efficiently and that improved donor satisfaction on one end, and patient outcomes on the other.

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. We now 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 around the world.

(B) Financial Information about Industry Segments

We report revenues for multiple product lines under four global product categories: plasma, blood center, hospital, and software solutions. Plasma markets plasma collection devices and consumables. Blood center markets blood collection and processing devices and consumables. Hospital markets surgical blood salvage and blood demand diagnostic devices and consumables, and blood distribution systems. The software solutions product category consists of information technology platforms and consulting services.

Although we address our customer constituents 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 business segment is included herein in Note 15 of the financial statements, entitled *Segment, Geographic and Customer Information*.

(C) Narrative Description of the Business

(i) Products and Solutions

Haemonetics is committed to helping our customers create and maintain a safe and efficient blood supply chain. Blood and its components have several vital frequently life-saving clinical applications. Plasma is manufactured into pharmaceuticals to treat a variety of illnesses and hereditary disorders such as hemophilia;

Table of Contents

red cells treat trauma patients or patients undergoing surgery with high blood loss, such as open heart surgery or organ transplant; and platelets treat cancer patients undergoing chemotherapy.

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: plasma, platelets, and red cells. 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 of our customer groups. Finally, we market consulting services to reduce costs and improve operating efficiencies in blood management.

PLASMA CATEGORY OF PRODUCTS AND SOLUTIONS

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. There are approximately 22 million liters of plasma obtained from automated collections worldwide annually. We 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.

Automated Plasma Collection Systems PCS (reported as plasma product line)

Until Haemonetics introduced automated plasma collection technology in the 1980s, plasma for fractionation was collected manually. Manual collection 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 cost-effective. With 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 sterile disposable sets used for the blood donation procedure.

Haemonetics offers one stop shopping to our plasma collection customers, enabling them to source from us the full range of products necessary for their plasma collection operations. We offer consulting services that help our customers develop business solutions to support process excellence, donor recruitment, and business design.

To implement those solutions, we offer a full range of products, including PCS brand plasma collection equipment and consumables, plasma collection containers, intravenous solutions, and tubing sealers necessary for plasma collection and storage. We market a protocol for our PCS system that shortens the donation process which allows our customers to improve the efficiency of their collections.

We also offer a robust portfolio of integrated information technology platforms for plasma customers to manage their donors, operations, and supply chain. eQue® Automated Interview and Assessment automates the donor interview and qualification process. eLynx® Workflow Optimization streamlines the workflow process in the plasma center. Donor Management System (DMS) provides plasma collection centers with the controls necessary to continually assess and evaluate donor suitability, determine the release-ability of units collected, and manage unit distribution. With our

information technology platforms, plasma collectors are better able to manage processes across the plasma supply chain, react quickly to business changes, and identify opportunities to reduce costs.

Table of Contents

BLOOD CENTER CATEGORY OF PRODUCTS AND SOLUTIONS

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. In the U.S. alone, approximately 15 million units of blood are collected each year. Patients typically receive only 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 bone marrow suppression, a condition in which bone marrow is unable to produce a sufficient quantity of platelets. Bone marrow suppression is most commonly a side effect of chemotherapy. Platelet therapy is also used for patients with bleeding disorders. Physicians who prescribe platelet therapy will commonly turn to single donor platelet products (i.e., enough platelets collected from one donor, during an automated collection, to constitute a transfusible dose) to minimize a patient s exposure to multiple donors and possible blood-borne diseases.

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, 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. Recently, the economy has also had an effect on the demand for blood, as fewer surgeries are performed. We expect the worldwide market for blood components to return to growing modestly in the low single digits.

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 constituent parts: red cells, platelets and plasma. Haemonetics has a multi-year strategy to enter the whole blood market with new and differentiated solutions, including an automated whole blood collector. We don t meaningfully participate in this market today, as we don t offer collection kits. We do offer blood centers integrated information technology solutions that allow blood centers to effectively manage their operations.

Haemonetics is a leader in automated blood collections. While this share of the market is smaller, we believe that today it is a more effective way of collecting and distributing blood products. In this procedure, whole blood does not need to be transferred to a central laboratory for separation. Instead, the blood separation process is automated and occurs in real-time while a person is donating blood. In this separation method, only the specific blood component targeted is collected, and the remaining components are returned to the blood donor. Automated blood component collection allows significantly more of the targeted blood component to be collected during a donation event.

We believe automation improves blood collection safety and efficiency, as well as regulatory compliance. In the U.S., automated collection systems annually collect more than 1.6 million red cell units and approximately 1.8 million platelet units (called single donor platelets). In many countries, blood collection is controlled by a single, usually governmental, organization. However, the United States does not have a single centralized blood collection system.

While the American Red Cross collects about 40% of the nation s blood, the remainder of the U.S. blood supply is procured from more than 100 other blood collection agencies. In addition, blood demand comes from over 4,000 hospitals throughout the United States. This decentralization of blood collection and the significant number of hospitals using blood makes it difficult to predict blood demand, adequately supply the right blood components, and effectively manage the blood supply chain.

Table of Contents

Integrated information technology and blood management systems like the kind offered by Haemonetics are beginning to have an impact on 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.

Haemonetics Automated Blood Collection Systems (reported as blood center product line)

We market the MCS® brand apheresis system which collects specific blood components and returns to the donor the unwanted components.

The MCS system, as an automated platelet collection system, collects one or more therapeutic doses of platelets during a single donation by a volunteer blood donor. As noted above, platelets derived from a non-automated donation of whole blood (also called a manual collection) must be pooled together with platelets from 4-7 other donor s platelets to make a single therapeutically useful dose because platelets are a very small portion of whole blood volume.

Our MCS brand system can also help blood collectors optimize the collection of red cells by automating the blood separation function, eliminating the need for laboratory processing, enabling the collection of two transfusible doses of red cells from a single donor thus minimizing red cell shortages. We call this our two-unit protocol or double red cell collection.

In addition to the two-unit protocol, blood collectors can use the MCS brand system to collect either 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, or they may leukoreduce the two-unit red cell collections. Leukoreduction is the removal of potentially harmful white blood cells from the collected red cells to prevent or mitigate adverse reactions by the patient who receives the product. Leukoreduction has been adopted in many countries worldwide and an estimated 80% of all red cells in the U.S. are now leukoreduced.

Another Haemonetics system that is helping manage the supply of red cells is the ACP® 215 automated cell processing system, which allows blood collectors and hospitals to freeze and thaw red cells in order to maintain a frozen blood reserve. Red cells can be stored in a refrigerator for up to 42 days and can be stored frozen for up to 10 years. Blood reserves are often maintained to enable a hospital to respond adequately to large-scale emergencies where many people contemporaneously require blood transfusions or to treat patients who require transfusions of very rare blood types. Our blood processing systems can also remove plasma from red cells for patients who need specially treated blood.

Better balancing of demand with supply will also mitigate shortages. Our information technology platforms span blood center operations and automate and track operations from the recruitment of the blood donor to the disposition of the blood product. The eDonor™ platform is a web based product that manages donor recruitment and retention. The Hemasphere® platform supports our customers key partners organizations running blood drives to manage the mobile blood drive process. Our Donor Doc software automates the interview and assessment process prior to a person donating. The eLynx® software optimizes the workflow processes in the donor center. SafeTrace® and the new El Dorado Donor® products are donation and blood unit management systems. The Surround™ software supports laboratory testing management. We also offer products developed for the European market: Sapanet™, a software suite designed for workflow management and quality control in blood centers and laboratories; and Edgeblood™ and EdgeTrack, integrated software applications that manage activities of a transfusion center from blood donations to traceability of patient transfusions. Combined, these platforms help blood collectors to improve safety, regulatory compliance, and efficiency and to manage processes across the blood supply chain.

Haemonetics offers consulting services that leverage our experience in blood banking, lean manufacturing, and Six Sigma to recommend new approaches to business process excellence. Our internal use of business practice improvement tools spawned requests from our U.S. customer base to seek our training of their selected staff with the intent to develop expertise in problem solving and solution creation skills. Our consulting services address donor recruitment, operations, blood collection, quality control, and more.

Table of Contents

HOSPITAL CATEGORY OF PRODUCTS AND SOLUTIONS

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. Prior to the introduction of our technology, patients were exclusively transfused with blood from volunteer donors. Donor blood (also referred to as allogeneic blood) carries various potential risks including (1) risk of transfusion with the wrong blood type (the most common cause of transfusion-related death), (2) risk of transfusion reactions including death, but more commonly chills, fevers or other side effects that can prolong a patient s recovery, and (3) risk of transfusion of blood with a blood-borne disease or infectious agent.

As a result of numerous blood safety initiatives, today s blood transfusions are extremely safe, especially in developed and resourced health care systems. However, transfusions are not risk free. Surgical blood salvage (also known as autotransfusion) 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. In surgical blood salvage, blood is suctioned from a wound site, processed and washed through a centrifuge-based system which yields concentrated red cells available for transfusion back to the patient. This process occurs in a sterile, closed-circuit, single-use consumable set which is fitted into an electromechanical device. We market our surgical blood salvage products to hospital-based medical specialists, primarily cardiovascular, orthopedic, and trauma surgeons, or to surgical suite service providers.

Information technology has become increasingly important in hospital management as administrators strive to provide the best patient care at optimal costs. Despite this trend, there are limited platforms which help hospitals assess and improve blood management practices, track blood within their own hospital systems, or manage the costs of blood. Likewise, there are limited platforms to help hospitals predict demand for their blood suppliers, the blood collection agencies, and link the blood supply chain from donor to patient. As regulations continue to increase and as hospitals struggle with increasing costs, we believe information technology for blood supply chain management will play an important role in hospital administration.

Haemonetics Hospital Solutions

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 consulting services, products, and integrated technology platforms help hospitals optimize performance on blood acquisition, storage, and distribution.

Our TEG® Thromobelastograph Hemostasis Analyzer is a blood diagnostic instrument which 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, if a transfusion is likely, whether to use donated blood or surgical blood salvage. Such planning supports the best possible clinical outcome, which can lead to lower hospital costs through reduced adverse transfusion reactions, shorter intensive care unit and hospital stays, and exploratory surgeries. The TEG system is comprised of an electromechanical device, single use containers and reagents.

Clinicians may decide to use surgical blood salvage as an alternative to transfusion of donor blood. Our surgical blood salvage systems allow for the recovery, segregation and washing of red cells from blood lost by a patient during or after surgery. These red cells are then available to transfuse back to the patient if needed. The Cell Saver® brand

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. The newer cardioPAT® brand system is a surgical blood salvage system targeted to open heart surgeries when there is less blood loss at surgery, but where the blood loss continues post-surgery. The system is designed to remain with the patient following surgery, to recover blood and produce a washed red cell product for autotransfusion. We have introduced the Quick-Connect feature for the cardioPAT system, which permits customers to utilize the processing set selectively, depending on the patient s need.

Table of Contents

The OrthoPAT® surgical blood salvage system is targeted to procedures, such as orthopedic, that involve slower, lower volume blood loss that often occurs well after surgery. The system is designed to operate both during and after surgery to recover and wash the patient s red cells to prepare them for reinfusion. We have introduced the Quick-Connect feature for the OrthoPAT system, which permits customers to utilize the processing set selectively, depending on the patient s need.

Also included in our hospital product line is the SmartSuction® product. This product is an advanced suction system for removal of blood and debris from the surgical field. The system is used in conjunction with surgical blood salvage.

