

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 29, 2003. Commission file number 1-10730

HAEMONETICS CORPORATION
(Exact name of registrant as specified in its charter)

Massachusetts 04-2882273
(State of Incorporation) (I.R.S. Employer
Identification No.)

400 Wood Road
Braintree, Massachusetts 02184-9114
Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (781) 848-7100

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

Title of each class	Name of each exchange on which registered
Common stock, \$.01 par value	New York Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.) Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant (assuming for these purposes that all executive officers and Directors are "affiliates" of the Registrant) as of September 28, 2002, the last business day of the registrant's most recently completed second fiscal quarter was \$433,000,000 (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 the registrant's common stock, \$.01 par value, outstanding as of May 15, 2003 was 24,071,289.

Documents Incorporated By Reference

Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on July 22, 2003, are incorporated by reference in Part III.

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ITEM 1. BUSINESS

(a) General History of the Business

Our Company was founded in 1971 and became a publicly owned company for the first time in 1979. In August 1983, we were acquired by American Hospital Supply Corporation ("AHS"). In connection with the acquisition of AHS by Baxter Travenol Laboratories, Inc. in 1985, Baxter Travenol divested us in order to address antitrust concerns related to that acquisition. We were purchased in December 1985 by investors that included E. I. du Pont de Nemours and Company ("Du Pont") and present and former employees. We were incorporated in Massachusetts in 1985. In May 1991, we completed an Initial Public Offering, at which time Du Pont divested its entire interest. The terms "Haemonetics," "we," "us," "our," and "the Company" as used herein include its subsidiaries and its predecessor where the context so requires.

We are a pioneer and a market leader in developing and manufacturing technology to help ensure the blood supply is safe, supplies are adequate, and that blood banks and hospitals operate efficiently and in compliance with regulatory requirements. To that end, we are engaged in manufacturing automated systems and single use disposables for the collection, processing, and surgical blood salvage, as well as associated consumables and data management technology. We developed our first automated system in 1971 and for more than 30 years we have been driven to improve the safety and practice of transfusion medicine.

We market primarily to two customer groups: hospitals and blood collectors. To our hospital customers, we offer surgical blood salvage systems, which are used before, during and after surgery to collect a patient's own blood for reinfusion. To our blood collector customers, which include both for-profit plasma collectors and not-for-profit blood banks, we offer: 1) automated plasma collection systems that collect plasma, which is then generally processed into therapeutic pharmaceuticals; 2) automated platelet collection systems that enable the collection of a larger volume of platelets from a single donor, which are then generally given to cancer patients and others with bleeding disorders; 3) automated red cell collection systems, developed to maximize the volume of red cells that can be collected from a single donor, thus helping to alleviate blood shortages; and 4) cell processing systems that can be employed to freeze and thaw blood and to wash and remove foreign substances or solutions from blood.

Our principal operations are in the U.S., Europe, and Japan. Our products are marketed in more than 50 countries around the world via a direct sales force as well as, in some instances, independent distributors.

We have pursued a two-pronged growth strategy, focusing both on internal product development and on acquisitions or alliances with companies that can provide us with products that expand penetration of automated technologies or deepen product or service offerings in existing markets. During fiscal 2003, we continued development of the automated double red cell market as well as the market for orthopedic surgical salvage. We continued to expand the market presence of our Fifth Dimension data management programs to improve the safety and efficiency of blood component collection at commercial plasma and not-for-profit blood banks worldwide.

Blood shortages and blood safety issues continue to be areas of great concern to health care providers around the world. We are a leader in the development and commercialization of technology to address these challenges; our mission is to provide innovative devices and services to advance the safety, quality, and availability of transfusion products for patients worldwide and to improve the operations of our blood collector customers. We are focused on continuing our market leadership and consistently growing shareholder value through intense customer focus, a culture that demonstrates leadership and employee development at all levels, and a commitment to trust, quality, and innovation.

(b) Financial Information about Industry Segments

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

The financial information required for the business segment is included herein in Note 10 of the financial statements, entitled SEGMENT, GEOGRAPHIC AND CUSTOMER INFORMATION.

(c) Narrative Description of the Business

Products

We have developed and marketed a variety of 1) automated systems that collect, process, and surgically salvage blood and 2) data management systems to promote efficient and compliant operations of blood collectors. Automated systems allow users to collect and process only the blood component(s) they target, enabling the collection of more of the targeted component(s) and the return of unneeded components to the donor. Our systems consist of proprietary disposable sets that operate on our specialized equipment. Our systems are used with more than 100 different sterile, single-use disposable products. Our Fifth Dimension data management systems are used by blood collectors to improve the safety and efficiency of blood component collection by eliminating previously manual functions at commercial plasma and not-for-profit blood banks worldwide. Our customers include hospitals, independent blood banks, commercial plasma centers and fractionators, and national health organizations in more than 50 countries.

All of our automated collection systems involve the extracorporeal processing of human blood, which comprises red blood cells, plasma, platelets, and white blood cells. The practice of modern medicine relies on treatment of patients with blood components, rather than whole blood. Component therapy is often necessary in cases of hereditary disorders (e.g., hemophilia); serious injury involving blood loss; major surgery (e.g., organ transplant or open heart surgery); and chemotherapy.

As a general practice we place our own equipment at customers' sites, with contractual requirements that customers purchase a certain number of disposables in a predetermined time frame. Within this model, we may redeploy equipment should utilization be less than optimal. Cell processing equipment is most commonly sold outright.

Our products address three important customer bases: hospital-based surgeons; commercial plasma collectors; and not-for-profit blood banks.

Surgical Blood Salvage for Hospitals

The products that we market to hospitals all address the need for surgical blood salvage. Surgical blood salvage, also known as autologous blood transfusion, involves the rapid and safe collection of a patient's own blood before, during, and after surgery, for reinfusion to that patient. This process usually includes a washing and filtration procedure that removes unwanted substances from the blood prior to reinfusion. We market our surgical blood salvage products to hospital-based medical specialists, primarily cardiovascular, orthopedic, and trauma surgeons.

Loss of blood is common in open heart, trauma, transplant, vascular, and orthopedic procedures, and the need for the transfusion of oxygen-carrying red cells to make up for lost volume is common. Surgical blood salvage reduces or eliminates a patient's dependence on blood donated from others, which carries the risk of transmission

of infectious agents, as well as the risk of severe transfusion reactions. Surgical blood salvage also eliminates the need for pre-surgery "banked" blood donations by the patient. Blood shortages and rising prices of blood components have also reinforced the benefits of this approach.

Our Company, which pioneered the first surgical salvage systems, offers hospitals a range of products targeted to cardiovascular procedures that involve rapid and high blood loss, as well as slower, lower volume blood loss orthopedic procedures. The Cell Saver(R) autologous blood recovery system can reduce a patient's dependence on homologous red cell transfusions (from donors) and enables the rapid "recycling" of blood to surgical patients losing volume quickly. The OrthoPAT(R) system was designed specifically for orthopedic surgery (including hip and knee replacements and spine surgery) in which a smaller volume of blood is lost over a longer period of time, beginning during surgery and continuing post-operation. Use of the OrthoPAT(R) eliminates the need for "banking" the patient's own blood prior to surgery and helps streamline the practice of orthopedic surgery.

Automated Plasma Collection and Data Management for Commercial Plasma Collectors

Automated plasma collection technology allows for the safe and efficient collection of plasma, which is then further processed ("fractionated") by pharmaceutical companies into therapeutic and diagnostic products that aid in the treatment of: immune diseases, inherited coagulation disorders (e.g., hemophilia) and volume depletion (e.g. from trauma). The collected plasma is also used in the manufacture of vaccines and blood testing and quality control reagents. We participate only in the provision of collection and data management systems to plasma collectors and we are not involved in the actual collection, fractionation, or distribution of plasma-derived pharmaceuticals.

Until automated plasma collection technology was pioneered and introduced by the Company 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. Currently the vast majority of plasma collections worldwide are performed using automated collection because it is safe and cost-effective. We market our PCS(R)2 automated plasma collection systems to commercial plasma collectors as well as not-for-profit blood banks and governmental plasma collectors worldwide.

We offer "one stop shopping" to our plasma collection customers, enabling them to source from us the full range of equipment, disposables, consumables, and data management technology necessary to operate. To that end, in addition to providing our traditional line of plasma collection equipment and disposables, we offer plasma collection containers, I.V. solutions necessary for plasma collection and storage, and data management technology to automate plasma collectors' operations.

In December 2001 we announced our acquisition of Fifth Dimension Information Systems, the leading provider of information management products and services for plasma collectors and fractionators. As a majority of plasma collectors currently use manual systems to track their donors and collected plasma, the market for such technology is relatively untapped. During fiscal year 2003 Fifth Dimension expanded its customer base beyond North America, into Europe; and beyond commercial plasma collectors, into the not-for-profit blood banking market.

Automated Platelet Collection and Platelet Safety Systems for Not-for-Profit Blood Banks

Automated platelet collection systems allow for the collection of one or more therapeutic "doses" of platelets from a single donor. Platelets were traditionally derived through manual separation from whole blood donations; however, because platelets comprise only a very small portion of whole blood volume, a single unit of whole blood contains only one-sixth to one-eighth the quantity of platelets necessary for a single dose. Before the advent of our MCS(R)+ automated platelet collection system, the "pooling" of platelets from six to eight donors was

necessary to make a single therapeutically useful dose. Our MCS(R)+ system innovated the collection of one to two doses from a single donor.

Platelet therapy is typically used to alleviate the side 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. The medical community has increasingly turned to "single donor" platelets (i.e., those collected via automation) for platelet therapy to minimize a patient's exposure to multiple donors and the blood-borne diseases that they could be carrying. From the approximately five million units of platelets transfused annually, approximately 60% are single donor platelets, and the remainder are pooled from multiple donors.

In December 2001 we entered into an agreement with Baxter International, Inc. (Baxter) to enable us to seamlessly integrate our platelet collection devices with the INTERCEPT Platelet System, which utilizes pathogen reduction technology being jointly developed by Baxter and Cerus Corporation. The agreement gives us access to their Intersol solution, in which platelets must be stored in preparation for the reduction of bacteria, viruses, and other pathogens. The agreement allows us to offer our worldwide platelet collection customers an easy and economical way to incorporate the INTERCEPT Platelet System into their operations, making pathogen reduction more widely available to platelet transfusion recipients. European regulatory clearance of the system was received in fiscal 2003, with U.S. and other clearances anticipated to follow over the next few years.

Automated Red Cell Collection for Not-for-Profit Blood Banks

Automated red cell collection which we pioneered allows for the safe and efficient collection of more red cells from a single donor. Traditionally, red cells were derived from manual collection of whole blood, after which the components of whole blood were separated. However, this manual procedure involves time-consuming, error-prone secondary handling and processing in a laboratory. Red cell shortages are a common problem plaguing the U.S. and other healthcare systems. Automated red cell collection helps blood centers to collect more red cells to address this shortage.