Our software products help hospitals track and safely deliver stored blood products. SafeTrace TX, a software product which manages blood product inventory, performs patient cross-matching and manages transfusion. In addition, our BloodTrack® suite of solutions manages control of blood products from the hospital blood center through to the transfusion to the patient. Smart refrigerators located in operating suites, emergency rooms, and other parts of the hospital dispense blood units with just-in-time control and automated tracking for efficient documentation. With our more robust 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, donor recruitment, business design, 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 performance.

Software Solutions

Enhancing the power of our products are the integrated software solutions that track and monitor blood units along all points in the supply chain, , including blood drive and donor management, 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 solutions is 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 systems. These systems provide the backbone of Haemonetics overall commitment to improving blood management systems nationally and globally.

Through our services group, we offer business consulting solutions to support process excellence, donor recruitment, business design, and blood management efforts. We also provide blood management assessment tools to hospitals.

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 devices to predict blood demand, manage blood inventory, and 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 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 to ensure best patient care.

Each of our products, platforms, and services can be marketed individually. However, as our blood management solutions vision is to offer integrated closed loop solutions for blood supply chain management, our software

solutions that is, information technology platforms and consulting services can be integrated with the devices and sold through our plasma, blood center, and hospital sales forces.

Table of Contents

Our integrated product portfolios are as follows:

	Plasma Products	Blood Center Products	Hospital Products
Information Management	eQue™ Automated donor interview system and database eLynx® Donor workflow optimization software DMS Blood component collection donor management CaPS Secure plasma donor payment systems Business dashboards	Donor Doc™ Automated donor interview system and database eDonor® Blood donor scheduling software and services Hemasphere® Blood center process management software SafeTrace® Blood donor information management system eLynx platform Sapanet™ Laboratory quality management system IMPACT™ Business consulting, advisory services Edgeblood™ Transfusion traceability management system Surround™ Intelligent laboratory management software El Dorado Donor® Blood collection center management software	SafeTrace TX® Transfusion management system and software BloodTrack Manager™ Repository for blood unit movement records BloodTrack® Enquiry BloodTrack® Advisor IMPACT™ Online Edgecell™ Tissue, organ and cell bank management system Edgelab™ Laboratory management system for hospitals
Devices/consumables	PCS® Portable plasma collection and processing system Express™ Plasma collection software enhancement SEBRA® shakers SEBRA® sealers	MCS® Mobile collection system Cymbal® Automated blood collection system ACP® Automated cell processing system SEBRA shakers SEBRA sealers	Cell Saver® Autologous blood recovery system OrthoPAT® Peri-and post-operative blood salvage system cardioPAT® Blood salvage for cardiovascular surgeries SmartSuction® Surgical suite blood loss management system TEG® Computerized blood testing and analyzing device BloodTrack® Blood and

			transfusion management software
Consulting Services	Six Sigma Lean manufacturing Business solutions	Six Sigma Lean manufacturing Donor recruitment Automation Nation℠ Consulting services for blood collectors Collection optimization software validation	Six Sigma Lean manufacturing Blood use optimization software validation

(ii) Revenue Detail

We discuss our revenues using the following categories:

Disposables (also referred to as consumables, these revenues include the sale of single-use collection sets for blood component collection and processing and surgical blood salvage, plus the fees for the use of our equipment);

Table of Contents

Software solutions (software sales and consulting services), including Haemonetics software solutions business; and

Equipment & other (includes the sale of devices, repairs performed under preventive maintenance contracts or emergency service visits, spare parts sales, and various service and training programs).

During fiscal year 2011, net revenues increased 4.8% over fiscal year 2010. Excluding the effect of the extra week in fiscal year 2010, net revenues for fiscal year 2011 increased 6.7%.

Sales of disposable products accounted for approximately 81.5% of net revenues in fiscal year 2011 and 86.0% of net revenues in fiscal year 2010. Sales of our disposable products were 0.6% lower in fiscal year 2011 than in fiscal year 2010, which were 8.4% higher than in fiscal 2009. Without the effects of foreign exchange, which increased 0.1% and 2.4% during fiscal year 2011 and 2010, respectively, disposable net revenues decreased 0.7% and increased 6.0% during fiscal year 2011 and 2010, respectively. The decrease in fiscal year 2011 is due to reduced collections resulting from slowed growth in plasma, as well as a reduced demand for automated red cell collection and surgical disposable products driven by both competitive pressures and market conditions resulting in fewer surgeries. This decrease was offset by continued strong sales in our emerging markets for platelets and increased revenue resulting from new adoption and continued penetration of our diagnostic product line. These increases to disposable net revenue were primary drivers for the increase during 2010.

Software solutions accounted for approximately 9.9% and 5.6% of net revenues in fiscal year 2011 and 2010, respectively. The software solutions increase during fiscal year 2011 was driven primarily by software services revenues associated with the acquisition of Global Med, which occurred on March 31, 2010.

Sales of equipment & other accounted for approximately 8.6% of net revenues in fiscal year 2011 and approximately 8.4% of net revenues in fiscal year 2010. The increase in equipment revenue during fiscal year 2011 was driven by acquisition related growth from the SEBRA products, which we acquired in September 2009, and growth in our emerging markets. Irrespective of the increases noted, equipment sales continue to be adversely impacted by restricted hospital capital spending and macro economic trends impacting health care funding across most of our markets.

(iii) 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.

In fiscal year 2011, for the eleventh consecutive year, we received the Omega NorthFace ScoreBoard Award for exemplary service to customers. This award is presented to the highest-ranked organizations based on customer ratings of performance against customer expectations in areas such as phone support, on-site operations, technical services, and training.

(iv) United States

In fiscal year 2011 and 2010, approximately 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.

(v) Outside the United States

In fiscal year 2011 and 2010, approximately 53.1% and 52.9%, respectively, of consolidated net revenues were generated through sales to non-U.S. customers. Our direct sales force in Europe and Asia includes full-time sales representatives and clinical specialists based in the United Kingdom, Germany, France, Sweden, the Netherlands, Italy, Austria, Hong Kong, Canada, Japan, Switzerland, Czech Republic, China, Taiwan, and Belgium. We also use various distributors to market our products in Russia, South America, the Middle East,

Table of Contents

Africa, and the Far East. Additionally, we have established offices with marketing personnel who work with our distributors in Russia, Lebanon, India and Brazil.

(vi) Research, Development and Engineering

Our research, development and engineering (RD&E) centers in the United States and Switzerland ensure that protocol variations are incorporated to closely match local customer requirements. Resulting from the integration of our Global Med Technologies, Inc. acquisition, our Haemonetics Software Solutions operates at El Dorado Hills, California, USA, Global Med s headquarters, and Limonest, France. In addition, our Haemonetics Software Solutions also maintains development operations in Edmonton, Alberta, Canada.

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 RD&E were $32.7 million for fiscal year 2011 (4.8% of net revenues) and $26.4 million for fiscal year 2010 (4.1% of net revenues). With the exception of the capitalization of software development costs (see Note 17), all RD&E costs are expensed as incurred. We expect to continue to invest resources in RD&E.

In fiscal year 2011, RD&E resources were allocated to supporting a next generation surgical blood salvage device, an automated whole blood collection system, and several other projects to enhance our current product portfolio. We also continued to invest in research into nanotechnology applications in the blood typing and screening field.

(vii) Manufacturing

Our principal manufacturing operations (equipment, disposables, and solutions) are located in Braintree, Massachusetts; Leetsdale, Pennsylvania; Union, South Carolina; Bothwell, Scotland; Niles, Illinois; Signy, Switzerland; and Draper, Utah.

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

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

Some component sets manufacturing is performed by outside contractors according to our specifications. We maintain important relationships with two Japanese manufacturers that produce finished consumables in Singapore, Japan, and Thailand. Certain parts and components are purchased from various single sources. If necessary, we believe that, in most cases, alternative sources of supply could be identified and developed 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,

Table of Contents

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.

(viii) 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.

(ix) Competition

We created most of our technologies and have established a record of innovation and market leadership in each of the areas in which we compete. Although we compete directly with others, 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. Other factors are outside of our control, including regulatory standards, medical standards and the practice of medicine.

In the automated plasma collection market, we principally compete with Fenwal, Inc. on the basis of quality, ease of use, services and technical features of systems, and on the long-term cost-effectiveness of equipment and disposables. Fenwal, Inc. is an independent company founded in March 2007 when Texas Pacific Group and Maverick Capital acquired the Transfusion Therapies division of Baxter Healthcare Group. 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, including Russia, Cuba, and Iran.

In March, 2011, Terumo Medical Corporation, a local competitor company in the Japanese automated plasma and platelet collection markets, announced it would acquire Caridian BCT (formerly Gambro BCT). Caridian 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.

Table of Contents

In the automated red cell collection market, we also compete against Caridian BCT and Fenwal. 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 today by these three companies combined. So, we more often compete with traditional manual methods of deriving red cells by collecting and separating whole blood. We compete on the basis of total cost, 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.

Within our hospital business, in the diagnostics market, the TEG Thrombelastograph Hemostasis Analyzer is used primarily in the surgical arena. One direct competitor, Rotem, is a competitor for us in Europe and in the United States. In fiscal year 2011, Rotem received 510(k) clearance for its device and selected reagents in the U.S. Other competitive technologies include standard coagulation tests that measure various aspects of hemostasis.

In the high blood loss surgical blood salvage market, competition is based on reliability, ease of use, service, support, and price. Each manufacturer s technology is similar, and our Cell Saver competes principally with Medtronic, Fresenius, and Sorin Biomedica. Our cardioPAT system is the only washed surgical blood salvage device designed to recover red cells for transfusion where blood loss continues post operatively in heart surgery.

In the orthopedic surgical blood salvage market, we compete against non-automated processing systems whose end product is an unwashed red blood cell unit for transfusion to the patient. The OrthoPAT system is the only system that washes the blood and operates perioperatively. It is designed specifically for use in orthopedic surgeries where a patient often bleeds more slowly, bleeds less, and continues to bleed long after surgery.

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.

(x) Seasonality

Net revenues have historically been higher in the second half of our fiscal year, reflecting principally the seasonal buying patterns of our customers. This has proven true in our last five fiscal years.

(xi) Significant Customers

The Japan Red Cross Society (JRC) represented 14.2% and 14.3% of our net revenues in fiscal year 2011 and 2010, respectively.

(xii) 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

Table of Contents

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 involves 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) approvals because the FDA review process is more complicated.

The FDA s Quality System regulations set forth standards for our product design and manufacturing processes, require the maintenance of certain records and provide for inspections of our facilities. There are also certain requirements of state, local and foreign governments that must be complied with in the manufacturing and marketing of our products. We maintain customer complaint files, record all lot numbers of disposable products, and conduct periodic audits to assure compliance with FDA regulations. We place special emphasis on customer training and advise all customers that device operation should be undertaken only by qualified personnel.

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

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

We have complied with these regulations and have obtained such registrations. 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.

(xiii) 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.

(xiv) Employees

As of April 2, 2011, we employed the full-time equivalent of 2,201 persons assigned to the following functional areas: manufacturing, 861; sales and marketing, 452; general and administrative, 372; research,

Table of Contents

development, and engineering, 246; and quality control and field service, 270. We consider our employee relations to be satisfactory.

(xv) 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://www.haemonetics.com/site/content/investor/corp_gov.asp**. 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.

(D) 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 accounted for 14.2% of net revenues in fiscal year 2011. 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 id forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, the impact of industry consolidation, foreign currency exchange rates, changes in customers ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and such other risks described under Item 1A. Risk Factors included in this report. The foregoing list should not be construed as exhaustive.

Item 1A. ***Risk Factors***

Set forth below are the risks that we believe are material to our investors. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 14 and 47.

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

Table of Contents

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. We may not be able to successfully integrate an acquired business into our existing business, make such businesses profitable, or realize anticipated market growth or cost savings. The economic environment may constrain our ability to access the capital needed for acquisitions and other capital investments.

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 Japan Red Cross Society (JRC) is a significant customer that represented 14.2% of our revenues in fiscal year 2011. Because of the size of this relationship we could experience a significant reduction in revenue if the JRC decided to significantly reduce its purchases from us for any reason including a desire to rebalance its purchases between vendors, or if we are unable to obtain and maintain necessary regulatory approvals in Japan. We also have a concentration of credit risk due to our outstanding accounts receivable balances with the JRC.

Additionally, certain other markets and industries can expose us to concentration risk. For example, in our commercial plasma business, customers are relatively large in size. Because of the size of the relationship, we could experience a significant reduction in revenue if one or more customers did not renew their contracts.

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

Table of Contents

markets. In fiscal year 2011, our international revenues accounted for 53.1% of our total revenues. The exposure to fluctuations in currency exchange rates takes different forms. Reported revenues for sales, as well as manufacturing and operational costs, denominated in foreign currencies by our international businesses, when translated into U.S. dollars for financial reporting purposes, fluctuate due to exchange rate movement. Fluctuations in exchange rates could adversely affect our profitability in U.S. dollars of products and services sold by us into international markets, where payment for our products and services and related manufacturing and operational costs is made in local currencies.

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

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

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.

Table of Contents

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. 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.

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 $570,025.

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 $346,994 for this facility. The Company is also leasing a temporary facility of 28,309 square feet in Leetsdale, Pennsylvania to accommodate expanded distribution until we can manufacture in our new facility in Draper, Utah.

The Company leases 99,931 square feet in Draper, Utah. This facility is used for the manufacturing of SEBRA whole blood equipment and the distribution of both SEBRA and plasma disposable products. Beginning in fiscal year 2012, this facility will also manufacture plasma disposables identical to the production in Leetsdale, PA. Annual lease expense is $471,594.

The Company owns a facility in Bothwell, Scotland used to manufacture disposable components for European customers. The original facility is approximately 22,200 square feet. An addition of 18,000 square feet was added in early fiscal year 2006. This expansion provided additional office space and 13,500 square feet of warehouse replacing space previously leased for this purpose.

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 $765,420.

The Company leases 6,214 square feet of space in Tokyo, Japan for sales, marketing, finance and other administrative offices. Annual lease expense is $820,932.

Table of Contents

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 also leases a 55,000 square foot facility in Stoughton, Massachusetts. This facility is used for warehousing and distribution of products. The annual lease expense is $261,250.

Haemonetics Software Solutions, which develops and markets software for the hospital, blood center, and plasma businesses, retains three leases. The first is 25,856 square feet of office space in Edmonton, Alberta, Canada. Annual lease expense is $317,169. The second is 17,624 square feet of office space in Rosemont, Illinois. Annual lease expense is $436,241. This facility was closed in December 2010. The third is 15,000 square feet of office space in El Dorado Hills, California. Annual lease expense is $204,000.

The Company also leases 22,346 square feet of space in Plaisir, France, to warehouse our products. The annual lease expense for this space is $247,514.

Arryx Inc., which performs research for the Company, leases 10,830 square feet of office and laboratory space in Chicago, Illinois. Annual lease expense is $207,122.

Haemoscope Corporation, which performs research and manufacturing for the Company, leases 16,478 square feet of office and manufacturing space in Niles, Illinois. Annual lease expense is $138,059.

The Company also leases sales, marketing, service, and distribution facilities in Japan, Europe (Austria, Belgium, Czech Republic, France, Germany, Italy, Sweden, Switzerland, the Netherlands, and United Kingdom), Lebanon, Russia, China, Hong Kong, Taiwan, and Brazil to support our international business.

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.

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. 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.

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.

We believe our competitor Fenwal has produced, and continues to produce, a red cell consumable kit which infringes a Haemonetics patent. For the past five years, we have been pursuing a patent infringement lawsuit against Fenwal,

the details of which are summarized below. After the Court of Appeals for the Federal Circuit reversed the trial court s decision on claims construction, vacating the injunction and damages previously awarded to Haemonetics, the case was remanded to the trial court for further proceedings.

In December 2005 we filed a lawsuit against Baxter Healthcare SA and Fenwal Inc. in Massachusetts federal district court, seeking an injunction and damages from Baxter s infringement of a Haemonetics patent, through the sale of Baxter s ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems. In March 2007, Baxter sold the division which marketed the ALYX product to private investors, TPG, and Maverick Capital, Ltd. The new company which resulted from the sale was renamed Fenwal.

Table of Contents

In January 2009, a jury found that the Fenwal ALYX system infringed Haemonetics patent. Ultimately, the trial court awarded us a total of $18 million in damages and ordered Fenwal to stop selling the ALYX consumable by December 1, 2010 and pay Haemonetics a 10% royalty on ALYX consumable net sales from January 30, 2009 until December 1, 2010.

Fenwal took three actions in response to this judgment. First, Fenwal appealed these rulings to the United States Court of Appeals for the Federal Circuit. Second, Fenwal modified the ALYX disposable in an effort to avoid the injunction. Third, Fenwal asked the Patent and Trademark Office to re-examine the validity of our patent.

On June 2, 2010, the Court of Appeals reversed the trial court s claim construction and accordingly, vacated the original jury verdict finding infringement, and remanded the case to the trial court for further proceedings. We continue to believe the ALYX consumable kit infringes our patent even under the Court of Appeals claim construction.

In response to Fenwal s modification of their disposable, we filed a second related patent infringement action in December 2009 in the same Massachusetts federal trial court as the first case described above.

On May 28, 2010 the Patent and Trademark Office reexamined the patent which is the subject of the two cases described above, and determined that the patent is valid, contrary to Fenwal s assertions.

On September 20, 2010, Haemonetics filed a patent infringement action in Germany, against Fenwal and its German subsidiary, for Fenwal s infringement of a Haemonetics patent related to the Haemonetics patent described above. On December 1, 2010, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action.

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 supplied under a tender from a public hospital. In parallel proceedings concluded contemporaneously in Genoa, Italy, the same parties were entirely exonerated of all charges. Both matters involved several other individuals and companies and arose in 2004 and 2005, respectively. When the matters first arose, our Board of Directors commissioned independent legal counsel to conduct investigations on its behalf. Based upon its evaluation of counsel s report, the Board concluded that no disciplinary action was warranted in either case. All Haemonetics parties appealed the guilty verdicts. On March 3, 2010 the first-level appeals court affirmed these verdicts. We are evaluating this decision and considering our options for further appeal. The Milan ruling, and its affirmation, has not impacted the Company s business in Italy to date. A third proceeding was referred by the Milan court for hearing in Bergamo, Italy. There have been evidentiary hearings, but no material developments in that case.

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 52) joined our Company in 2003 as President, Donor Division. Mr. Allen was appointed Chief Marketing Officer for Haemonetics in 2008. 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.

PHILLIP J. BRANCAZIO (age 58) joined our Company in July 2009 as Vice President, Global Manufacturing. Prior to Haemonetics, Mr. Brancazio was Vice President of Manufacturing for Watson Pharmaceuticals, a generic drug manufacturer from 2004 2009. From 1999 to 2003 he worked with DPT

Table of Contents

Laboratories, a contract manufacturing company, servicing the pharmaceutical industry, as Vice President of Manufacturing. Mr. Brancazio worked for Bristol Myers Squibb from 1976 to 1999. He held positions of increasing responsibility in Quality, Production, and Supply Chain, and Vice President of Manufacturing. Mr. Brancazio has a BS in Microbiology with a Minor in Chemistry from Texas A&M University, and an MBA from University of North Carolina, Greensboro.

BRIAN CONCANNON (age 53) 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 58) 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.

SUSAN HANLON (age 43) 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.

MICHAEL KELLY (age 47) joined Haemonetics in July of 2010 as President, North America & Global Plasma. 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 53) joined our Company in January of 2007 as Vice President and Chief Financial Officer. In 2007, Mr. Lindop also assumed responsibility for business development. Mr. Lindop is also responsible for our Software Solutions business. 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 42) 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 51) 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

Table of Contents

of Surgery in England. He completed his qualifications as a neurosurgeon and worked in both clinical and academic medical settings. In addition, he holds a Masters degree in Computer Science from Cambridge in England, and a Masters degree in Business Administration from INSEAD in France.

PART II

Item 5. ***Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended 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
Fiscal year ended April 3, 2010:				
Market price of Common Stock:				
High	$ 58.92	$ 60.23	$ 57.60	$ 59.57
Low	$ 46.89	$ 52.01	$ 51.40	$ 52.40

There were approximately 308 holders of record of the Company s common stock as of April 30, 2011. 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.

Table of Contents

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 3/31/2006 and its relative performance is tracked through 3/31/2011.

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

* $100 invested on 3/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ended March 31.

	3/06	3/07	3/08	3/09	3/10	3/11
Haemonetics Corporation	**100.00**	**92.08**	**117.35**	**108.49**	**112.57**	**129.09**
S&P 500	**100.00**	**111.83**	**106.15**	**65.72**	**98.43**	**113.83**
S&P Health Care Equipment	**100.00**	**108.60**	**112.38**	**77.24**	**107.82**	**109.40**

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

Table of Contents

Item 6. ***Selected Consolidated Financial Data***

Haemonetics Corporation and Subsidiaries Five-Year Review

	2011	2010	2009	2008	2007
	(In thousands, except per share and employee data)				
Summary of Operations					
Net revenues	$ 676,694	$ 645,430	$ 597,879	$ 516,440	$ 449,607
Cost of goods sold	321,485	307,949	289,709	258,715	222,307
Gross profit	355,209	337,481	308,170	257,725	227,300
Operating expenses:					
Research, development and engineering	32,656	26,376	23,859	24,322	23,884
Selling, general and administrative	213,899	214,483	198,744	163,116	137,073
Contingent consideration income	(1,894)	(2,345)			
Asset impairments		15,686			
Cost to equity					225
In process research and development					9,073
Arbitration & settlement income					(5,700)
Total operating expenses	244,661	254,200	222,603	187,438	164,555
Operating income	110,548	83,281	85,567	70,287	62,745
Other income (expense), net	(467)	(2,010)	(565)	7,015	9,591
Income before provision for income taxes	110,081	81,271	85,002	77,302	72,336
Provision for income taxes	30,101	22,901	25,698	25,322	23,227
Net income	$ 79,980	$ 58,370	$ 59,304	$ 51,980	$ 49,109
Income per share:					
Basic	$ 3.19	$ 2.29	$ 2.34	$ 2.01	$ 1.84
Diluted	$ 3.12	$ 2.24	$ 2.27	$ 1.94	$ 1.78
Weighted average number of shares	25,077	25,451	25,389	25,824	26,746
Common stock equivalents	519	612	784	922	903
Weighted average number of common and common equivalent shares	25,596	26,063	26,173	26,746	27,649

	2011	2010	2009	2008	2007
Financial and Statistical Data:					
Working capital	$ 340,160	$ 250,888	$ 289,530	$ 261,757	$ 321,654
Current ratio	4.1	2.9	4.1	3.7	4.9
Property, plant and equipment, net	$ 155,528	$ 154,313	$ 137,807	$ 116,484	$ 90,775
Capital expenditures	$ 46,669	$ 56,304	$ 56,379	$ 57,790	$ 40,438

Depreciation and amortization	$ 48,145	$ 43,236	$ 36,462	$ 31,197	$ 27,504
Total assets	$ 833,264	$ 760,928	$ 649,693	$ 608,950	$ 572,735
Total debt	$ 4,879	$ 20,520	$ 6,038	$ 12,363	$ 28,876
Stockholders equity	$ 686,136	$ 593,124	$ 539,884	$ 494,188	$ 479,648
Return on average equity	12.5%	10.3%	11.5%	10.5%	10.7%
Debt as a % of stockholders equity	0.7%	3.5%	1.1%	2.5%	6.0%
Employees(a)	2,201	2,327	2,016	1,875	1,826
Net revenues per employee	$ 307	$ 277	$ 297	$ 275	$ 246

(a) Reflects the addition of Global Med employees at the end of fiscal year 2011 and 2010.