Our MCS(R)+ automated red cell collection system enables blood collectors to collect up to two transfusable "units" of red cells from a single donor while removing blood volume similar to a whole blood collection, thus assisting in the alleviation of blood shortages. Additionally, the MCS(R)+ system automates the separation function, eliminating the need for laboratory processing. The MCS(R)+ system also contains a protocol that allows blood banks to collect one unit of red cells and a "jumbo" (double) unit of plasma from a single donor. The MCS(R)+ system enables the leukoreduction (removal of potentially harmful white blood cells) for double red cell collections. Leukoreduction has been adopted in many countries worldwide; it is estimated that 80% of all red cells in the U.S. are now leukoreduced.

During fiscal year 2003, blood shortages continued and blood banks continued their adoption of double red cell collection. United Blood Services, the second largest collector of blood in the U.S., expanded its automated double red cell program to collect 20% of all of its red cells. In December 2002 the American Red Cross expanded the use of our technology; we finished the fiscal year with our technology being used in seven of the American Red Cross' thirty-five regions.

We submitted a 510(k) for FDA approval of the Chairside Separator(R) system during fiscal year 2002. The Chairside Separator(R) is a blood collection system that automates the whole blood collection process by drawing whole blood from a donor and separating it into its red cell and plasma components, not returning any components to the donor. This process eliminates the laboratory separation process and also offers the benefit of automating much of the procedure documentation mandated by the FDA. The Chairside Separator(R) will allow blood collection centers to reduce their laboratory handling cost and space requirements while also improving their regulatory compliance.

During fiscal year 2003, we redirected resources supporting regulatory approval of the Chairside Separator(R) to develop and obtain regulatory approval of the Red Cell Collector, a portable, automated device used to collect and process two units of red cells from donors. The Red Cell Collector is our next generation double red cell collection device and will benefit customers with its smaller size and weight, battery power option, and enhanced mobility. Clinical trials for the Red Cell Collector will commence in Europe in fiscal 2004.

Cell Processing and Red Cell Safety for Not-for-Profit Blood Banks

Our cell processing business is based on technology that enables users to add and remove solutions or other substances to and from blood components. Our cell processing technology allows the freezing and thawing of blood to enable blood banks to better manage their red cell inventory. We are also collaborating with V.I. Technologies (NSDQ: VITX; "VITEX") in the area of pathogen reduction of red cells.

Although it has been possible for some time to freeze red cells for up to ten years, the freezing and thawing processes took place in a manual, open-circuit system, which exposed red cells to the potential for bacterial contamination. Once cells were thawed, they had to be transfused within 24 hours. The ACP(R)215 Automated Cell Processing system, which was cleared by the FDA in fiscal 2002, extends thawed cells' shelf life to 14 days by moving the freezing and thawing processes to an automated, closed-circuit technology.

During fiscal year 2003, we also continued our collaboration with V.I. Technologies to develop a pathogen reduction system for red blood cells. VITEX's Inactine(R) is an agent that will kill bacteria and viruses that could be transfused to a patient receiving a red cell transfusion. We are developing technology to "wash" red blood cells to eliminate the Inactine agent following the pathogen reduction process. VITEX is currently in Phase III clinical trials for its red cell pathogen reduction system, which uses our cell washing systems.

Revenue Detail

In the fiscal year ended March 29, 2003, sales of disposable products accounted for approximately 88.5% of net revenues. Sales of our disposable products were 2.5% higher in 2003 than in 2002 and grew at a compound average annual growth rate of 6.0% for the three years ended March 29, 2003. Service and other miscellaneous revenues accounted for approximately 5.4% of our net revenues during the fiscal year ended March 29, 2003.

Sales of equipment accounted for approximately 6.0% of net revenues in fiscal year 2003 and approximately 5.3% in fiscal year 2002, representing a dollar increase of \$3.3 million. The increase in equipment revenue is a result of an increase in the number of machines sold in the Japan plasma and platelet markets and in the Europe plasma market.

Marketing/Sales/Distribution

We market and sell our products to hospitals, blood systems and independent blood banks, commercial plasma collection centers, 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 2003, we announced that we received for the third straight year the Omega NorthFace ScoreBoard Award for exemplary service to customers. This award is presented to the highest-ranked organizations based on customer ratings of firms' actual performance against customer expectations in areas such as phone support, on-site operations, technical services, and training.

United States

In fiscal 2003, 38% of consolidated net sales were generated through sales to customers in the U.S. In the U.S., we sell the majority of our products through our direct sales force. We have an exclusive distribution agreement with Zimmer Inc., for the sale and marketing of the OrthoPAT(R) system within the U.S.

Outside the United States

In fiscal 2003, 62% of consolidated net sales 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 South America, the Middle East, and parts of Europe and the Far East.

Research and Development

The development of extracorporeal blood processing systems has required us to maintain technical expertise in various engineering disciplines, including mechanical, electrical, software, biomedical, and materials. 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.

We operate research and development centers in Switzerland, Japan, and the United States, so that protocol variations are incorporated to closely match local customer requirements. In addition to the above research and development facilities, our Fifth Dimension subsidiary maintains development operations in Edmonton, Alberta, Canada. Our expenditures for research and development were \$19.5 million for both fiscal 2003 and 2002 and \$19.0 million for fiscal 2001. All research and development costs are expensed as incurred. We expect to continue to invest resources in research and development.

Customer collaboration is an important part of our technical strength and competitive advantage. We have built close working relationships with a significant number of transfusion experts around the world. This network of individuals provides us with ideas for new products, ways to improve existing products, new applications, enhanced protocols, and information about potential test sites, objective evaluations, and expert opinions regarding technical and performance issues.

Manufacturing

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

In general, our production activities occur in a controlled environment setting or "cleanroom" environment. 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.

Some component manufacturing is performed by outside contractors according to our specifications. We maintain important relationships with two Japanese manufacturers that provide finished sets 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 equipment and disposable manufacturing sites are certified to the ISO 9000 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. Many critical mechanical assemblies are machined and fabricated utilizing our own process control procedures. The completed instruments are programmed, calibrated, and tested to ensure compliance with our engineering and quality assurance specifications. Inspection checks are conducted throughout the manufacturing process to verify proper assembly and functionality. When mechanical and electronic components are sourced from outside vendors, those vendors must meet detailed qualification requirements, and the components are subjected to focused incoming inspection programs. During fiscal year 2003, we manufactured approximately 80% of our equipment. The remainder was manufactured for us by an outside contractor.

We have established a Customer Oriented Redesign for Excellence ("CORE") program, which is based on the tenets of Total Quality of Management ("TQM"). This program's goals include: 1) improving customer satisfaction through top quality and on-time deliveries, 2) lowering production costs, and 3) optimizing inventories. In fiscal 2003, we saved \$2.9 million through the CORE program, bringing total CORE savings on an annualized basis of \$20.6 million over the last five years.

Intellectual Property

We hold patents in the United States and abroad on some of our machines, processes and disposables. These patents cover certain elements of our systems, including protocols employed in our equipment and certain aspects of our processing chambers and disposables. We consider our patents to be important but not indispensable to our business. To maintain our competitive position, we rely to a greater degree on the technical expertise and know-how of our personnel than on our patents. We pursue an active and formal program of invention disclosure and patent application in both the United States and abroad. We own various trademarks that have been registered in the United States and certain other countries.

Our policy is to file patent and trademark applications in the U.S. and foreign countries where 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 trademarks, that patents issued to or licensed by us will not be challenged or circumvented by competitors or that our patents will not be found to be invalid.

Competition

The markets for our products are developing and are highly competitive. Although we compete directly with others, no one company competes with us across the full line of products. We created the markets and have established a record of innovation and market leadership in each of the areas in which we compete. In order to remain competitive, we must continue to develop and acquire cost-effective new products, technologies and services. We believe that our ability to maintain a competitive advantage will continue to depend on a combination of factors, including factors within our control (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) as well as factors outside of our control (regulatory standards, medical standards and the practice of medicine).

Competition in the surgical blood salvage market for high blood loss blood collection, where the underlying technology among major competitors is similar, is based upon reliability, ease of use, service, support, and price. We compete principally with Medtronic, Fresenius, and Sorin Biomedica. There are no direct competitors for the OrthoPAT(R), which is used in integrated intra- and post-operative low blood loss surgical blood salvage.

In the automated plasma collection markets, we compete with Baxter International, 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. To a much lesser degree, our automated systems also compete with manual collection systems, which are less expensive, but are also slower, less efficient, and clinically riskier. Baxter has pursued a strategy of developing plasma collection sites and acquiring collection centers, which has had the effect of altering the competitive landscape. There can be no assurance that Baxter will not continue to acquire plasma collection centers, some of which may currently use our collection technology.

In the automated platelet collection markets, competition is based on continual performance improvement, as measured by the time and efficiency of component collection and the quality of the components collected. Our major competitors in this market are Gambro BCT and Baxter International, Inc. Each of these companies has taken a different technological approach from Haemonetics in how their systems are designed for the automated platelet collection market. In the platelet collection market, we also compete with whole blood collections from which pooled platelets are derived. Single donor (automated collection) platelets constitute approximately 60% of the platelet transfusion market; the remainder are pooled.

We created the market for automated red cell collection. We compete with traditional (manual) methods of deriving red cells by collecting and separating whole blood on the basis of total cost, process control, product quality, and inventory management. Additionally, we compete with Gambro BCT and Baxter International, Inc. in certain automated red cell collection protocols. Less than 1% of red cells worldwide are collected via automation; the remainder are derived from whole blood collections.

In the cell processing market, competition is based on semi-automated, labor-intensive, open systems, which are weaker in GMP compliance. Gambro BCT is the only competitor that offers an open system cell processor; blood processed through this system has a 24 hour shelf life. Our closed system cell processor gives blood processed through it a 14 day shelf life and has no competition.

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 such competitors will not direct substantial efforts and resources toward the development and marketing of products competitive with ours.

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 four of our last five fiscal years with the exception of fiscal 2003 where the second half of our fiscal year had slightly lower revenues due principally to market conditions in plasma.

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) premarket notification clearance or an approved Premarket Approval Application ("PMA"). In the United States, software used to automate blood center operations and blood collections and to track those components through the system are considered by FDA to be medical devices, subject to 510(k) premarket notification. Intravenous ("IV") solutions marketed by us for use with our automated systems (blood anticoagulants and solutions for storage of red blood cells) require us to obtain from CBER an approved New Drug Application ("NDA") or Abbreviated New Drug Application ("ANDA"). A 510(k) premarket clearance indicates FDA's agreement with an applicant's determination that the product for which clearance has been sought is substantially equivalent to another legally marketed medical device. The process of obtaining a

510(k) clearance may take up to 24 months and 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 both because the FDA review process is more complicated and because we do not have significant experience and expertise in submitting NDAs.

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 blood processing procedures should be undertaken only by qualified personnel.

We are also subject to regulation in the countries outside the United States in which we market our products. Many of the regulations applicable to our products in such countries are similar to those of the FDA. However, the national health or social security organizations of certain countries require our products to be qualified by those countries before they can be marketed in those countries. We have complied with these regulations and have obtained such qualifications.

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.

Environmental Matters

We do not anticipate that compliance with federal, state, and local environmental protection laws presently in effect will have a material adverse impact upon our business or will require any material capital expenditures. However, environmental laws, including those that regulate raw materials for medical grade plastics, are subject to change. We cannot predict what impact, if any, such changes might have on our business.