Table of Contents

Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations*

(A) Our Business

Our medical device systems automate the collection and processing of donated blood; assess likelihood for blood loss; and salvage and process blood from surgery patients. 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.

We also market information technology platforms that are used by blood and plasma collectors to eliminate previously manual functions. These platforms improve the safety and efficiency of blood collection logistics, mobile drive management and donor recruitment, and blood processing and distribution. We market information technology platforms for hospitals to dispense and track blood inventory in the hospital. These platforms improve the efficiency of hospital transfusion systems and automate manual processes. We also market a blood management dashboard that allows hospital customers to mine their own data stored in disparate systems to assess their blood management practices, and implement change quickly.

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 disposable revenue stream, which includes the sales of disposables and fees for the use of our equipment, accounted for approximately 81.5% of our net revenues for fiscal year 2011, 86.0% of our net revenues for fiscal year 2010, and 85.7% of our net revenues for fiscal year 2009.

(B) Product Categories

Although we manage our business as one operating segment, we address our customer constituents through four global product categories: plasma, blood center, hospital, and software solutions. Each of our products, platforms, and services can be marketed individually. However, as our blood management solutions vision is to offer integrated closed loop solutions for blood supply chain management, our software solutions that is, information technology platforms and consulting services can be integrated with the devices and sold through our plasma, blood center, and

hospital sales forces. Our integrated product portfolios are as follows:

Plasma Products and Solutions

Our plasma products include systems to collect plasma, which is then fractionated and made into bio-pharmaceuticals. Our plasma solutions include information technology platforms and consulting services that support improved operational efficiency and regulatory compliance. We market our plasma products primarily to for-profit global plasma collectors which are frequently owned by large bio-pharmaceutical companies and often pay a fee for donations. In addition, not for profit organizations like the Japan Red Cross utilize our products.

Table of Contents

Plasma Systems:

Our PCS brand systems automate the collection of plasma from donors who are most often paid a fee for their donation. The collected plasma is then processed into therapeutic pharmaceuticals. Automated plasma collection, or plasmapheresis, is a safe and cost-effective procedure.

Plasma Solutions:

Plasma was the first transfusion market we entered with information technology platforms. As a result, we have a robust portfolio of information technology platforms for plasma customers. Our plasma information technology platforms span the plasma supply chain and include products that manage registration, donor processing, laboratory processing, back office functions, supply chain management, and distribution. Our products include: eQue Automated Interview and Assessment, eLynx Workflow Optimization, DMS Donor Management System, and the CaPS Cash Payment System. With our information technology platforms, plasma collectors are better able to manage processes across the plasma supply chain, react quickly to business dynamics, and identify increased opportunities to reduce costs. For consulting services, we offer customers business solutions to support process excellence, donor recruitment, and business design.

Blood Cemter Products and Solutions

Our blood center products include systems to collect plasma, platelets and red cells from blood donors. These blood components, including the plasma, are used for transfusion to patients. Our blood center solutions include information technology platforms and consulting services that support improved operational efficiency and regulatory compliance. We market our blood center products primarily to not-for-profit blood collectors or national health agencies.

Blood Center Systems:

We market two MCS brand systems. The first MCS brand system automates the collection of platelets and other blood components from volunteer donors. The systems enable the donation of a larger number of the donor s platelets, which are then generally transfused to cancer patients and others with bleeding disorders. Before the advent of our automated platelet collection technology, the pooling or combination of platelets from 4 to 7 different donors was the only way to prepare a single therapeutic dose of platelets for transfusion to a patient. Our MCS line of products allows the collection of a sufficient number of platelets from only one donor to produce one or two therapeutic doses.

We market another MCS brand system to automate the collection of red cells from volunteer donors. These systems improve the blood collector s operational efficiency by increasing the number of blood components collected per donation event. Automation allows for a significantly higher number of red cells to be collected than the traditional (non-automated, whole blood) collection method. Automation helps blood collectors address red cell shortages that commonly plague health care systems. The highest sales volume product in the MCS red cell product line is our double red cell collection technology which allows for two units of red cells to be collected from one donor. Specialty protocols enabling the simultaneous collection of a unit of red cells and a unit of plasma or a unit of red cells and a unit of platelets are also available in various parts of the world.

Our ACP brand systems automate the process used to freeze, thaw and wash red blood cells which enables blood collectors and the military to store frozen red cells and ultimately better manage blood inventories. The ACP systems can also be used to wash liquid stored red blood cells units to significantly reduce plasma proteins within these units before transfusion to patients with special transfusion requirements.

Blood Center Solutions:

Through internal product development and acquisition, we have significantly bolstered our blood center information technology offerings over the past three years. Our platforms now span the blood collection supply chain and include products that manage blood drives, donor recruitment and processing, operations, and

Table of Contents

laboratory processing. Our products include: eQue and Donor Doc Automated Interview and Assessment, Hemasphere, El Dorado Donor, eLynx Workflow Optimization, SafeTrace, Sapanet, Surround, Edgeblood and EdgeTrack. With our information technology platforms, blood collectors are better able to manage processes across the blood supply chain and improve safety, regulatory compliance and efficiency. For consulting services, we offer customers business solutions to support process excellence, quality control, and business design, including resource allocation and utilization.

Hospital Products and Solutions

Our hospital products include a surgical diagnostic system that measures hemostasis (clotting ability), giving clinicians valuable information to assess the patient s hemostasis before, during, and after surgery, and systems to collect blood during and after surgery, wash and filter unwanted substances from the blood, and prepare the blood for reinfusion to the surgical patient. Our hospital products also include a system for tracking and dispensing blood in the hospital. Our hospital solutions include IMPACT Online, an information technology platform to track blood use and best practices in blood management, as well as consulting services that assess blood management practices and recommend appropriate changes to ensure quality patient care at optimal costs. We market these hospital products to hospitals and hospital service providers.

Hospital Systems:

Our TEG Thrombelastograph Hemostasis Analyzer is a blood diagnostic instrument which measures a patient s hemostasis or the ability for the specific patient to form a clot and for the clot to break down. 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, if a transfusion is necessary, to provide only the blood component(s) necessary to stop the patient s bleeding. Such planning supports the best possible clinical outcome, which can lead to lower hospital costs through reduced adverse transfusion reactions, use of fewer blood components, shorter intensive care unit and hospital stays, and fewer needs for exploratory surgery.

Our surgical blood salvage systems allow for the recovery, separation and washing of red cells from blood lost by a patient during or after surgery, so that red cells can be made available to transfuse back to the patient if needed. In this way, a surgical patient can receive transfusions of the safest blood possible, his or her own. Our surgical blood salvage systems include: our Cell Saver brand systems for higher blood loss surgeries and trauma; our OrthoPAT brand systems for lower, slower blood loss orthopedic procedures; and our cardioPAT brand system for lower blood loss cardiovascular procedures, like beating heart surgeries, or for use after higher blood cardiovascular surgeries. We also market the SmartSuction system which is used to clear blood and debris from the surgical field in conjunction with surgical blood salvage.

Hospital Solutions:

Through internal development and acquisition, we have a portfolio of hospital solutions. SafeTrace TX and BloodTrack products can manage blood product inventory, perform patient cross-matching, and manage transfusion. IMPACT Online is a business intelligence web-based portal solution which monitors and measures improvements in a hospital s blood management practices. Where before, data was siloed across multiple information platforms, IMPACT Online compiles data from across the hospital, and provides administrators with actionable information. With our products, hospitals are better able to manage processes across the blood supply chain and identify opportunities to reduce costs and enhance processes.

For consulting services, we offer peer to peer clinician consulting services that leverage a proprietary database of best practices in transfusion medicine to provide hospitals with a baseline view of their blood management metrics, as well

as with recommendations for approaches to transfusion therapy and the avoidance of unnecessary transfusions. Our services then measure key improvements associated with recommended best practices to allow hospital customers to track progress.

Table of Contents

Software Solutions

Our software solutions offerings include information technology platforms and consulting services which promote efficiency in blood management. Our software solutions address a universal customer goal to provide the best patient care at optimal cost. We market our software solutions to plasma and blood collectors as well as to hospitals. While we employ a software solutions sales force, we also leverage our plasma, blood center, and hospital sales force to cross-sell devices with software solutions.

Our BloodTrack systems manage control of blood products from the hospital blood center through to the transfusion to the patient. Smart refrigerators located in operating suites, emergency rooms, and other parts of the hospital dispense blood units with just-in-time control and automated tracking for efficient documentation.

Each of our products, platforms, and services can be marketed individually. However, as our blood management solutions vision is to offer integrated closed loop solutions for blood supply chain management, our software solutions that is, information technology platforms and consulting services can be integrated with the devices and sold through our plasma, blood center, and hospital sales forces.

Financial Summary

	April 2, 2011	April 3, 2010	March 28, 2009	% Increase/ (Decrease) 11 vs. 10	% Increase/ (Decrease) 10 vs. 09
	(In thousands, except per share data)				
Net revenues	$ 676,694	$ 645,430	$ 597,879	4.8%	8.0%
Gross profit	$ 355,209	$ 337,481	$ 308,170	5.3%	9.5%
% of net revenues	*52.5%*	*52.3%*	*51.5%*		
Operating expenses	$ 244,661	$ 254,200	$ 222,603	(3.8)%	14.2%
Operating income	$ 110,548	$ 83,281	$ 85,567	32.7%	(2.7)%
% of net revenues	*16.3%*	*12.9%*	*14.3%*		
Interest expense	$ (6)	$ (742)	$ (64)	(99.2)%	1059.4%
Interest income	$ 384	$ 399	$ 1,968	(3.8)%	(79.7)%
Other expense, net	$ (845)	$ (1,667)	$ (2,469)	(49.3)%	(32.5)%
Income before taxes	$ 110,081	$ 81,271	$ 85,002	35.4%	(4.4)%
Provision for income tax	$ 30,101	$ 22,901	$ 25,698	31.4%	(10.9)%
% of pre-tax income	*27.3%*	*28.2%*	*30.2%*		
Net income	$ 79,980	$ 58,370	$ 59,304	37.0%	(1.6)%
% of net revenues	*11.8%*	*9.0%*	*9.9%*		
Earnings per share-diluted	$ 3.12	$ 2.24	$ 2.27	39.3%	(1.3)%

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal years 2011 and 2009 each includes 52 weeks with all four quarters each 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. For fiscal year 2011, net revenues increased 4.8%. Excluding the effect of the extra week in fiscal year 2010, net revenues for fiscal year 2011 increased 6.7%.

Net revenues for fiscal year 2011 increased 4.8% over fiscal year 2010. The effects of foreign exchange accounted for an increase of 0.2% over fiscal year 2010. The increase noted reflects the positive impact of recent 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.