Employees

As of March 29, 2003, we employed 1,497 persons assigned to the following functional areas: manufacturing, 753; sales and marketing, 223; general and administrative, 191; research and development, 131; and quality control and field service, 199. We consider our employee relations to be satisfactory.

Availability of Reports and Other Information

Our web site is www.Haemonetics.com. On this web site the public can access, free of charge, our annual, quarterly and current reports and other documents filed or furnished to the Securities and Exchange Commission 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 10 of the financial statements, entitled Segment, Geographic and Customer Information. For information concerning significant customers, see subheading of note 2 of the financial statements, entitled, Concentration of Credit Risk and Significant Customers.

Cautionary Statement

Statements contained in this report, as well as oral statements we make which are prefaced with the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," "designed," and similar expressions, are intended to identify forward looking statements regarding events, conditions and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances

about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, foreign currency exchange rates, changes in customers' ordering patterns and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate. The foregoing list should not be construed as exhaustive.

ITEM 2. PROPERTIES

Our main facility 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, 68,000 square feet for administrative and research and development activities and 7,000 square feet available for expansion. See Note 4 to the financial statements for details of our mortgage on the Braintree facility.

We lease a 81,850 square foot facility in Leetsdale, Pennsylvania. This facility is used for warehousing, distribution and manufacturing operations. Annual lease expense is \$311,330 for this facility.

In April 1994, we purchased a facility in Bothwell, Scotland. The facility manufactures disposable components for European customers. The facility and related property were acquired at a cost of approximately \$1,600,000. The facility is approximately 22,200 square feet. Manufacturing operations began in August 1994.

In August 1995, we purchased a facility in Union, South Carolina. This facility is used for the manufacture of sterile solutions to support our blood bank (component therapy) and plasma businesses. The facility and land were acquired for a cost of \$2,423,000. The facility is approximately 69,300 square feet.

In August 1997, we began leasing a 48,000 square foot facility in Avon, Massachusetts. This facility is used for warehousing and distribution of products. Annual lease expense for this facility is \$269,572.

Effective January 2002, we acquired Fifth Dimension Information Systems Inc. and as part of the acquisition the Company assumed lease payments of \$112,203 annually for 10,270 square feet of office space in Edmonton, Alberta, Canada.

We also lease sales, service, and distribution facilities in Japan, Europe (Austria, Belgium, Czech Republic, France, Germany, Italy, Sweden, Switzerland, the Netherlands, United Kingdom) China, Hong Kong and Taiwan to support our international business.

ITEM 3. LEGAL PROCEEDINGS

We are presently engaged in various legal actions, and although 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 coverages 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

The information concerning our Executive Officers is as follows. Executive officers are elected by and serve at the discretion of our Board of Directors.

ROBERT EBBELING joined our Company in 1987 as Manager of Injection Molding and in December 1987 he became Manager, Molding and Lapping. In April 1988, Mr. Ebbeling was promoted to Manager, Bowls, Molding, and Lapping. In April 1989, he became Director, Disposables Manufacturing. In January 1994, Mr. Ebbeling was promoted to Vice President, US Disposables Manufacturing. In April 1995, he was named Vice President, Disposables Manufacturing. In August 1996, Mr. Ebbeling was promoted to Senior Vice President, Manufacturing; and, in February 2003, he was promoted to Executive Vice President, Manufacturing. Prior to joining our Company, Mr. Ebbeling was Vice President, Manufacturing, for Data Packaging Corporation, Somerset, Massachusetts.

THOMAS D. HEADLEY joined our Company in September 2000 as Executive Vice President, Corporate R&D. Since December 2002, he has served as Executive Vice President, Business Unit Groups and Corporate R&D. Prior to joining our Company, Mr. Headley worked for Transfusion Technologies Corporation, which he founded with two other executives in 1994. While with Transfusion Technologies, Mr. Headley served as President and CEO from 1994 through 1999 and as Chairman of the Board from 1999 to 2000, the year the Company acquired Transfusion Technologies. In addition, Mr. Headley worked at our Company from 1975 until 1992. During that period, he held various positions including Director of R&D and QA, General Manager - Japan and Far East, and Director of the US Commercial Plasma Business.

ALICIA R. LOPEZ joined our Company in April 1988 as General Counsel and Director of Human Resources. Since April 1990, Ms. Lopez has served as Clerk to the Board of Directors. In November 1994, she was promoted to Corporate Vice President; and, in January 2000, Ms. Lopez was promoted to Senior Vice President. From 1995 to 2000, Ms. Lopez was also responsible for regulatory affairs and from 1997 to present she is also responsible for investor relations. Prior to joining our Company, Ms. Lopez was a litigation associate with the law firm of Sullivan & Worcester.

BRAD NUTTER joined our Company April 1, 2003 as Board Member, President and Chief Executive Officer. From 2000 to 2001, Mr. Nutter was President and Chief Executive Officer of Gambro Healthcare, a \$1.3 billion international dialysis provider business. From 1997 to 2000, Mr. Nutter held the position of Executive Vice President and Chief Operating Officer of Syncor International, a \$520 million international provider of

radiopharmaceuticals and medical imaging. Mr. Nutter has 25 years of healthcare experience including senior positions for American Hospital Supply and Baxter International.

JAMES L. PETERSON resigned from the Board of Directors and his position of President and CEO of our Company effective March 28, 2003. He joined our Company in 1980 as Director of European Operations. In 1982, he was promoted to Vice President and in 1988, to Executive Vice President. In 1994, Mr. Peterson was promoted to President, International Operations. In January 1998, Mr. Peterson was elected President and Chief Executive Officer. Prior to joining our Company, he was employed by Hewlett-Packard Company in various management positions. Mr. Peterson was a member of our Board of Directors from 1985 until his resignation.

RONALD J. RYAN joined our Company in 1998 as Senior Vice President and Chief Financial Officer. Prior to joining our Company Mr. Ryan was employed by Converse Inc., North Reading, Massachusetts, where his most recent position was Senior Vice President of Operations. Previously, Mr. Ryan was Senior Vice President of Finance and Administration and Chief Financial Officer. Prior to Converse Inc., Mr. Ryan was employed with Bristol-Myers Squibb as Vice President of Finance and Business Planning for the Europe, Middle East and Africa Division. Prior to Bristol-Myers Squibb, Mr. Ryan was Vice President of Planning and Control International at American Can Company.

TIMOTHY R. SURGENOR resigned from our Company in December 2002. He joined our Company in January 2000 as Executive Vice President. He was responsible for business development, global business unit product development and marketing, quality assurance, and clinical and regulatory affairs. Prior to joining our Company, Mr. Surgenor was President of Genzyme Tissue Repair, a publicly traded cell therapy division of Genzyme Corporation, Cambridge, Massachusetts, from 1995 until 1999. Prior to Genzyme, Mr. Surgenor was Executive Vice President and Chief Financial Officer of BioSurface Technology, Inc. and held various positions in operations at Integrated Genetics, Inc.

STEPHEN C. SWENSON joined our Company in December 2000, as Executive Vice President responsible for the worldwide field organization, encompassing the sales and marketing teams for the United States, Europe, and Asia. Prior to joining our Company, Mr. Swenson was President and CEO of Illuminis Corporation, a healthcare company that focused on internet communications for diagnostic medical images. Prior to this, he spent twenty years with the Hewlett-Packard Medical Group. His most recent responsibilities were Worldwide Marketing Manager and General Manager, North American Field Operations.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is listed on the New York Stock Exchange under 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
<hr/>				
Fiscal year ended March 29, 2003:				
Market price of Common Stock				
— High	\$34.80	\$29.20	\$25.75	\$23.08
— Low	\$28.10	\$22.51	\$18.02	\$19.45
Fiscal year ended March 30, 2002:				
Market price of Common Stock				
— High	\$34.30	\$37.50	\$41.87	\$34.08
— Low	\$28.40	\$28.80	\$32.22	\$26.43

~~There were approximately 535 holders of record of the Company's common stock as of May 15, 2003. 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.~~

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

Macmonetics Corporation and Subsidiaries
Five Year Review
(in thousands, except share and employee data)

Summary of Operations	2003	2002	2001	2000	1999
Net revenues	\$336,956	\$319,969	\$293,860	\$280,612	\$284,513(a)
Cost of goods sold	182,260	165,135	151,447	149,155	150,866
Gross profit	154,696	154,834	142,413	131,457	133,647
Operating expenses:					
— Research and development	19,512	19,512	19,039	14,943	15,153
— Selling, general and administrative	97,705	88,874	86,734	82,895	86,879
— Acquired research and development		10,000	18,606(b)	2,871(b)	
— Other unusual charges			4,614(b)	10,305(b)	
Total operating expenses	117,217	118,386	128,993	111,014	102,032
Operating income	37,479	36,448	13,420	20,443	31,615
Other income (expense), net	1,128	2,057	3,906	3,254	969
Income from continuing operations					
— before provision for income taxes	38,607	38,505	17,326	23,697	32,584
Provision for income taxes	10,228	10,782	10,090	8,471	11,405
Income from continuing operations					
— before cumulative effect of a change					
— in accounting principle	28,379	27,723	7,236	15,226	21,179
Income(loss) from discontinued					
— operations				144	(102)
Cumulative effect of a change in					
— accounting principle		2,304(c)			
Net income(loss)	\$ 28,379	\$ 30,027	\$ 7,236	\$ 15,370	\$ 21,077
Income(loss) per share:					
— Basic	\$ 1.15	\$ 1.15	\$ 0.29	\$ 0.59	\$ 0.79
— Diluted	\$ 1.13	\$ 1.11	\$ 0.28	\$ 0.58	\$ 0.78
Weighted average number of shares	24,591	26,214	25,299	26,087	26,744
Common stock equivalents	457	941	706	414	142
Weighted average number of common					
— and common equivalent shares	25,048	27,155	26,005	26,501	26,886
Financial and Statistical Data:	2003	2002	2001	2000	1999
Working capital	\$122,880	\$148,737	\$139,717	\$121,443	\$162,188
Current ratio	2.2	2.8	2.8	2.4	3.3
Property, plant and equipment, net	\$ 83,988	\$ 84,877	\$ 83,251	\$ 81,608	\$ 83,016
Capital expenditures	\$ 13,535	\$ 21,602	\$ 16,146	\$ 17,346	\$ 22,466
Depreciation and amortization	\$ 28,431	\$ 25,616	\$ 24,499	\$ 24,906	\$ 24,573
Total assets	\$359,208	\$364,921	\$345,314	\$334,760	\$344,675
Total debt	\$ 70,617	\$ 72,143	\$ 69,719	\$ 74,202	\$ 59,171
Stockholders' equity	\$223,237	\$236,824	\$215,516	\$202,815	\$221,861
Return on average equity	12.3%	13.3%	3.5%	7.2%	10.1%
Debt as a % of stockholders' equity	31.6%	30.5%	32.3%	36.6%	26.7%
Employees from continuing operations	1,497	1,498	1,357	1,328	1,329
Net revenues per employee					
— from continuing operations	\$ 225	\$ 214	\$ 217	\$ 211	\$ 214

(footnotes on following page)

(a) Revenues for 2000 and 1999 shown were restated to include additional shipping and handling revenue billed to customers in accordance with Emerging Issues Task Force (EITF) Issue 00-10, "Accounting for Shipping and Handling Fees and Costs" (EITF 00-10) which the Company adopted in the fourth quarter of fiscal 2001. Prior to the Company's adoption of EITF 00-10, amounts billed to customers for shipping and handling were netted against the related costs in cost of goods sold or S,G&A (see Note 2 to the consolidated financial statements for further discussion).