Net revenues for fiscal year 2010 increased 8.0% over fiscal year 2009. The effects of foreign exchange accounted for an increase of 1.9% over fiscal year 2009. The remaining increase of 6.1% is mainly due to increases in our disposables revenue and increased revenues as a result of three acquisitions completed during

Table of Contents

fiscal year 2010. The increase in disposables revenue resulted primarily from disposable unit increases in the plasma, platelet and diagnostic product lines.

Gross profit increased 5.3% during fiscal year 2011. The effects of foreign exchange decreased gross profit by 0.1% over fiscal year 2010. Absent 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 year 2011 as compared to fiscal year 2010. Increased software sales positively impacted gross margin percentage. These increases were partly offset by increased inventory reserves during fiscal year 2011.

During fiscal year 2010, gross profit increased 9.5%. Foreign exchange resulted in a 4.5% increase in gross profit from fiscal year 2009. The remaining increase of 5.0% was due primarily to the net increase in sales and the positive impact of cost reductions including the automation process in our Pittsburgh facility. This increase was partly offset by increased spending on quality initiatives. Our gross profit margin percent improved 80 basis points for fiscal year 2010 as compared to fiscal year 2009. Major factors impacting the gross margin percent improvement of 80 basis points included foreign exchange, manufacturing efficiencies, and fixed cost leverage. These improvements were partly offset by changes in product mix driven by higher sales of lower gross margin plasma products and aforementioned increase in spending on quality initiatives.

Operating expenses decreased 3.8% during fiscal year 2011 over fiscal year 2010. Foreign exchange accounted for a decrease in operating expenses of 0.1% for fiscal year 2011. Without the effects of foreign exchange, operating expenses decreased 3.7% during fiscal year 2011. Fiscal year 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 year 2011 also included a reduction in the expense associated with cash bonus incentive compensation for this fiscal year cost. The decreases were offset by higher operating expenses associated with the Global Med acquisition.

Operating expenses increased 14.2% in fiscal year 2010 from fiscal year 2009. Foreign exchange accounted for an increase of 0.1% for fiscal year 2010. Without the effects of foreign exchange, operating expenses increased 14.1% during fiscal year 2010. The higher operating expenses in the fiscal year 2010 included the asset write downs noted above as well as costs related to the separation of employees in connection with our transformation plan.

During fiscal year 2011, operating income increased 32.7% compared to fiscal year 2010. Foreign exchange resulted in a 0.1% increase in operating income during the fiscal year. Without the effects of foreign currency, operating income increased 32.6% over fiscal year 2010. The growth in revenues 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 year 2010 related to asset write downs, positively impacting operating income growth as no similar costs were incurred in fiscal year 2011.

Operating income decreased 2.7% during fiscal year 2010. The effects of foreign exchange accounted for an increase in operating income of 14.8%. Without the effects of foreign exchange, operating income decreased 17.5% during fiscal year 2010. Several items contributed to the reduction in operating income, including the asset write downs noted above, restructuring costs, costs to consummate the acquisition of Global Med, and increased operating expenses related to new business acquisitions, blood management solutions, research and development, and our enterprise resource planning system. These decreases were partially offset by income resulting from the re-measurement of the fair value of contingent consideration from our Neoteric acquisition, the decrease in employee bonus expense, and the increases in gross profit described above.

Net income increased 37.0% during fiscal year 2011. Without the effects of foreign exchange, which accounted for an increase of 0.7%, net income increased 36.3% for fiscal year 2011. The increases in operating income and lower foreign exchange losses were the principal reasons for the improvement in net income.

Table of Contents

Net income decreased 1.6% during fiscal year 2010. The main factors that affected net income were the decrease in operating income described above and an increase in other expense that resulted due to increased interest expense associated with our contingent purchase price liability and reduced interest income due to a significant reduction in the interest rate yields on cash and cash equivalents.

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:

There has been significant industry consolidation 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.

Newly approved indications and diagnosis of new patients requiring plasma derived therapies increase the demand for plasma.

During fiscal year 2011, the supply and demand balance for plasma in the U.S. and Europe experienced a correction after five consecutive years of double digit growth. The relatively flat growth in collections this fiscal year resulted from plasma supply exceeding the demand for fractionation. While global markets for plasmapheresis have been growing, the market in Japan has declined. The Japan 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 plasma collection growth of approximately 5-7% per year.

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 the United States, 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 fewer elective surgeries and an increase in the number of available donors due to both changes in regulation in our major markets. The reduced demand for red

cells adversely impacted our red cell business. We believe that blood collectors imperative to improve operating efficiency and regulatory compliance, coupled with increased demand for red cells, will provide 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.

Table of Contents

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 a decrease in the number of surgeries performed because patients are undergoing less invasive procedures before moving to surgeries. 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 lower 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 blood lost 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 patient pre-donation or 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 economic conditions.

Our TEG system is a diagnostic tool which allows an assessment of a patient s hemostasis so the surgeon can then decide the best blood-related clinical treatment for the individual patient. TEG product line sales further strengthened in fiscal year 2011. This product s growth is dependent on hospitals adopting this technology as a standard practice in their blood management programs.

RESULTS OF OPERATIONS

Net Revenues by Geography

	April 2, 2011	April 3, 2010	March 28, 2009	% Increase 11 vs. 10	% Increase 10 vs. 09
	(In thousands)				
United States	$ 317,355	$ 303,965	$ 279,029	4.4%	8.9%
International	359,339	341,465	318,850	5.2%	7.1%
Net revenues	**$ 676,694**	**$ 645,430**	**$ 597,879**	**4.8%**	**8.0%**

International Operations and the Impact of Foreign Exchange

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

Our revenues generated outside the U.S. approximated 53.1%, 52.9%, and 53.3% of net revenues during fiscal year 2011, 2010, and 2009, respectively. During fiscal year 2011, 2010, and 2009, revenues in Japan accounted for approximately 16.3%, 17.0%, and 16.3%, respectively, of our total revenues. The natural disasters that occurred in Japan in late-March 2011 did not materially affect our operations for fiscal year 2011 and are not expected to have a material impact to our operations in future periods. Revenues from Europe accounted for approximately 27.6%, 28.0%, and 29.5% of our total revenues for fiscal year 2011, 2010, and 2009, respectively. International sales are generally conducted in local currencies, primarily the Japanese Yen and the Euro. As discussed above, our results of

operations are impacted by changes in the value of the Yen and the Euro relative to the U.S. Dollar.

For fiscal year 2011 as compared to fiscal year 2010, the effects of foreign exchange resulted in a 0.2% increase in sales. For fiscal year 2010 as compared to fiscal year 2009, the effects of foreign exchange accounted for a 1.9% 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.

Table of Contents

Net Revenues by Product Type

	April 2, 2011	April 3, 2010	March 28, 2009	% (Decrease) / Increase 11 vs. 10	% Increase/ (Decrease) 10 vs. 09
		(In thousands)			
Disposables	$ 551,836	$ 555,226	$ 512,230	(0.6)%	8.4%
Software solutions	66,876	35,919	31,605	86.2%	13.6%
Equipment & other	57,982	54,285	54,044	6.8%	0.4%
Net revenues	**$ 676,694**	**$ 645,430**	**$ 597,879**	**4.8%**	**8.0%**

Disposables Revenues by Product Type

	April 2, 2011	April 3, 2010	March 28, 2009	% (Decrease) / Increase 11 vs. 10	% Increase/ (Decrease) 10 vs. 09
		(In thousands)			
Plasma disposables	$ 227,209	$ 232,378	$ 202,165	(2.2)%	14.9%
Blood center disposables					
Platelet	156,251	151,026	143,423	3.5%	5.3%
Red cell	46,828	48,031	49,508	(2.5)%	(3.0)%
	203,079	199,057	192,931	2.0%	3.2%
Hospital disposables					
Surgical	66,503	69,942	67,697	(4.9)%	3.3%
OrthoPAT	35,631	37,079	35,420	(3.9)%	4.7%
Diagnostics	19,414	16,770	14,017	15.8%	19.6%
	121,548	123,791	117,134	(1.8)%	5.7%
Total disposables revenue	**$ 551,836**	**$ 555,226**	**$ 512,230**	**(0.6)%**	**8.4%**

Disposables Revenue

Disposables include the Plasma, Blood center, and Hospital product lines. Disposables revenue decreased 0.6% during fiscal year 2011 and increased 8.4% during fiscal year 2010. Foreign exchange resulted in a 0.1% increase and 0.2% decrease for fiscal years 2011 and 2010, respectively. Without the effect of foreign exchange, disposables revenue decreased 0.7% and increased 8.6% for fiscal year 2011 and 2010, respectively.

Plasma

Plasma disposables revenue decreased 2.2% during fiscal year 2011. Foreign exchange accounted for a decrease of 0.9% over fiscal year 2010. Without the effects of foreign exchange, plasma disposables revenue decreased 1.3% during fiscal year 2011. This decrease was driven by lower apheresis plasma collection volume in Japan as more plasma was sourced by the Japan Red Cross as a byproduct from its whole blood collections, a trend that we expect to continue into the next year. Additionally, one of our significant customers has removed one of its products from the market, which negatively affected our sales in the U.S. and Europe. Finally, our commercial plasma customers have slowed their growth and in some cases reduced collections from last year s levels in the first half of fiscal year 2011 following several years of significant growth.

During fiscal year 2010, plasma disposable revenue increased 14.9%. Foreign exchange resulted in a 2.1% increase over fiscal year 2009. The remaining 12.8% increase was principally due to unit volume increases resulting from both market and share increases as well as price increases. The market increase is due to the demand for plasma derived pharmaceuticals. Demand for source plasma to make collecting pharmaceuticals grew strongly earlier in the year and moderated at the end of fiscal year 2010, a trend which continued in fiscal year 2011.

Table of Contents

Blood Center

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

Platelet

Platelet disposables revenue increased 3.5% during fiscal year 2011. Foreign exchange accounted for 2.0% of this increase. Without the effect of foreign exchange, platelet disposable revenue increased 1.5% during fiscal year 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.

During fiscal year 2010, platelet disposable revenue increased 5.3%. Foreign exchange resulted in a 4.0% increase in platelet disposable revenue over fiscal year 2009. The remaining 1.3% increase was due to growth in emerging markets. These increases were partially offset by decreases due to loss of market share in Europe.

Red Cell

Red cell disposables revenue decreased 2.5% during fiscal year 2011. Foreign exchange accounted for a revenue decrease of 0.5% from fiscal year 2010. The remaining decrease of 2.0% was driven by lower demand for red cells as a result of fewer surgeries, resulting in a reduced demand for automated red cell collection. We believe that blood collectors efforts to improve operating efficiency and regulatory compliance, coupled with an expected return of donor shortages, will provide important growth opportunities for our red cell products in the future.

During fiscal year 2010, red cell disposable revenue decreased 3.0% compared to fiscal year 2009. Foreign exchange accounted for a decrease of 0.3%. Without this effect, disposables revenue decreased 2.7%. Our red cell products are sold primarily to blood collectors, such as blood centers and government agencies. Sales are driven by the total level of red cell collections, the percentage of those collections done with apheresis devices and our market share of those automated collections. During fiscal year 2010, the reduced demand for red cells adversely impacted our red cell business.

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, the cardioPAT brand, and the SmartSuction Harmony products.

Surgical

Surgical disposables revenue consists principally of the Cell Saver and cardioPAT products. Revenues from our surgical disposables decreased 4.9% during fiscal year 2011. Foreign exchange resulted in a decrease of 0.1% in surgical disposables revenue for the fiscal year. Without the effects of foreign currency, the decrease in surgical disposables revenue of 4.8% for the fiscal year was the result of 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.