(b) In September of fiscal 2001, the Company acquired Transfusion Technologies Corporation. As part of the acquisition the Company recognized \$18.6 million in in-process research and development costs and \$4.6 million in other unusual charges. Fiscal year 2000 was adjusted to include a \$2.9 million charge for in process research and development and \$0.7 million for other unusual charges related to the acquisition of Transfusion Technologies Corporation (see Note 11 to the consolidated financial statements for further discussion). Also reflected in Other unusual charges was a write down of a sales type lease with the Chinese government for \$9.5 million (see Note 12 to the consolidated financial statements for further discussion).

(c) Effective April 1, 2001, the Company adopted SFAS 133, as amended, which resulted in the recognition of \$2.3 million as a cumulative effect of a change in accounting principle, net of tax. This amount is the change in the fair value of forward contracts related to forward points, which the Company excludes from its assessment of hedge effectiveness (see Note 2 to the consolidated financial statements for further discussion).

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

Results of Operations

The table outlines the components of the consolidated statements of operations as a percentage of net revenues:

Years Ended	Percentage of Net Revenues			Percentage Increase (Decrease)	
	March 29, 2003	March 30, 2002	March 31, 2001	2003/02	2002/01
Net revenues	100.0%	100.0%	100.0%	5.3%	8.9%
Cost of goods sold	54.1	51.6	51.5	10.4	9.0
Gross profit	45.9	48.4	48.5	(0.1)	8.7
Operating expenses:					
— Research and development	5.8	6.1	6.5		2.5
— Selling, general and administrative	20.0	27.8	20.5	9.9	2.5
— Acquired research and development		3.1	6.3	(100.0)	(46.3)
— Other unusual charges			1.6		(100.0)
Total operating expenses	34.8	37.0	43.9	(1.0)	(8.2)
Operating income	11.1	11.4	4.6	2.8	>100.0
Interest expense	(1.0)	(1.2)	(1.3)	(10.6)	4.8
Interest income	0.6	1.2	1.6	(43.3)	(15.2)
Other income, net	0.7	0.6	1.0	16.9	(32.1)
Income from operations before provision for income taxes	11.4	12.0	5.9	0.3	>100.0
Provision for income taxes	3.0	3.3	3.4	(5.1)	6.9
Income from operations before cumulative effect of a change in accounting principle	8.4	8.7	2.5	2.4	>100.0
Cumulative effect of a change in accounting principle, net of tax		0.7		(100.0)	100.0
Net income	8.4%	9.4%	2.5%	(5.5)%	>100.0%

~~2003 COMPARED TO 2002~~

~~Net Revenue Summary~~

~~By location~~

	2003	2002 (a)	% Increase/ (Decrease)
United States	\$127,241	\$121,558	4.7%
International	200,715	198,411	5.7
Net revenues	\$336,956	\$319,969	5.3%

~~By product type~~

	2003	2002 (a)	% Increase/ (Decrease)
Disposables	\$298,220	\$290,824	2.5%
Misc. & service	18,355	12,105	51.6
Equipment	20,381	17,040	19.6
Net revenues	\$336,956	\$319,969	5.3%

~~Disposable revenue by product line~~

	2003	2002	% Increase/ (Decrease)
Surgical	\$ 68,321	\$ 67,010	2.0%
Blood bank	99,921	102,961	(3.0)
Red Cells	15,542	10,675	45.6
Plasma	114,436	110,178	3.9
Total disposables revenue	\$298,220	\$290,824	2.5%

~~(a) We made certain reclassifications to the 2002 disposables and Misc. & service revenue amounts to conform to 2003 presentation.~~

~~2003 Compared to 2002~~

~~Net Revenues~~

~~Net revenues in fiscal 2003 increased \$17.0 million to \$337.0 million from \$320.0 million in fiscal 2002. The increase was a result of volume increases from both disposable and software sales. Foreign currency contributed to a small decrease in sales. We recorded \$4.5 million of losses on our plan hedges in the current year compared to \$8.1 million of gains recorded on our plan hedges in fiscal 2002. These losses were largely offset by the increase in reported revenues due to the relative strength of the Euro and the Japanese yen. See the discussion below entitled, Foreign Exchange, for a complete discussion of how foreign exchange impacts our business. International sales accounted for 62.0% of net sales for both fiscal years 2003 and 2002.~~

Disposable Sales

Disposable sales increased 2.5% or \$7.4 million. By product line, disposable sales increased in worldwide Red Cell (up 45.6%), worldwide Plasma sales (up 3.9%), worldwide Surgical (up 2.0%), partly offset by decreases in worldwide Bloodbank (down 3.0%).

~~Red Cell~~ Worldwide Red Cell sales grew due to volume increases in the U.S. as customers (new and existing) reacted to red cell shortages by introducing automation into their collection operations as a means to increase the number of units of blood collected from a declining number of eligible donors. The decline in the red cell supply in the U.S. relates primarily to blood shortages and recently adopted donor deferral regulations mandated by the U.S. Food and Drug Administration.

~~Plasma~~ The growth in worldwide Plasma disposable sales is attributed to volume increases of products sold in Japan, Asia and Europe partially offset by volume decreases in the U.S. market, which represents over one half of our plasma business. Acquisition of smaller plasma collection centers by large plasma manufacturing companies, including Baxter International (Baxter), has altered the competitive landscape. The U.S. volume decrease is due to declining sales to one customer as a result of industry consolidation. In addition, Baxter announced that they would acquire, subject to regulatory approval, the plasma collection operations of Alpha Therapeutic Corporation (Alpha) during the first half of calendar 2003. In fiscal 2003, sales of plasma disposables, including bowls, collection bottles and solutions, to Alpha were approximately \$19.5 million. Alpha has several exclusive purchasing contracts with us which begin to lapse in January 2005 through 2009. We are unable to estimate the impact upon future operating results because we are uncertain about whether or when the sale will be consummated, and about Baxter's plans for the collection centers, if purchased.

~~Surgical~~ Worldwide Surgical disposable sales, including both our traditional cardiovascular cell salvage business and our new OrthoPAT(R) business, grew modestly. We continue to implement a quality enhancement program for the OrthoPAT(R), therefore we slowed down the manufacture and sale of OrthoPAT(R) products to our distributor. We anticipate sales of our OrthoPAT(R) product will accelerate in fiscal 2004 to reflect the higher sales growth rates experienced by our distributor. Our cardiovascular cell salvage business is stable, although we experienced a modest reduction in volume in 2003.

~~Bloodbank~~ Worldwide Bloodbank disposable sales decreased as compared to 2002 due to volume decreases in both the U.S. and European platelet markets and volume decreases of our Automated Cell Processing ("ACP") (R) 215 system. The effects of these decreases were somewhat mitigated by volume growth in our Asia platelet business. The newest platelet collection technologies use a single disposable to collect multiple platelet units thereby reducing the number of disposables needed. Prior year sales related to our ACP(R)215 system disposables were high due to the demand resulting from the events of September 11, 2001. As the majority of our Bloodbank disposable sales are in our international markets, currency negatively impacted our Bloodbank results to a greater extent than the other product lines.

Miscellaneous and Service Sales

Miscellaneous and service sales includes revenues generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and revenue from our software division, Fifth Dimension, acquired on January 1, 2002.

Miscellaneous and service sales increased 51.6% or \$6.3 million year over year primarily as a result of a \$3.9 million increase from Fifth Dimension software products.

Equipment Sales

~~Equipment sales increased 19.6% or \$3.3 million year over year due primarily to an increase in the volume of machines sold. We increased equipment sales in our Japanese plasma and platelet markets and in the European plasma market. Most of our equipment sales occur in markets outside the U.S. As in the U.S. we generally place equipment with a customer in exchange for an agreement to purchase disposables or to pay a rental fee. Due to the variable nature of equipment sales, we give no assurance as to whether or not this level of equipment sales will continue in the foreseeable future.~~

Gross profit

~~Gross profit of \$154.7 million for fiscal 2003 decreased \$0.1 million from \$154.8 million for fiscal 2002. As a percentage of sales, gross profit decreased 2.5% in fiscal 2003 to 45.9%. The \$0.1 million decrease in gross profit was a result of the negative effects of foreign currency, which were partially offset by the additional contribution from the increase in sales and from cost reductions generated by the Customer Oriented Redesign for Excellence ("CORE") program. The negative effect of foreign currency was primarily the result of \$4.5 million in losses recorded on our plan hedges in fiscal 2003 compared with \$8.1 million in gains recorded on our plan hedges in fiscal 2002. These losses were only partially offset by an increase in reported gross profit due to the relative strength of the Euro and the Japanese yen.~~

~~In fiscal 2003, the CORE program generated a \$2.9 million improvement in our gross profit by automating and redesigning the way certain products are made and by negotiating reduced raw material prices from suppliers.~~

Expenses

~~* Research and Development~~

~~We spent \$10.5 million on research and development for both fiscal 2003 and 2002. Small decreases in spending were offset by increases in expenses reported due to the relative strength of the Euro and the Japanese yen.~~

~~* Selling, general and administrative~~

~~Selling, general and administrative expenses increased \$8.8 million in fiscal 2003 from \$88.9 million in fiscal 2002. The increase in spending is related to increases in selling, marketing, and field support expenses to support the higher volumes of sales, a full fiscal year of expenses from Fifth Dimension, which we acquired in Q4 of fiscal 2002, and increases in expenses reported due to the relative strength of the Euro and the Japanese yen.~~

~~* Acquired research and development~~

~~In the third quarter of fiscal 2002, we paid Baxter \$10.0 million for the right to integrate the new pathogen reduction technology which Baxter was developing into our platelet collection devices after the technology receives regulatory approval. In the fourth quarter of this fiscal year we made an additional \$3.8 million milestone payment to Baxter as they acquired their initial regulatory approvals in the European market. Because this technology has achieved commercial viability, this payment was capitalized as developed technology, and will be amortized over its useful life.~~

Operating Income

~~Operating income for fiscal 2003 increased \$1.0 million from fiscal 2002 but decreased to 11.1% of sales in fiscal 2003 from 11.4% in fiscal 2002. The \$1.0 million increase in operating income was a result of 1) the reduction in acquired research and development, 2) revenue driven gross profit improvements, and 3) cost reductions generated by the CORE program, and was almost fully offset by 1) increased selling, general and administrative spending and 2) most significantly the negative effect of foreign currency. The negative effect of foreign currency was primarily the result of \$4.6 million in losses recorded on our plan hedges in fiscal 2003 compared with \$8.1 million in gains recorded on our plan hedges in fiscal 2002.~~