During fiscal year 2010, revenues from our surgical disposables increased 3.3%. Surgical disposables revenue consists principally of the Cell Saver, cardioPAT, and Smart Suction Harmony products. Foreign exchange resulted in a 2.3%

increase in surgical disposables revenue. Without the effect of currency, surgical disposables revenue increased 1.0%. This growth resulted from continued market share gains in Japan.

OrthoPAT

Revenues from our OrthoPAT disposables decreased 3.9% during fiscal year 2011. Foreign exchange resulted in a decrease in OrthoPAT disposables revenue of 0.2% over fiscal year 2010. Without the effect of

Table of Contents

foreign currency, OrthoPAT disposables revenue decreased by 3.7%. The decline in fiscal year 2011 revenue was driven by a decrease in the frequency of use of the OrthoPAT.

In April 2011, we announced a voluntary recall of our OrthoPAT devices manufactured prior to 2002. We anticipate spending approximately $10 million of incremental capital equipment expenditures during fiscal 2012 to upgrade our OrthoPAT device in response to the recall, as discussed below within the liquidity and capital resources narrative. We do not currently believe reductions in equipment or disposable sales due to this recall will be material to our fiscal 2012 financial performance. In connection with our voluntary recall of our OrthoPAT devices manufactured prior to 2002, we incurred $0.8 million of expense for repair or replacement of customer-owned OrthoPAT devices during fiscal year 2011.

During fiscal year 2010, OrthoPAT disposables revenue increased 4.7% over fiscal year 2009. Foreign exchange resulted in a 0.7% increase in OrthoPAT revenue. Without the effect of currency, OrthoPAT disposables revenue increased 4.0%. Revenue growth accelerated throughout fiscal year 2010, as we worked with more customers using our IMPACT approach, which establishes the value of using the product in a standard of care setting.

Diagnostics

Diagnostics product revenue consists principally of the TEG products. Revenues from our diagnostics products increased 15.8% during fiscal year 2011. Foreign exchange accounted for an increase of 0.1% during fiscal year 2011. Without the effect of foreign currency, diagnostic product revenues increased by 15.7%. The revenue increase is due to new adoption of this product, particularly in the United States.

During fiscal year 2010, diagnostics revenue increased 19.6% over fiscal year 2009. Foreign exchange resulted in a 4.7% increase in diagnostics revenue. Without the effect of currency, diagnostics revenue increased 14.9%. Similar to our OrthoPAT product line, diagnostics revenue growth accelerated throughout fiscal year 2010 as we worked with customers using our IMPACT program to adopt this technology as a key component of their blood management program.

Other Revenues

	April 2, 2011	April 3, 2010	March 28, 2009	% Increase 11 vs. 10	% Increase 10 vs. 09
	(In thousands)				
Software solutions	$ 66,876	$ 35,919	$ 31,605	86.2%	13.6%
Equipment and other	57,982	54,285	54,044	6.8%	0.4%
Net other revenues	**$ 124,858**	**$ 90,204**	**$ 85,649**	**38.4%**	**5.3%**

Software Solutions

Our software solutions revenues 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 on March 31, 2010, 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.

Software solutions revenues increased 86.2% during fiscal year 2011. Foreign exchange resulted in 2.9% of this increase. The remaining increase of 83.3% during fiscal year 2011 was driven primarily by software revenues associated with the acquisition of Global Med on March 31, 2010 and increased sales of our BloodTrack products.

During fiscal year 2010, software solutions revenues increased 13.6% over fiscal year 2009. Foreign exchange had only a minor impact on the results as sales were primarily in U.S. dollars. The acquisition of Altivation and L Attitude Medical Systems (Neoteric) contributed significantly to the software solutions growth in fiscal year 2010.

Table of Contents

Equipment & Other

Our equipment & other revenues include revenue from equipment sales, repairs performed under preventive maintenance contracts or emergency service visits, spare part sales, and various service and training programs.

Equipment & other revenues increased 6.8% during fiscal year 2011. Foreign exchange resulted in a 0.8% decrease during fiscal year 2011. Without the effect of currency exchange, the increase of 7.6% was driven by acquisition related growth from the SEBRA products, which we acquired in September 2009, and growth in our emerging markets. Irrespective of the increases noted, equipment sales continue to be adversely impacted by restricted hospital capital spending and macro economic trends impacting health care funding across most of our markets.

During fiscal year 2010, revenue from equipment and other sales increased 0.4% over fiscal year 2009. Foreign exchange resulted in a 2.6% decrease in equipment revenue. Absent the decrease attributable to foreign exchange, revenues increased 3.0% due to the acquisition of the SEBRA product lines and revenues from a license of the Arryx technology.

Gross Profit

	April 2, 2011	April 3, 2010	March 28, 2009	% Increase 11 vs. 10	% Increase 10 vs. 09
		(In thousands)			
Gross profit	$ 355,209	$ 337,481	$ 308,170	5.3%	9.5%
% of net revenues	52.5%	52.3%	51.5%		

Gross profit increased 5.3% during fiscal year 2011. The effects of foreign exchange decreased gross profit by 0.1% over fiscal year 2010. Absent 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 year 2011 as compared to fiscal year 2010. Increased software sales positively impacted gross margin percentage. These increases were partly offset by increased inventory reserves during fiscal year 2011.

During fiscal year 2010, gross profit increased 9.5%. Foreign exchange resulted in a 4.5% increase in gross profit from fiscal year 2009. The remaining increase of 5.0% was due primarily to the net increase in sales and the positive impact of cost reductions including the automation process in our Pittsburgh facility. This increase was partly offset by increased spending on quality initiatives. Our gross profit margin percent improved 80 basis points for fiscal year 2010 as compared to fiscal year 2009. Major factors impacting the gross margin percent improvement of 80 basis points included foreign exchange, manufacturing efficiencies, and fixed cost leverage. These improvements were partly offset by changes in product mix driven by higher sales of lower gross margin plasma products and aforementioned increase in spending on quality initiatives.

Table of Contents

Operating Expenses

	April 2, 2011	April 3, 2010	March 28, 2009	% Increase 11 vs. 10	% Increase 10 vs. 09
		(In thousands)			
Research, development and engineering	$ 32,656	$ 26,376	$ 23,859	23.8%	10.5%
% of net revenues	*4.8%*	*4.1%*	*4.0%*		
Selling, general and administrative	$ 213,899	$ 214,483	$ 198,744	(0.3)%	7.9%
% of net revenues	*31.6%*	*33.2%*	*33.2%*		
Contingent consideration income	$ (1,894)	$ (2,345)	$	(19.2)%	n.m.
% of net revenues	*−0.3%*	*−0.4%*	*0.0%*		
Asset writedowns	$	$ 15,686	$	(100.0)%	n.m.
% of net revenues	*0.0%*	*2.4%*	*0.0%*		
Total operating expenses	$ 244,661	$ 254,200	$ 222,603	(3.8)%	14.2%
% of net revenues	36.2%	39.4%	37.2%		

Research, Development and Engineering

Research, development and engineering expenses increased 23.8% during fiscal year 2011. Without the increase of 2.3% in foreign exchange effect, the 21.5% increase is primarily related to incremental software development expenditures as a result of our Global Med acquisition on March 31, 2010.

During fiscal year 2010, research, development and engineering expenses increased 10.5%. Foreign exchange resulted in a 1.4% increase in research, development and engineering during the year. Without foreign exchange, the increase of 9.1% was attributable to increased new product spending on our automated whole blood collection device, and a new cell salvage system the Cell Saver Elite(tm).

Selling, General and Administrative

During fiscal year 2011, selling, general and administrative expenses decreased 0.3%. Foreign exchange resulted in an increase of 3.6% in selling, general and administrative expenses. Excluding the impact of foreign exchange, selling, general and administrative expense decreased 3.9% during the fiscal year 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.

During fiscal year 2010, selling, general and administrative expenses increased 7.9%. The effect of foreign exchange accounted for an increase of 0.4%. Excluding the impact of foreign exchange, selling, general and administrative expense increased 7.5% for fiscal year 2010 as compared to fiscal year 2009. The increase was due largely to increased costs related to newly acquired businesses, increased marketing spend behind our blood management solutions initiatives including our IMPACT selling approach and related tools, an increase in restructuring costs, and costs to consummate the acquisition of Global Med. The increase also included exit costs related to the separation of employees in connection with our transformation plan. These increases were offset by reductions in performance based compensation expense as we did not offer a special bonus and our financial performance was at a lower payout point against pre-established performance targets than in fiscal year 2009.

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 Blood Track business for the first three years post acquisition, beginning with fiscal year 2010. During each of fiscal year 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

Table of Contents

$1.9 million and $2.3 million during fiscal year 2011 and 2010, respectively, and recorded the adjustments as contingent consideration income in the consolidated statements of income.

Asset Write Downs

At the end of fiscal year 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.

Operating Income

	April 2, 2011	April 3, 2010	March 28, 2009	% Decrease 11 vs. 10	% Decrease 10 vs. 09
		(In thousands)			
Operating income	$ 110,548	$ 83,281	$ 85,567	32.7%	(2.7)%
% of net revenues	16.3%	12.9%	14.3%		

During fiscal year 2011, operating income increased 32.7% compared to fiscal year 2010. Foreign exchange resulted in a 0.1% increase in operating income during the fiscal year. Without the effects of foreign currency, operating income increased 32.6% over fiscal year 2010. The growth in revenues 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 year 2010 related to asset write downs, positively impacting operating income growth as no similar costs were incurred in fiscal year 2011.

Operating income decreased 2.7% during fiscal year 2010. The effects of foreign exchange accounted for an increase in operating income of 14.8%. Without the effects of foreign exchange, operating income decreased 17.5% during fiscal year 2010. Several items contributed to the reduction in operating income, including the asset write downs noted above, restructuring costs, costs to consummate the acquisition of Global Med, and increased operating expenses related to new business acquisitions, blood management solutions, research and development, and our enterprise resource planning system. These decreases were partially offset by income resulting from the re-measurement of the fair value of contingent consideration from our Neoteric acquisition, the decrease in employee bonus expense, and the increases in gross profit described above.

Other (expense)/income, net

	April 2, 2011	April 3, 2010	March 28, 2009	% Decrease 11 vs. 10	% Increase 10 vs. 09
		(In thousands)			
Interest expense	$ (6)	$ (742)	$ (64)		
Interest income	384	399	1,968		
Other expense, net	(845)	(1,667)	(2,469)		

Total other expense, net	**$ (467)**	**$ (2,010)**	**$ (565)**	**(76.8)%**	**>100%**

The decrease in other expense, net during fiscal year 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.

The main reasons for the increase in other expense, net in fiscal year 2010 is the net of (i) the increase in interest expense due to the accounting relating to the contingent consideration on a recent acquisition, (ii) the

Table of Contents

decrease in interest income due to significantly reduced investment yields, and (iii) a decrease in hedge points expenses.

Taxes

	April 2, 2011	April 3, 2010	March 28, 2009	% Decrease 11 vs. 10	% Decrease 10 vs. 09
		(In thousands)			
Reported income tax rate	27.3%	28.2%	30.2%	(0.9)%	(2.0)%

Reported Tax Rate

Our reported tax rate includes two principal components: an expected annual tax rate and discrete items resulting in additional provisions or benefits that are recorded in the quarter that an event arises, events or items that give rise to discrete recognition include finalizing audit examinations for open tax years, a statute of limitation s expiration, or a stock acquisition.

The reported tax rate was 27.3% for the current fiscal year. The reported tax rate includes:

A 27.2% effective annual rate which reflects tax benefits and expenses from foreign taxes, domestic manufacturing deduction, state provisions, and stock compensation not deductible in all jurisdictions.