Foreign Exchange

~~Approximately 62% of our sales are generated outside the U.S., yet our reporting currency is the U.S. dollar. Foreign exchange risk arises because we engage in business in foreign countries in local currency, primarily the Euro and the Japanese Yen. Exposure is partially mitigated by producing and sourcing product in local currency and expenses incurred by local sales offices. However, whenever the U.S. dollar strengthens relative to the other major currencies, there is an adverse affect on our results of operations and alternatively, whenever the U.S. dollar weakens relative to the other major currencies there is a positive effect on our results of operations.~~

~~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 the anticipated cash flows from forecasted foreign currency denominated sales. We refer to these contracts as our plan hedges. Hedging through the use of forward contracts 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.~~

~~We compute a composite rate index for purposes of measuring, comparatively, the change in foreign currency hedge spot rates from the hedge spot rates of the corresponding period in the prior year. The relative value of currencies in the index is weighted by sales in those currencies. The composite was set at 1.00 based upon the weighted rates at March 31, 1997. The composite rate is presented in the period corresponding to the maturity of the underlying forward contracts.~~

~~The favorable or (unfavorable) changes are in comparison to the same period of the prior year. A favorable change is presented when we will obtain relatively more U.S. dollars for each of the underlying foreign currencies than we did in the prior period. An unfavorable change is presented when we obtain relatively fewer U.S. dollars for each of the underlying foreign currencies than we did in the prior period. These indexed hedge rates impact sales, and as a result also gross profit, operating income and net income, in our financial statements. 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.~~

		Composite Index	Favorable/(Unfavorable)
		Hedge Spot Rates	Change versus Prior Year
FY2001	Q1	1.04	5.4%
	Q2	1.00	8.2%
	Q3	0.92	12.0%
	Q4	0.97	10.2%
2001	Total	0.98	9.1%
FY2002	Q1	0.99	5.2%
	Q2	0.97	3.3%
	Q3	1.01	(8.6%)
	Q4	1.05	(7.5%)
2002	Total	1.00	(2.0%)
FY2003	Q1	1.09	(8.0%)
	Q2	1.08	(10.3%)
	Q3	1.10	(8.1%)
	Q4	1.17	(11.0%)
2003	Total	1.11	(9.5%)
FY2004	Q1	1.13	(3.6%)
	Q2	1.05	3.6%
	Q3	1.06	3.2%
	Q4	1.01	15.0%
2004	Total	1.06	4.9%
FY2005	Q1	0.97	15.7%

Other income (expense), net

Interest expense for fiscal 2003 was relatively flat compared to fiscal 2002. Nearly all of our long term debt is at fixed rates. Interest income decreased \$1.7 million from 2002 to 2003, due primarily to lower average balances of cash invested and lower investment yields. Other income, net increased \$0.3 million from fiscal 2002 to fiscal 2003 due to foreign exchange transaction gains in fiscal 2003 as compared to transaction losses in fiscal 2002 and income recorded to reflect an anticipated payment for a customer contract termination. These increases in other income were offset in large part by decreases in income earned from points on forward contracts in fiscal 2003 as compared to fiscal 2002. 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.

Taxes

The provision for income tax as a percentage of pretax income was 26.5% for 2003, down from 28.0% in 2002. The decrease in fiscal 2003 effective tax rate and tax expense results from an anticipated income tax refund. The Q4 fiscal 2003 effective tax rate was 36.0%, which is also anticipated to be our fiscal year 2004 effective tax rate.

~~2002 COMPARED TO 2001~~

~~Net Revenue Summary~~

~~By location~~

	2002 (a)	2001 (a)	% Increase/ (Decrease)
United States	\$121,558	\$ 96,555	25.9%
International	198,411	197,305	0.6
Net revenues	\$319,969	\$293,860	8.9%

~~By product type~~

	2002	2001	% Increase/ (Decrease)
Disposables	\$290,824	\$267,183	8.8%
Misc. & service	12,105	12,825	(5.6)
Equipment	17,040	13,852	23.0
Net revenues	\$319,969	\$293,860	8.9%

~~Disposable revenue by product line~~

	2002	2001	% Increase/ (Decrease)
Surgical	\$ 67,010	\$ 62,721	6.8%
Blood bank	102,961	106,256	(3.1)
Red Cells	10,675	8,029	33.0
Plasma	110,178	90,174	22.2
Total disposables revenue	\$290,824	\$267,183	8.8%

~~(a) We made reclassifications to both the 2002 and 2001 product type and product line information to conform to 2002 reporting classifications.~~

~~2002 Compared to 2001~~

~~Net Revenues~~

~~Net revenues in 2002 increased \$26.1 million to \$320.0 from \$293.9 in 2001. The increase was a result of volume increases from both disposable and software sales offset by the significant negative effects of foreign currency. The relative strength of the U.S. dollar compared to the Japanese yen and to a much lesser extent the Euro in fiscal 2002 had a negative impact on reported revenues, this was offset by \$3.2 million in additional gains from our plan hedges. International sales accounted for 62.0% and 67.1% of net sales for fiscal 2002 and 2001, respectively.~~

Disposible Sales

~~Disposible sales increased 8.8% year over year. This increase resulted from growth in worldwide Surgical (up 6.8%), worldwide Red Cell (up 33.0%), and worldwide Plasma (up 22.2%) offset by a decrease in worldwide Bloodbank (down 3.1%).~~

~~Surgical — The growth in worldwide Surgical disposible sales was mainly attributed to volume increases of existing products in the European markets and the success of our recently launched OrthoPAT(R) products in the U.S. orthopedic market.~~

~~Red Cell — The growth in worldwide Red Cell sales was attributed to volume increases in the U.S. and European markets. The growth of Red Cells was unfavorably impacted in the aftermath of September 11, 2001 as customers temporarily slowed or suspended conversion to automation, and by the delay announced in January 2002 in the further rollout of the double Red Cell technology by the American Red Cross ("ARC"). Subsequently, the ARC received approval from the Food and Drug Administration on its software information system changes and standard operating procedure upgrades necessary to expand its red cell program beyond the pilot sites using our technology. The ARC's decision to continue expansion of its red cell program was announced in December of 2002.~~

~~Plasma — The growth in worldwide Plasma disposible sales was attributed to volume increases of products sold in the U.S. due to increased plasma collections in fiscal 2002. Approximately 36% of our volume growth in the U.S. was due to sales of bottles as we purchased a container business in the fourth quarter of last year and from the sales of Haemonetics brand anticoagulant solution introduced to our Plasma product line in fiscal 2001.~~

~~Bloodbank — Worldwide Bloodbank disposible sales grew slightly in fiscal 2002 as compared to fiscal 2001, however the negative effects of currency more than offset this growth. The growth in worldwide Bloodbank disposible sales resulted from volume increases in platelet disposible sales in Japan and Asia and from volume increases in the U.S. market resulting from the rollout of the ACP(R)215 automated cell processing system.~~

Miscellaneous and Service Sales

~~Miscellaneous and service sales include revenues generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and, effective the fourth quarter of 2002, revenue from our software division, Fifth Dimension.~~

~~Miscellaneous and service sales decreased 5.6% or \$0.7 million as a result of negative effects of currency partly offset by \$1.1 million of increases from Fifth Dimension software products.~~

Equipment Sales

~~Equipment sales increased 23.0% or \$3.2 million year over year due to volume increases. The volume increase was primarily because of sales of our ACP215 systems due to demand resulting from the events of September 11, 2001. Most of our equipment sales occur in markets outside the U.S. In the U.S. we generally place equipment with a customer in exchange for an agreement to purchase disposables or to pay a rental fee. Due to the variable nature of equipment sales, we give no assurance as to whether or not this level of equipment sales will continue in the foreseeable future.~~

Gross profit

~~———— Gross profit of \$154.8 million in fiscal 2002 increased \$12.4 million from \$142.4 million in fiscal 2001. The increase from fiscal 2001 was a result of increased contribution from higher sales, efficiency gains due to higher manufacturing volumes and cost reductions partly offset by significant negative effects from foreign currency. The relative strength of the US dollar compared to the Japanese yen and the Euro in fiscal 2002 had a negative impact on gross profit. This was somewhat offset by \$3.7 million in additional gains from our plan hedges.~~

~~———— In 1998, we initiated the Customer Oriented Redesign for Excellence ("CORE") Program CORE Program to increase operational effectiveness and improve all aspects of customer service. The CORE Program is based on Total Quality of Management, ("TQM") principals, and the program aims to increase the efficiency and the quality of processes and products, and to improve the quality of management at Haemonetics. For fiscal 2002, the CORE program generated \$3.8 million improvement in our gross profit by automating and redesigning the way certain products are made and by negotiating reduced raw material prices from suppliers.~~

Expenses

~~———— * Research and development~~

~~———— We spent \$10.5 million, 6.1% of net revenues, on research and development in 2002 and \$10.0 million, 6.5% of net revenues, in 2001.~~

~~———— * Selling, general and administrative~~

~~———— Selling, general and administrative expenses increased \$2.2 million from \$86.7 million in fiscal 2001 to \$88.9 million in fiscal 2002. The increase was due to higher sales and increased spending behind new product sales and marketing activities partly offset by reductions in the amount of reported expenses due to the relative strength of the U.S. dollar.~~

Acquired Research and Development

~~———— Pathogen Reduction Technology~~

~~———— In the third quarter of fiscal 2002, we paid \$10.0 million to Baxter for the right to integrate a new pathogen reduction technology into our platelet collection devices. Initial European regulatory clearance was received in fiscal 2003 and clearances in other geographies are anticipated over the next few years.~~

~~———— Transfusion Technologies In Process Research and Development (IPR&D)~~

~~———— Upon consummation of the acquisition of Transfusion Technologies Corporation ("Transfusion") in the second quarter of fiscal 2001, we incurred costs representing the value of the research and development projects. Included in the purchase price allocation for the acquisition of Transfusion was an aggregate amount of purchased in process research and development ("IPR&D") of \$21.5 million, \$2.0 million of which is reflected in the restatement of fiscal year 2000 relative to our original 19.8% investment. The values represent purchased in process technology that had not yet reached technical feasibility and had no alternative future use. Accordingly, the amounts were immediately expensed in the consolidated statement of operations as acquired research and development (see Note 11 in the audited consolidated financial statements for further discussion of the acquisition and IPR&D charges).~~

~~— A brief description of the IPR&D projects related to the acquisition of Transfusion, including their estimated stage of completion and associated discount rates is outlined below.~~

~~— Chairside Separator(R). The Chairside Separator(R) is a portable, automated device used for the donor side collection and processing of a single unit of whole blood into a unit of red cell concentrate and plasma. Unlike our other red cell collection systems, the Chairside Separator(R) does not return any blood components to the donor during a donation. The system is designed for use in a blood center, hospital, or mobile blood drive location and can be powered either through a standard AC outlet or by DC battery packs. At the time of the acquisition, we estimated that the Chairside Separator(R) project was 95% complete and that product sales would commence by the fourth quarter of fiscal 2002. The IPR&D value assigned to the Chairside Separator(R) was \$17.6 million. A discount rate of 32% was employed in the analysis.~~

~~— We completed the clinical safety study on July 13, 2001 and submitted the 510(k) to the Food and Drug Administration ("FDA") on September 21, 2001. The FDA has not yet approved the Chairside Separator(R) and we have reallocated resources to speed the development of the Red Cell Collector discussed below. We estimate the remaining cost to obtain marketing clearance from the FDA at approximately \$100,000.~~