A $0.8 million benefit due to our eligibility for a reduced Swiss income tax rate.

A $1.0 million reversal of previously accrued income taxes because of the expiration of foreign and federal statute of limitations.

A $1.9 million increase in tax expense due to potential foreign and federal tax assessment.

A $0.7 million increase in tax expense due to finalizing our prior year income tax return.

A $0.5 million benefit from the remittance of European dividends.

The reported tax rate was 28.2% for the 2010 fiscal year. The reported tax rate includes:

A 29.6% effective annual rate which reflects tax benefits and expenses from foreign taxes, domestic manufacturing deduction, state provisions, and stock compensation not deductible in all jurisdictions.

A $1.6 million benefit from the remittance of a Japanese dividend before the restructuring of that subsidiary.

A $0.5 million increase in tax expense as a determination of our eligibility for a reduced Swiss income tax rate has not been finalized.

A $0.3 million reversal of previously accrued income taxes because of the finalization of our federal and state tax returns and the expiration of domestic statutes of limitations.

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 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

Table of Contents

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 fair value, 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 and there is objective and reliable evidence of the fair value of the undelivered items. The fair value 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 other objective evidence as defined in ASC Topic 605.

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

Inventories

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

Goodwill and Other Intangible Assets

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

Goodwill is not amortized. Instead goodwill is reviewed for impairment at least annually in accordance with ASC Topic 350, *Intangibles Goodwill and Other*. We perform our annual impairment test in 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 and other indefinite lived assets for either fiscal year 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.

Table of Contents

An impairment 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.

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.

Table of Contents

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 of 8% to all unvested stock options as of April 2, 2011, 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.

Liquidity and Capital Resources

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

Table of Contents

	April 2, 2011	April 3, 2010
	(Dollars in thousands)	
Cash & cash equivalents	$ 196,707	$ 141,562
Working capital	$ 340,160	$ 250,888
Current ratio	4.1	2.9
Net cash position(1)	$ 191,828	$ 120,911
Days sales outstanding (DSO)	68	59
Disposables finished goods inventory turnover	6.1	5.8

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

Our primary sources of liquidity include on-hand cash and cash equivalents, cash flow generated from operations and proceeds from stock option exercises. We believe these sources will be sufficient to fund our cash requirements for at least the next 12 months, which are primarily capital expenditures and approximately $50 million of repurchases of our common stock.

A primary factor contributing to the increase in days sales outstanding (DSO) for fiscal year 2011 was a result of the additional week of sales in the fourth quarter of fiscal year 2010 which lowered the DSO for the prior year. Additionally, higher final month sales from our emerging markets in the fourth quarter of fiscal year 2011 contributed to the increase in DSO for the current year.

In April 2011, we announced a voluntary recall of our OrthoPAT devices manufactured prior to 2002. In the fourth quarter of fiscal year 2011, we recorded $0.8 million of expense based on our current estimate of accruable costs related to remediation efforts associated with the recall. In fiscal year 2012, we anticipate spending approximately $10 million of incremental capital equipment-related expenditures to the upgrade of our OrthoPAT device placed at customer locations.

	April 2, 2011	April 3, 2010	March 28, 2009	(Decrease)/ Increase 11 vs. 10	Increase/ (Decrease) 10 vs. 09
			(In thousands)		
Net cash provided by (used in):					
Operating activities	$ 123,455	$ 130,668	$ 116,364	$ (7,213)	$ 14,304
Investing activities	(51,558)	(132,335)	(60,000)	80,777	(72,335)
Financing activities	(18,084)	(13,970)	(30,737)	(4,114)	16,767
Effect of exchange rate changes on cash and cash equivalents(1)	1,332	478	(2,459)	854	2,937
Net increase/(decrease) in cash and cash equivalents	$ 55,145	$ (15,159)	$ 23,168	$ 70,304	$ (38,327)

(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 April 2, 2011 versus April 3, 2010 and at April 3, 2010 versus March 28, 2009, (i) the European currencies, primarily the Euro, strengthened and weakened, respectively, against the U.S. dollar and (ii) the Yen strengthened against the U.S. dollar during both comparison periods.

In fiscal year 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.

Table of Contents

In fiscal year 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.

In fiscal year 2009, the Company repurchased approximately 1.1 million shares of its common stock for an aggregate purchase price of $60.0 million. This completed a $60.0 million share repurchase program that was announced in May 2008.

FISCAL YEAR 2011 AS COMPARED TO FISCAL YEAR 2010

Operating Activities:

Net cash provided by operating activities was $123.5 million during fiscal year 2011, a decrease of $7.2 million as compared to fiscal year 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 year 2011 as compared to fiscal year 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.

FISCAL YEAR 2010 AS COMPARED TO FISCAL YEAR 2009

Operating Activities:

Net cash provided by operating activities increased $14.3 million in 2010 as compared to 2009 due primarily to:

Increased net income after non-cash expenses,

$4.4 million decrease in accounts receivable due to increased collections and improvements in days sales outstanding during the fiscal year,

$9.6 million decreased investment in inventory,

partially offset by:

$14.8 million decrease in accounts payable and accrued expenses primarily due to the payment of fiscal year 2009 employee performance bonuses worldwide and a discretionary bonus for extraordinary performance to all employees other than the Chief Executive Officer and certain other executives,

Table of Contents

$9.5 million increase in other assets and other long-term liabilities, and

$2.1 million increase in tax payments.

Investing Activities:

Net cash used in investing activities increased $72.3 million in 2010 as compared to 2009 due primarily to the $71.8 million cash used for acquisitions during the fiscal year which was $77.8 million in fiscal year 2010 compared to the $6.0 million in fiscal year 2009.

Financing Activities:

Net cash used by financing activities decreased by $16.8 million due to:

$40.0 million used to repurchase shares of Company common stock during fiscal year 2010 as compared to the $60.0 million used in fiscal year 2009.

$7.5 million increase in short term notes payable.

partially offset by:

$8.1 million decrease in exercise of stock options.

$7.0 million decrease in tax benefit on exercise of stock options.

Contractual Obligations and Contingencies

A summary of our contractual and commercial commitments as of April 2, 2011, is as follows (for more information concerning our debt see Note 8 to the consolidated financial statements and for our operating lease obligations see Note 10):

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
			(In thousands)		
Debt	$ 4,879	$ 913	$ 2,060	$ 1,906	$
Operating leases	$ 18,139	$ 6,516	$ 6,459	$ 2,124	$ 3,040
Purchase commitments*	$ 133,811	$ 133,811	$	$	$
Expected retirement plan benefit payments	$ 3,116	$ 152	$ 722	$ 426	$ 1,816
Total contractual obligations	$ 159,945	$ 141,392	$ 9,241	$ 4,456	$ 4,856

*

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 $4.9 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.

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 year 2010. During each of fiscal year 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 $1.9 million and $2.3 million during fiscal year 2011 and 2010, respectively, and recorded the adjustments as contingent consideration income in the consolidated statements of income.

The ending contingent liability for this consideration was $2.3 million and $4.1 million at April 2, 2011 and April 3, 2010, respectively.

Legal Proceedings

We believe our competitor Fenwal has produced, and continues to produce, a red cell consumable kit which infringes a Haemonetics patent. For the past five years, we have been pursuing a patent infringement lawsuit against Fenwal, the details of which are summarized below. After the Court of Appeals for the Federal Circuit reversed the trial court s decision on claims construction, vacating the injunction and damages previously awarded to Haemonetics, the case was remanded to the trial court for further proceedings.

In December 2005 we filed a lawsuit against Baxter Healthcare SA and Fenwal Inc. in Massachusetts federal district court, seeking an injunction and damages from Baxter s infringement of a Haemonetics patent, through the sale of Baxter s ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems. In March 2007, Baxter sold the division which marketed the ALYX product to private investors, TPG, and Maverick Capital, Ltd. The new company which resulted from the sale was renamed Fenwal.

In January 2009, a jury found that the Fenwal ALYX system infringed Haemonetics patent. Ultimately, the trial court awarded us a total of $18 million in damages and ordered Fenwal to stop selling the ALYX consumable by December 1, 2010 and pay Haemonetics a 10% royalty on ALYX consumable net sales from January 30, 2009 until December 1, 2010.

Fenwal took three actions in response to this judgment. First, Fenwal appealed these rulings to the United States Court of Appeals for the Federal Circuit. Second, Fenwal modified the ALYX disposable in an effort to avoid the injunction. Third, Fenwal asked the Patent and Trademark Office to re-examine the validity of our patent.

On June 2, 2010, the Court of Appeals reversed the trial court s claim construction and accordingly, vacated the original jury verdict finding infringement, and remanded the case to the trial court for further proceedings. We continue to believe the ALYX consumable kit infringes our patent even under the Court of Appeals claim construction.

In response to Fenwal s modification of their disposable, we filed a second related patent infringement action in December 2009 in the same Massachusetts federal trial court as the first case described above.

On May 28, 2010 the Patent and Trademark Office reexamined the patent which is the subject of the two cases described above, and determined that the patent is valid, contrary to Fenwal s assertions.

On September 20, 2010, Haemonetics filed a patent infringement action in Germany, against Fenwal and its German subsidiary, for Fenwal s infringement of a Haemonetics patent related to the Haemonetics patent described above. On December 1, 2010, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action.

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 supplied under a tender from a public hospital. In parallel proceedings concluded

contemporaneously in Genoa, Italy, the same parties were entirely exonerated of all charges. Both matters involved several other individuals and companies and arose in 2004 and 2005, respectively. When the matters first arose, our Board of Directors commissioned independent legal counsel to conduct investigations on its behalf. Based upon its evaluation of counsel s report, the Board concluded that no disciplinary action was warranted in either case. All Haemonetics parties appealed the guilty verdicts. On March 3, 2010 the first-level appeals court affirmed these verdicts. We are evaluating this decision and considering our options for further appeal. The Milan ruling, and its affirmation, has not impacted the

Table of Contents

Company s business in Italy to date. A third proceeding was referred by the Milan court for hearing in Bergamo, Italy. There have been evidentiary hearings, but no material developments in that case.

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 year 2011, approximately 53.1% of our sales were generated outside the U.S., generally in foreign currencies, yet our reporting currency is the U.S. Dollar. Our primary foreign currency exposures relate to sales denominated in the Euro and the Japanese Yen. We also have foreign currency exposure related to manufacturing and other operational costs denominated in the Swiss Franc, the British Pound, and the Canadian Dollar. The Yen and Euro sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in foreign currencies Since our foreign currency denominated Yen and Euro sales exceed the foreign currency denominated costs, whenever the U.S. Dollar strengthens relative to the Yen or Euro, there is an adverse affect on our results of operations and conversely, whenever the U.S. dollar weakens relative to the Yen or Euro, there is a positive effect on our results of operations. For the Swiss Franc, the British Pound, and the Canadian Dollar, our primary cash flows are product costs, or costs and expenses of local operations. Whenever the U.S. Dollar strengthens relative to these foreign currencies, there is a positive effect on our results of operations. Conversely, whenever the U.S. Dollar weakens relative to these currencies, there is an adverse effect on our results of operations.