~~— Red Cell Collector ("RCC"). The RCC is a portable, automated device used for the collection and processing of two units of red blood cells from donors. The system collects and automatically anticoagulates a donor's whole blood while separating it into red blood cells and plasma. The plasma and 500 ml of saline is then re-infused back to the donor. The system is designed for use in a blood center, hospital, or mobile blood drive location and can be powered either through a standard AC outlet or by DC battery packs. At the time of the acquisition, we estimated that the RCC project was 65% complete and that product sales would commence by the second quarter 2003. The IPR&D value assigned to the RCC was \$3.9 million. A discount rate of 32% was employed in the analysis.~~

~~— As of March 29, 2003, the estimated percent completion of the RCC project is 85%. Product sales are expected to commence in Europe during fiscal year 2004. Estimates for cost of sales, SG&A expenses and income tax rates relative to the RCC project remain unchanged. The majority of design, software programming, disposable set development, and sourcing requirements are complete. In addition, clinical trials will be conducted prior to submission of a 510(k) to the FDA. The estimated cost to be incurred to develop the purchased in process RCC technology into a commercially viable product is \$1.5 million in fiscal 2004.~~

Other Unusual Charges

~~— Unusual charges expensed as a result of the acquisition of Transfusion amounted to \$4.6 million and included \$2.8 million in bonuses paid to key Transfusion executives hired by Haemonetics and severance to employees laid off due to overlaps created by the merger; a \$0.5 million write-off of an investment in fluid warming technology which Haemonetics decided not to pursue in lieu of the technologies acquired in the merger; and the adjustment required to modify our investment of 19.8% of Transfusion in November of fiscal 2000 from the cost method to the equity method of accounting as required by generally accepted accounting principles. To affect this change, the historic cost of the 19.8% investment made by Haemonetics was written down by its 19.8% share of the monthly losses incurred by Transfusion from November 1999. The charge to the statement of operations related to this adjustment was \$1.3 million for the year ended March 31, 2001.~~

Operating Income

~~— Operating income for 2002 increased \$23.0 million to 11.4% as a percentage of net revenues from 4.6% in fiscal 2001. The \$23.0 million increase in operating income resulted largely from improvements in gross profit~~

and \$13.3 million in decreased acquired research and development and unusual charges in fiscal 2002 as compared to fiscal 2001. These operating income increases were offset by increases in fiscal 2002 in both research and development and selling, general and administrative expenses and significant negative effects from foreign currency.

Other income (expense), net

Interest expense for 2002 was relatively flat as compared to 2001. As nearly 100% of our long term debt is at fixed rates, we have not benefited from lower interest rates in the marketplace. Interest income decreased \$0.7 million from 2001 to 2002, due primarily to the continuing trend of customer preference for, and our policy of moving toward, placing on loan Company owned equipment versus selling it under long term sales type leases. Investment income was relatively flat from 2001 to 2002, as lower interest rates have offset the benefit from higher average cash and available for sale investment balances. Including the cumulative effect of accounting change of \$3.2 million related to the adoption of SFAS 133, as amended, other income, net increased \$2.2 million, due to the reduction of foreign exchange transaction losses and to the reduction of amortization expense as a result of our adoption of SFAS No. 142, "Goodwill and Other Intangible Assets," effective April 1, 2001, which required that we cease amortization of goodwill.

Taxes

The income tax provision, as a percentage of pretax income, was 28.0% for fiscal 2002, down from 58.2% in fiscal 2001. Excluding the non-deductible charges in connection with the Transfusion Technologies' acquisition, our effective tax rate was 27% in 2001.

The decrease in tax expense from the federal statutory to our effective tax rate is primarily attributable to the Foreign Sales Corporation and the Extraterritorial Income Exclusion and differences between U.S. and foreign statutory rates.

Cumulative Effect of Accounting Change, Net of Tax

In accordance with Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities — Deferral of the Effective Date of FASB Statement No. 133," we adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Certain Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133," (collectively, SFAS No. 133, as amended) effective, April 1, 2001, the beginning of our 2002 fiscal year. As required, these standards were adopted as a change in accounting principle and accordingly, the effect at adoption of \$3.2 million was shown net of taxes of \$0.9 million as a cumulative effect of a change in accounting principle on the face of the consolidated statements of operations in the year ended March 30, 2002.

Critical Accounting Policies

Our significant accounting policies are summarized in Note 2 of our 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 in accordance with generally accepted accounting principles as outlined in SAB No. 101 which requires that four basic criteria be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists, (2) product delivery, including customer acceptance, has occurred or services have been rendered, (3) the price is fixed or determinable and (4) collectibility is reasonably assured. We believe that our revenue recognition policy is critical because revenue is a very significant component of our results of operations.~~

~~With our acquisition of Fifth Dimension Information Systems, Inc. ("Fifth Dimension") in January 2002, we have recorded software sales in accordance with Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended, and in instances where services are essential to the functionality of the software, which represents the majority of Fifth Dimension's software sales, revenue is recognized in accordance with SOP 81-1, "Accounting for Performance of Construction Type and Certain Production Type Contracts."~~

~~In accordance SOP 97-2, when the services are essential to the functionality of the software, or payment of the license fees are dependent upon the performance of the services, the software license, configuration, training and implementation fees are recognized under the contract method of accounting using labor hours to measure the completion percentage. In order to apply the contract method of accounting, management is required to estimate the number of hours needed to complete a particular project. As a result, recognized revenues and profits are subject to revisions as the contract progresses to completion.~~

Income Taxes

~~In preparing our consolidated financial statements, income tax expense is calculated for each of the 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 which are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability, and where their recovery is not likely, a valuation allowance is established and a corresponding additional tax expense is recorded in our statement of operations. In the event that actual results differ from our estimates given changes in assumptions, the provision for income taxes could be materially impacted. As of March 29, 2003, no valuation allowance existed on our books. The total net deferred tax asset as of March 29, 2003 was \$20.3 million.~~

Inventories

~~We value our inventory 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 estimated forecast of product demand and production requirements for the next twenty four months. A significant increase in the demand for our products could result in a short term increase in the cost of inventory purchases while a significant decrease in demand could result in an increase in the amount of excess inventory quantities on hand. Additionally, our estimates of future product demand may prove to be inaccurate in which case we may have understated or overstated the provision required for excess and obsolete inventory. In the future, if our inventory is determined to be overvalued as a result of understating its provision for excess and obsolete inventory, such costs would be required to be recorded in our cost of goods sold at the time of such determination. Likewise, if our inventory is determined to be undervalued, as a result of overstating our provision for excess and obsolete inventory, we may have over reported our costs of goods sold in previous periods and would be required to recognize such additional operating income at the time of sale. Therefore, although every effort is made to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand could have a significant impact on the value of our inventory and reported operating results.~~

Other Intangibles

~~Purchase accounting requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market value of the assets and liabilities purchased, with the excess value, if any, being classified as goodwill. In addition, as described in Notes 2 and 11 of our financial statements, as a result of our acquisitions, values were assigned to intangible assets for patented and unpatented technologies and customer contracts and related relationships. For those assets with finite lives, useful lives were assigned to these intangibles and they will be amortized over their remaining life. If conditions exist that indicate that the carrying value of these assets may not be recoverable, we review these assets for impairment to ensure they are appropriately valued. Such conditions may include a change in the competitive landscape, a decision to employ new or different technology strategies, or a significant change in the prices paid for our products. We estimate the future cash flows expected to result from the use and, if applicable, the eventual disposition of our assets. The key variables that management must estimate include sales volume, prices, inflation, marketing spending, exchange rates and capital spending. For developed technology that has not been deployed we also must estimate the likelihood of pursuing a particular strategy. Significant judgment is involved in making these estimates. Future write-downs may be required if the value of the assets become impaired.~~

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.~~

Liquidity and Capital Resources

~~Our primary sources of capital include cash and short term investments, internally generated cash flows and bank borrowings. We believe these sources to be sufficient to fund our requirements, which are primarily capital expenditures, acquisitions, new business development, share repurchase, and working capital for at least the next twelve months.~~

~~During the fiscal year ended March 29, 2003, we funded our activities primarily with \$43.7 million of cash flows generated by operations, \$32.6 million of gross proceeds from the sale of available for sale securities and \$4.0 million in stock option proceeds.~~

~~Working capital at March 29, 2003, was \$122.9 million. This reflects a decrease of \$25.8 million in working capital from the same period in the prior year largely due to decreases in available for sale investments and increases in short term borrowings and increases in accrued liabilities.~~

Contractual Obligations and Contingencies

A summary of our contractual and commercial commitments as of March 29, 2003, were as follows (see Note 4 and Note 6 to the consolidated financial statements):

		Payments Due by Period			
		Less than	1-3	4-5	After
Contractual Obligations (in thousands)		1 year	years	years	5 years
	Total				
Debt	\$70,617	\$39,005	\$12,382	\$12,555	\$6,675
Operating Leases	19,205	5,167	8,684	4,386	1,028
Other purchase commitments*	8,690	8,690			
Total	\$98,512	\$52,862	\$21,066	\$16,941	\$7,703

* Includes amounts we are committed to spend on significant purchase orders with contract manufacturers, specifically Nova Biomedical, for the purchase of OrthoPAT(R) machines and JMS Co. LTD, and Kawasumi Laboratories for the manufacture of certain disposable products.

Contingent Commitments

The acquisition of Fifth Dimension, which occurred on January 1, 2002, involves potential earn out payments of up to \$4.1 million based on Fifth Dimension reaching certain performance milestones prior to fiscal 2008. The first milestone payment, in the amount of \$1.0 million was earned and accrued as of the end of our fiscal 2003. This payment was allocated to goodwill. This payment will be made in the first quarter of fiscal 2004.

The acquisition of the right to integrate a new pathogen reduction technology into our platelet collection devices includes certain incremental milestone payments based on the receipt of regulatory approvals in the U.S., Europe and Japan. The total amount of these potential milestone payments is \$14.5 million. In the third quarter of fiscal 2003, Baxter received initial regulatory approval in the European market. In connection with this approval, we made an initial \$3.8 million milestone payment to Baxter during the fourth quarter of fiscal 2003. We expect that the remaining European approvals will be obtained during fiscal 2004 and we anticipate making an additional milestone payment of \$3.8 million to Baxter at that time. These payments will be recorded as other technology, an intangible asset, and amortized over their useful lives.

Cash Flow Overview

Cash and short term investments during the fiscal year ended March 29, 2003, before the effect of exchange rates, increased \$14.2 million, which represents an increase in cash flow of \$24.5 million compared to the \$10.3 million in cash used during the fiscal year ended March 30, 2002. The \$24.5 million increase was primarily a result of the cash generated in fiscal 2003 from the available for sale investments and from our operating activities. These increases were largely offset by the increase in fiscal 2003 treasury stock repurchases and less cash received in fiscal 2003 from stock option exercises.