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

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

Presented below are the spot rates for our Euro, Japanese Yen, Canadian Dollar, British Pound, and Swiss Franc cash flow hedges that settled during fiscal years 2011 and 2010 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

Table of Contents

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	(13.4)%	1.41	(5.0)%	1.43	8.6%	1.35	5.5%
FY12	1.24	(8.5)%	1.30	(8.0)%	1.36	(4.9)%	1.35	0.1%
Japanese Yen Hedge Spot Rate (JPY per US$)								
FY10	105.28		105.11		96.38		93.50	
FY11	98.17	6.8%	94.91	9.7%	89.13	7.5%	89.78	4.0%
FY12	88.99	9.4%	85.65	9.8%	81.73	8.3%	82.45	8.2%
Canadian Dollar Hedge Spot Rate (CAD per US$)								
FY10	1.14		1.12		1.11		1.09	
FY11	1.10	(3.9)%	1.09	(3.0)%	1.07	(4.2)%	1.03	(5.5)%
FY12	1.05	(4.2)%	1.03	(5.0)%	1.00	(5.8)%		
British Pound Hedge Spot Rate (US$ per GBP)								
FY10	1.45		1.44		1.42		1.40	
FY11	1.47	(1.6)%	1.65	(14.5)%	1.63	(14.7)%	1.59	(12.9)%
FY12	1.50	(2.0)%	1.54	6.8%	1.57	3.6%	1.54	3.2%
Swiss Franc Hedge Spot Rate (CHF per US$)								
FY11			1.05		1.04		1.05	
FY12	1.05		1.01	3.6%	0.96	7.9%	0.95	9.7%

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

Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, *Multiple-Deliverable Revenue Arrangements*, an amendment to FASB ASC topic 605, *Revenue Recognition*, and Update No. 2009-14, *Certain Revenue Arrangements That Include Software Elements*, an amendment to FASB ASC subtopic 985-605, *Software Revenue Recognition* (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 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 separate deliverables and 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. The Updates must be adopted in the same period using the same transition method and are effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is also permitted; however, early adoption during an interim period requires retrospective application from the beginning of the fiscal year. The Company will adopt the guidance on April 3, 2011, the first day of fiscal year 2012, and does not expect that the impact of this

guidance on its financial position and results of operations will be material.

Table of Contents

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

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

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

Foreign Exchange Risk

See the section above entitled Foreign Exchange for a discussion of how foreign currency affects our business. It is our policy to minimize, for a period of time, the unforeseen impact on our financial results of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge anticipated cash flows from forecasted foreign currency denominated sales and costs. We do not use the financial instruments for speculative or trading activities. At April 2, 2011, 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.

Table of Contents

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	7,496,474	1.248	1.250	$ (1,152,825)	Apr 2011 - May 2011	Q1 FY12
Euro	11,612,400	1.301	1.300	$ (1,164,269)	Jun 2011 - Aug 2011	Q2 FY12
Euro	10,267,000	1.362	1.356	$ (417,033)	Sep 2011 - Nov 2011	Q3 FY12
Euro	10,732,156	1.370	1.361	$ (332,659)	Dec 2011 - Feb 2012	Q4 FY12
Japanese Yen	960,110,424	88.38per US$	87.84per US$	$ (630,376)	Apr 2011 - May 2011	Q1 FY12
Japanese Yen	1,531,130,000	85.65per US$	85.21per US$	$ (476,826)	Jun 2011 -Aug 2011	Q2 FY12
Japanese Yen	1,490,748,302	81.73per US$	81.30per US$	$ 334,704	Sep 2011 - Nov 2011	Q3 FY12
Japanese Yen	1,238,150,398	82.45per US$	82.05per US$	$ 117,940	Dec 2011 - Feb 2012	Q4 FY12
GBP	(824,502)	1.446	1.448	$ 128,243	Apr 2011	Q1 FY12
GBP	(2,679,632)	1.540	1.538	$ 170,421	May 2011 - July 2011	Q2 FY12
GBP	(2,679,632)	1.574	1.569	$ 81,208	Aug 2011 - Oct 2011	Q3 FY12
GBP	(2,679,632)	1.581	1.574	$ 59,836	Nov 2011 - Jan 2012	Q4 FY12
GBP	(631,860)	1.603	1.593	$ 716	Feb 2012	Q1 FY13
CAD	(4,039,754)	1.050per US$	1.054per US$	$ 315,231	Apr 2011 - Jun 2011	Q1 FY12
CAD	(4,148,622)	1.032per US$	1.040per US$	$ 256,689	Jul 2011 - Sep 2011	Q2 FY12
CAD	(2,680,000)	1.003per US$	1.012per US$	$ 89,331	Oct 2011 - Dec 2011	Q3 FY12
CHF	(4,023,000)	1.054per US$	1.050per US$	$ 506,358	Apr 2011 - Jun 2011	Q1 FY12
CHF	(3,924,000)	1.011per US$	1.007per US$	$ 334,066	Jul 2011 - Sep 2011	Q2 FY12
CHF	(3,893,500)	0.957per US$	0.953per US$	$ 120,238	Oct 2011 - Dec 2011	Q3 FY12
CHF	(2,396,000)	0.946per US$	0.943per US$	$ 47,967	Jan 2012 - Feb 2012	Q4 FY12
				$ (1,611,040)		

We estimate the change in the fair value of all forward contracts assuming both a 10% strengthening and weakening of the U.S. dollar relative to all other major currencies. In the event of a 10% strengthening of the U.S. dollar, the change in fair value of all forward contracts would result in a $10.6 million increase in the fair value of the forward contracts; whereas a 10% weakening of the US dollar would result in a $12.3 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 April 2, 2011, the fair value of our long-term debt was approximately $0.4 million higher than the value of the debt reflected on our financial statements. This higher fair value is entirely related to the $3.8 million remaining principal balance of the original $10.0 million, 8.41% real estate mortgage due January, 2016.

Using scenario analysis, if the interest rate on all long-term maturities changed by 10% from the rate levels that existed at April 2, 2011, the fair value of our long-term debt would change by less than $0.1 million.

Table of Contents

Item 8. *Financial Statements and Supplementary Data*

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended		
	April 2, 2011	**April 3, 2010**	**March 28, 2009**
	(In thousands, except per share data)		
Net revenues	$ 676,694	$ 645,430	$ 597,879
Cost of goods sold	321,485	307,949	289,709
Gross profit	355,209	337,481	308,170
Operating expenses:			
Research, development and engineering	32,656	26,376	23,859
Selling, general and administrative	213,899	214,483	198,744
Contingent consideration income	(1,894)	(2,345)	
Asset impairment		15,686	
Total operating expenses	244,661	254,200	222,603
Operating income	110,548	83,281	85,567
Interest expense	(6)	(742)	(64)
Interest income	384	399	1,968
Other expense, net	(845)	(1,667)	(2,469)
Income before provision for income taxes	110,081	81,271	85,002
Provision for income taxes	30,101	22,901	25,698
Net income	$ 79,980	$ 58,370	$ 59,304
Basic income per common share			
Net income	$ 3.19	$ 2.29	$ 2.34
Income per common share assuming dilution			
Net income	$ 3.12	$ 2.24	$ 2.27
Weighted average shares outstanding			
Basic	25,077	25,451	25,389
Diluted	25,596	26,063	26,173

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

Table of Contents

HAEMONETICS CORPORATION AND SUBSIDIARIES

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

	April 2, 2011	April 3, 2010(1)
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 196,707	$ 141,562
Accounts receivable, less allowance of $1,799 at April 2, 2011 and $2,554 at April 3, 2010	127,166	118,580
Inventories, net	84,387	79,953
Deferred tax asset, net	9,674	10,985
Prepaid expenses and other current assets	30,897	34,862
Total current assets	448,831	385,942
Property, plant and equipment:		
Land, building and building improvements	52,359	49,292
Plant equipment and machinery	128,612	113,534
Office equipment and information technology	83,258	75,023
Haemonetics equipment	211,455	206,267
Total property, plant and equipment	475,684	444,116
Less: accumulated depreciation	(320,156)	(289,803)
Net property, plant and equipment	155,528	154,313
Other assets:		
Intangible assets, less amortization of $43,827 at April 2, 2011 and $32,693 at April 3, 2010	101,789	100,060
Goodwill	115,367	109,988
Deferred tax asset, long term	1,291	910
Other long-term assets	10,458	9,715
Total other assets	228,905	220,673
Total assets	$ 833,264	$ 760,928
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 913	$ 16,062
Accounts payable	28,323	25,786
Accrued payroll and related costs	27,039	39,046
Accrued income taxes	6,033	5,092

Deferred tax liability	107	68
Other liabilities	46,256	49,000
Total current liabilities	108,671	135,054
Long-term debt, net of current maturities	3,966	4,458
Long-term deferred tax liability	18,669	15,377
Other long-term liabilities	15,822	12,915
Commitments and contingencies (Note 12)		
Stockholders equity:		
Common stock, $0.01 par value; Authorized 150,000,000 shares; Issued and outstanding 25,660,393 shares at April 2, 2011 and 25,440,856 shares at April 3, 2010	256	255
Additional paid-in capital	302,709	252,323
Retained earnings	373,630	334,641
Accumulated other comprehensive income	9,541	5,905
Total stockholders equity	686,136	593,124
Total liabilities and stockholders equity	$ 833,264	$ 760,928

(1) Certain balances were revised to reflect updates to our purchase price allocation of our Global Med acquisition See Note 3, Acquisitions.

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

Table of Contents

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY AND OTHER COMPREHENSIVE INCOME

	Common Stock Shares	$ s	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders Equity	Comprehens Income
alance, March 29, 008	25,695	$ 256	$ 186,933	$ 302,196	$ 4,803	$ 494,188	
mployee stock urchase plan	59	1	2,658			2,659	
xercise of stock ptions and related tax enefit	950	10	35,060			35,070	
hares repurchased	(1,100)	(11)	(8,003)	(51,984)		(59,998)	
suance of restricted ock, net of ncellations	18						
ock compensation pense			10,181			10,181	
et income				59,304		59,304	$ 59,304
mpact of defined enefit plans, net of tax					(697)	(697)	(697
oreign currency anslation adjustment					(10,045)	(10,045)	(10,045
nrealized gain on dges, net of tax					4,858	4,858	4,858
eclassification of dge loss to earnings, t of tax					4,364	4,364	4,364
omprehensive income							$ 57,784
alance, March 28, 009	25,622	$ 256	$ 226,829	$ 309,516	$ 3,283	$ 539,884	
mployee stock urchase plan	66	1	2,908			2,909	
xercise of stock ptions and related tax enefit	488	5	19,067			19,072	
hares repurchased	(735)	(7)	(6,748)	(33,245)		(40,000)	
ock compensation pense			10,267			10,267	

et income				58,370		58,370	$ 58,370
mpact of defined enefit plans, net of tax					(309)	(309)	(309)
oreign currency anslation adjustment					2,599	2,599	2,599
nrealized loss on dges, net of tax					(477)	(477)	(477)
eclassification of dge loss to earnings, t of tax					809	809	809
omprehensive income							$ 60,992
alance, April 3, 2010	25,441	$ 255	$ 252,323	$ 334,641	$ 5,905	$ 593,124	
mployee stock urchase plan	78	1	3,680			3,681	
xercise of stock ptions and related tax enefit	1,012	9	44,896			44,905	
hares repurchased	(907)	(9)	(9,000)	(40,991)		(50,000)	
suance of restricted ock, net of ncellations	36						
ock compensation pense			10,810			10,810	
et income				79,980		79,980	$ 79,980
mpact of defined enefit plans, net of tax					555	555	555
oreign currency anslation adjustment					6,380	6,380	6,380
nrealized loss on dges, net of tax					(4,068)	(4,068)	(4,068)
eclassification of dge loss to earnings, t of tax					769	769	769
omprehensive income							$ 83,616

	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350	
x. 32.2		Certification of Chief Financial Officer

pursuant to
18 U.S.C.
Section
1350