Operating Activities

Cash provided by operating activities was \$43.7 million for the fiscal year ended March 29, 2003, as compared to \$33.3 million in fiscal 2002. The \$10.4 million increase in operating cash flow for 2003 compared to 2002 was due largely to the leveling off of inventory increases, an increase in accrued taxes due to an increase in our effective tax rate in Q4 of fiscal 2003 together with a reduction in tax payments and an increase in accrued expenses partly offset by an increase in accounts receivable. Accrued expenses increased due to the increase in

~~our accruals for other than income tax accounts and obligations associated with the retirement of our past President and CEO. Accounts receivable increased due to the increase in sales and in the days sales outstanding year over year. The increase in days sales outstanding year over year is due largely to the timing of payments.~~

Investing Activities

~~— We generated \$19.5 million from investing activities in fiscal 2003, which represents an increase of \$53.8 million from the \$34.3 million in cash utilized in fiscal 2002. The \$53.8 million increase in cash was a result of the liquidation of our available for sale investments in fiscal 2003, less cash spent on capital expenditures in fiscal 2003, and the acquisition of Fifth Dimension in fiscal 2002. We liquidated our available for sale investments because of changes in the interest rate environment.~~

Financing Activities

~~— Our financing activities used \$49.0 million in cash as compared to \$9.3 million used in fiscal 2002. This increase in cash utilized is primarily a result of the \$50.2 million spent in fiscal 2003 to repurchase our stock, a decrease in the short term debt borrowings in Japan and a decline in proceeds from stock option exercises.~~

~~— In fiscal 2003, we repurchased 1,850,000 shares of our stock at an average price of \$27.11 for a total of \$50.2 million, of which 1,396,000 million shares were purchased under a 10b5-1 plan adopted in fiscal 2003. Our 10b5-1 plan was terminated at the end of fiscal 2003. The Board's authorization for additional buyback remains in effect with approximately \$26.0 million remaining of the original \$50.0 million authorized. We keep repurchased shares on hand for our employee benefit and incentive plans and for other corporate purposes.~~

Inflation

~~— We do not believe that inflation has had a significant impact on our results of operations for the periods presented. Historically, we believe we have been able to minimize the effects of inflation by improving our manufacturing and purchasing efficiency, by increasing employee productivity and by adjusting the selling prices of new products we introduce.~~

Cautionary Statement Regarding Forward Looking Information

~~— Statements contained in this report, as well as oral statements we make which are prefaced with the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," "designed," and similar expressions, are intended to identify forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward looking statements, like any forward looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, foreign currency exchange rates, changes in customers' ordering patterns, and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate. 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 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. We do not use the financial instruments for speculative or trading activities. At March 29, 2003, we had the following significant foreign exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated sales outstanding:

Hedged Currency	(BUY)/SELL Local Currency	Weighted Spot Contract Rate	Weighted Forward Contract Rate	Fair Value	Maturity
Euro	8,450,000	\$0.924	\$0.913	\$(1,275,044)	Apr-Jun-2003
Euro	8,400,000	\$0.980	\$0.966	\$ (783,302)	Jul-Sep-2003
Euro	9,400,000	\$1.017	\$1.004	\$ (499,683)	Oct-Dec-2003
Euro	7,000,000	\$1.083	\$1.070	\$ 85,379	Jan-Feb-2004
Japanese Yen	1,800,000,000	125.5 per US\$	122.7 per US\$	\$ (326,306)	Apr-Jun-2003
Japanese Yen	1,775,000,000	120.7 per US\$	118.6 per US\$	\$ 133,127	Jul-Sep-2003
Japanese Yen	1,725,000,000	121.6 per US\$	119.8 per US\$	\$ (58,459)	Oct-Dec-2003
Japanese Yen	1,050,000,000	118.8 per US\$	117.1 per US\$	\$ 132,931	Jan-Feb-2004
Total:				\$(2,591,358)	

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 \$9.9 million increase in the fair value of the forward contracts; whereas a 10% weakening of the U.S. dollar would result in a \$10.9 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 rates movements due to its fixed rate nature. At March 29, 2003, the fair value of our long term debt was approximately \$3.6 million higher than the value of the debt reflected on our financial statements. This higher fair market is entirely related to our \$22.9 million, 7.05% fixed rate senior notes and our \$8.8 million, 8.41% real estate mortgage.

At March 30, 2002, the fair value of our long term debt was approximately \$2.6 million higher than the value of the debt reflected on our financial statements. This higher fair value is primarily related to the \$28.5 million, 7.05% fixed rate senior notes and the \$9.2 million, 8.41% real estate mortgage.

Using scenario analysis, if we changed the interest rate on all long term maturities by 10% from the rate levels that existed at March 29, 2003 the fair value of our long term debt would change by approximately \$0.5 million.

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, accounts receivable and investment in sales type lease receivables. Sales to one unaffiliated Japanese customer, the Japanese Red Cross Society, amounted to \$79.0 million, \$75.5 million and \$86.3 million for 2003, 2002 and 2001, respectively. Concentration risk on our accounts receivable attributable to this customer accounted for 23.6%, 20.0% and 22.7% of total accounts receivable for 2003, 2002 and 2001, respectively. While the accounts receivable related to the Japanese Red Cross Society may be significant, we do not believe the credit loss risk to be significant given the consistent payment history by this customer.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HAEMONETICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
Net revenues	\$336,956	\$319,960	\$293,860
Cost of goods sold	182,260	165,135	151,447
Gross profit	154,696	154,824	142,413
Operating expenses:			
Research and development	19,512	19,512	19,039
Selling, general and administrative	97,795	88,874	86,734
Acquired research and development		10,000	18,606
Other unusual charge			4,614
Total operating expenses	117,217	118,386	128,993
Operating income	37,479	36,448	13,420
Interest expense	(3,495)	(3,908)	(3,728)
Interest income	2,214	3,905	4,602
Other income, net	2,409	2,060	3,032
Income from operations before provision for income taxes	38,607	38,505	17,326
Provision for income taxes	10,228	10,782	10,090
Income from operations before cumulative effect of a change in accounting principle	28,379	27,723	7,236
Cumulative effect of a change in accounting principle, net of tax		2,304	
Net income	\$ 28,379	\$ 30,027	\$ 7,236
Basic income per common share			
Income from operations before cumulative effect of a change in accounting principle	\$ 1.15	\$ 1.06	\$ 0.29
Cumulative effect of a change in accounting principle, net of tax	\$ —	\$ 0.09	\$ —
Net income	\$ 1.15	\$ 1.15	\$ 0.29
Income per common share assuming dilution			
Income from operations before cumulative effect of a change in accounting principle	\$ 1.13	\$ 1.02	\$ 0.28
Cumulative effect of a change in accounting principle, net of tax	\$ —	\$ 0.09	\$ —
Net income	\$ 1.13	\$ 1.11	\$ 0.28
Weighted average shares outstanding			
Basic	24,591	26,214	25,299
Diluted	25,048	27,155	26,005

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

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

March 29, 2003 March 30, 2002

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,885	\$ 34,913
Available for sale investments		32,636
Accounts receivable, less allowance of \$1,449 in 2003 and \$1,298 in 2002	77,913	63,743
Inventories	65,805	67,244
Current investment in sales type leases, net	2,681	2,793
Deferred tax asset	17,307	18,943
Prepaid expenses and other current assets	9,664	12,573
Total current assets	223,255	232,835
Property, plant and equipment:		
Land, building and building improvements	32,426	31,116
Plant equipment and machinery	59,009	54,596
Office equipment and information technology	36,011	29,520
Haemonetics equipment	117,053	103,587
Total property, plant and equipment	244,499	218,819
Less: accumulated depreciation	160,512	133,942
Net property, plant and equipment	83,987	84,877
Other assets:		
Investment in sales type leases, net (long term)	2,968	3,234
Other intangibles, less amortization of \$2,753 in 2003 and \$1,977 in 2002	26,339	24,204
Goodwill, net	16,010	14,168
Deferred tax asset, net	2,954	2,275
Other long term assets	3,695	3,328
Total other assets	51,966	47,209
Total assets	\$359,208	\$364,921
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long term debt	\$ 39,005	\$ 31,356
Accounts payable	13,677	12,536
Accrued payroll and related costs	11,930	12,696
Accrued income taxes	12,093	11,355
Other accrued liabilities	23,670	16,155
Total current liabilities	100,375	84,098
Long term debt, net of current maturities	31,612	40,787
Other long term liabilities	3,984	3,212
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, \$0.01 par value; Authorized 80,000,000 shares; Issued 31,664,849 shares in 2003 and 31,453,511 shares in 2002	317	315
Additional paid in capital	108,770	104,261
Retained earnings	292,971	264,592
Accumulated other comprehensive loss	(13,486)	(16,395)
Stockholders' equity before treasury stock	388,572	352,773
Less: Treasury stock at cost 7,626,096 shares in 2003 and 5,812,943 shares in 2002	165,335	115,949
Total stockholders' equity	223,237	236,824
Total liabilities and stockholders' equity	\$359,208	\$364,921

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

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

	Common Stock		Additional	Treasury	Retained	Accumulated Other Comprehensive	Total	Comprehensive
	Shares	\$'s	Paid-in Capital	Stock	Earnings	Loss	Stockholders' Equity	Income
Balance, April 1, 2000	30,005	\$300	\$ 73,662	\$ (85,173)	\$227,104	\$(13,078)	\$202,815	
—Employee stock —purchase plan				446	(15)		431	
—Exercise of stock —options and related —tax benefit	717	7	14,296				14,303	
—Purchase of treasury —stock				(4,729)			(4,729)	
—Net income					7,236		7,236	\$ 7,236
—Foreign currency —translation adjustment						(4,540)	(4,540)	(4,540)
—Comprehensive income								\$ 2,696
Balance, March 31, 2001	30,722	\$307	\$ 87,958	\$ (89,456)	\$234,325	\$(17,618)	\$215,516	
—Employee stock —purchase plan			(105)	421	240		556	
—Exercise of stock —options and related —tax benefit	732	8	16,408				16,416	
—Purchase of treasury —stock				(26,914)			(26,914)	
—Net income					30,027		30,027	\$30,027
—Unrealized loss on —available for sale —securities						(10)	(10)	(10)
—Foreign currency —translation adjustment						(1,054)	(1,054)	(1,054)
—Unrealized gain on —derivatives at adoption —of SFAS 133 (Note 2)						4,608	4,608	4,608
—Unrealized loss on —derivatives						(2,321)	(2,321)	(2,321)
—Comprehensive income								\$31,250
Balance, March 30, 2002	31,454	\$315	\$104,261	\$ (115,949)	\$264,592	\$(16,395)	\$236,824	
—Employee stock —purchase plan			16	780			796	
—Exercise of stock —options and related —tax benefit	211	2	4,493				4,495	
—Purchase of treasury —stock				(50,166)			(50,166)	
—Net income					28,379		28,379	\$28,379
—Net change in minimum —pension liability						(424)	(424)	(424)
—Foreign currency —translation adjustment						8,028	8,028	8,028
—Unrealized gain on —derivatives						(4,695)	(4,695)	(4,695)
—Comprehensive income								\$31,288
Balance, March 29, 2003	31,665	\$317	\$108,770	\$ (165,335)	\$292,971	\$(13,486)	\$223,237	

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

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

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
Cash Flows from Operating Activities:			
Net income	\$ 28,370	\$ 30,027	\$ 7,236
Adjustments to reconcile net income to net cash provided by operating activities:			
Non cash items:			
Depreciation and amortization	28,431	25,616	24,499
Deferred tax expense	4,030	5,629	2,112
In process research and development			18,606
Equity in losses of investment			1,353
Other unusual non cash charges			1,282
Tax benefit related to exercise of stock options	539	3,429	1,900
Unrealized gain from hedging activities	(2,762)	(355)	
Change in operating assets and liabilities:			
Increase in accounts receivable, net	(7,696)	(4,980)	(1,551)
(Increase) decrease in inventories	(5,486)	(18,344)	323
Decrease in sales type leases (current)	219	2,896	2,356
Increase in prepaid income taxes	(1,315)	(2,497)	(216)
(Increase) decrease in other assets and other long term liabilities	(2,456)	(4,004)	522
(Increase) decrease in accounts payable and accrued payroll	(585)	1,905	(4,674)
Increase (decrease) in accrued taxes	555	(3,319)	(909)
Increase (decrease) in accrued expenses	1,814	(2,692)	3,977
Net cash provided by operating activities	43,667	33,311	56,816
Cash Flows from Investing Activities:			
Purchases of available for sale investments	(11,670)	(69,852)	(43,610)
Gross proceeds from sale of available for sale investments	44,306	66,525	49,726
Capital expenditures on property, plant and equipment, net of disposals	(13,535)	(22,675)	(16,146)
Acquisition of Transfusion Technologies Corporation, net of cash acquired			(26,572)
Acquisition of plasma collection bottle plant			(8,300)
Acquisition of software development company		(10,461)	
Net decrease in sales type leases (long term)	384	2,153	4,597
Net cash provided by (used in) investing activities	19,485	(34,310)	(40,314)
Cash Flows from Financing Activities:			
Borrowings (payments) on long term real estate mortgage	(420)	(386)	9,561
Net increase (decrease) in short term revolving credit agreements	2,547	10,135	(10,883)
Net decrease in long term credit agreements	(5,714)	(5,714)	(3,675)
Employee stock purchase plan	796	556	431
Exercise of stock options	3,956	12,987	12,403
Purchase of treasury stock	(50,166)	(26,914)	(4,729)
Net cash provided by (used in) financing activities	(49,001)	(9,336)	3,108
Effect of Exchange Rates on Cash and Cash Equivalents	821	75	(348)
Net Increase (Decrease) in Cash and Cash Equivalents	14,972	(10,260)	10,262
Cash and Cash Equivalents at Beginning of Year	34,913	45,173	25,911
Cash and Cash Equivalents at End of Year	\$ 49,885	\$ 34,913	\$ 45,173
Non cash Investing and Financing Activities:			
Transfers from inventory to fixed assets for placements of Haemonetics equipment	\$ 10,699	\$ 4,385	\$ 6,094
Reclassifications from long term credit agreements to short term credit agreements	\$ 2,455		
Supplemental Disclosures of Cash Flow Information:			
Net increase (decreases) in cash and cash equivalents, continuing operations	\$ 14,972	\$(10,260)	\$ 10,262
Interest paid	\$ 3,227	\$ 3,689	\$ 3,487
Income taxes paid	\$ 6,625	\$ 8,813	\$ 6,941

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

~~HAEMONETICS CORPORATION AND SUBSIDIARIES~~

~~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS~~

~~1. DESCRIPTION OF THE BUSINESS~~

~~We design, manufacture and market automated systems for the collection, processing and surgical salvage of blood.~~

~~2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES~~

~~Fiscal Year~~

~~Our fiscal year ends on the Saturday closest to the last day in March. Fiscal year 2003, fiscal year 2002 and fiscal year 2001 each included 52 weeks. Fiscal year 2004 will include 53 weeks.~~

~~Principles of Consolidation~~

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

~~Use of Estimates~~

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

~~Translation of Foreign Currencies~~

~~All assets and liabilities of foreign subsidiaries are translated at the rate of exchange at year end while sales and expenses are translated at an average rate in effect during the year. The net effect of these translation adjustments is shown in the accompanying financial statements as a component of stockholders' equity referred to as "Foreign currency translation adjustment."~~

~~Cash and Cash Equivalents~~

~~Cash equivalents include various short term instruments such as money market funds, U.S. government agency notes, certificates of deposit and commercial paper with maturities of three months or less at date of acquisition. Cash and cash equivalents are recorded at cost, which approximates fair market value.~~

~~Available for Sale Investments~~

~~As of March 20, 2003, we held no available for sale investments. As of March 20, 2002 all of our short term investments had maturities greater than three months but equal to or less than 12 months. All our investments were classified as available for sale and carried at fair value, with unrealized gains and losses, for fiscal year 2002, recorded as a separate component of accumulated comprehensive loss, net of tax until realized. Realized gains and losses are calculated based on the specific identification method and are included in other income, net on our consolidated statements of operations. During 2003, proceeds from these investment securities sales totaled approximately \$44.3 million with realized gains of approximately \$30,300. There were no~~

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

realized losses during 2003. During 2002, proceeds from these investment securities sales totaled approximately \$66.5 million with realized gains and losses of approximately \$176,000 and \$14,000, respectively.

The following table summarizes, by major security type, the Company's short term investments. The Company's U.S. corporate securities include U.S. government agency notes, certificates of deposit, corporate debt securities and commercial paper.

March 30, 2002

U.S. treasuries	\$ 9,418
U.S. corporate securities	23,218
Total included in available for sale investments (short term)	\$32,636
	=====

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, accounts receivable and investment in sales type lease receivables. Sales to one unaffiliated Japanese customer, the Japanese Red Cross Society, amounted to \$79.0 million, \$75.5 million and \$86.3 million for 2003, 2002 and 2001, respectively. Concentration risk on our accounts receivable attributable to this customer accounted for 23.6%, 20.0% and 22.7% of total accounts receivable for 2003, 2002 and 2001, respectively. While the accounts receivable related to the Japanese Red Cross Society may be significant, we do not believe the credit loss risk to be significant given the consistent payment history by this customer.

Net Income per Share

The following table provides a reconciliation of the numerators and denominators reflected in the basic and diluted earnings per share computations, as required by Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," ("EPS").

Basic EPS is computed by dividing reported earnings available to stockholders by the weighted average shares outstanding. Diluted EPS also includes the effect of dilutive potential common shares.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(Dollars and shares in thousands except per share amounts)		
<hr/>			
Basic EPS			
Net income	\$28,379	\$30,027	\$ 7,236
Weighted average shares	24,591	26,214	25,299
<hr/>			
Basic income per share	\$ 1.15	\$ 1.15	\$ 0.29
<hr/>			
Diluted EPS			
Net income	\$28,379	\$30,027	\$ 7,236
Basic weighted average shares	24,591	26,214	25,299
Dilutive effect of stock options	457	941	706
<hr/>			
Diluted weighted average shares	25,048	27,155	26,005
Diluted income per share	\$ 1.13	\$ 1.11	\$ 0.28
<hr/>			

The diluted weighted average shares do not include the effect of anti dilutive options that totaled approximately 2.1 million, 0.6 million and 0.3 million for 2003, 2002 and 2001, respectively.

Foreign Currency

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that we formally document, designate and assess the effectiveness of transactions that qualify for hedge accounting. SFAS No. 133, as amended, in part, allows special hedge accounting for fair value and cash flow hedges. The statement provides that the gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument, as well as the offsetting changes in the fair value of the hedged item attributable to the hedged risk, be recognized currently in earnings in the same accounting period. SFAS No. 133, as amended, provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The ineffective portion of a derivative's change in fair value is recognized currently through earnings regardless of whether the instrument is designated as a hedge.

We enter into forward exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues. The purpose of our foreign hedging activities is to minimize, for a period of time, the unforeseen impact on our results of operations of fluctuations in foreign exchange rates. We also enter

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

into short term forward contracts to hedge certain inter company receivables denominated in foreign currencies. These derivative financial instruments are not used for trading purposes. The cash flows related to the gains and losses on these foreign currency hedges are classified in the consolidated statements of cash flows as part of cash flows from operating activities.

At March 29, 2003 we had 28 forward contracts outstanding, all maturing in less than twelve months, to exchange the Euro and the Japanese yen primarily for U.S. dollars totaling \$113.2 million. Of these contracts, six, totaling \$27.4 million, represented contracts with zero fair value relating to inter company receivables established at year end, that settle within 35 days after year end. We have designated the remainder of these contracts as cash flow hedges intended to lock in the expected cash flows of forecasted foreign currency denominated revenues at the available spot rate. The fair value of the forward contracts associated with changes in points on forward contracts is excluded from our assessment of hedge effectiveness.

A summary of the accounting discussed above is as follows (in thousands):

(Income)/Expense Cash Flow Hedges	Debit (Credit)			Cumulative Effect of Change in Accounting Principle, net of tax
	Asset (Liability)	Accumulated Comprehensive (Income) Loss, net of tax	Other (Income) Expense, net	
At adoption, April 1, 2001, of SFAS No. 133, net of tax	\$ 9,200	\$(4,608)		\$(2,304)
Change in fair value	\$(5,217)	\$ 2,321	\$(2,412)	
Balance as of March 30, 2002	\$ 3,983	\$(2,287)		
Change in fair value	\$(6,574)	\$ 4,695	\$(1,045)	
Balance as of March 29, 2003	\$(2,591)	\$ 2,408		

Prior to the adoption of SFAS No. 133 as amended, we recorded points associated with forward contracts as other income when the transactions being hedged were recognized. Under SFAS No. 133 as amended, these points are recorded on a fair value basis over the life of the contracts. For fiscal year ended March 29, 2003, income from points on forward contracts was \$1.0 million or \$0.5 million less than if recorded under the provisions of SFAS No. 52 ("Foreign Currency Translation."). For fiscal year ended March 30, 2002, income from points on forward contracts was \$5.6 million or \$1.0 million higher than if recorded under the provisions of SFAS No. 52, ("Foreign Currency Translation.")

Financial Instruments

The carrying values for certain of our financial instruments, including cash and cash equivalents, available for sale investments and notes payable were either at or approximated their fair market values at March 29, 2003, March 30, 2002 and March 31, 2001.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At March 29, 2003, the fair value of our long term debt was \$3.6 million higher than the value of the debt reflected on our financial statements. This higher fair market is primarily related to our \$22.9 million, 7.05% fixed rate senior notes and our \$8.8 million, 8.41% real estate mortgage. At March 30, 2002, the fair value of our long term debt was \$2.6 million higher than the value of the debt reflected on our financial statements. Fair values have been determined through information obtained from market sources and management estimates.

Inventories, net

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

Inventories consist of the following:

	March 29, 2003	March 30, 2002
(in thousands)		
Raw materials	\$17,037	\$16,808
Work in process	4,597	4,700
Finished goods	44,171	45,736
	\$65,805	\$67,244

Property, Plant and Equipment

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

Asset Classification	Estimated Useful Lives
Building	30 Years
Building and leasehold improvements	5-25 Years
Plant equipment and machinery	3-10 Years
Office equipment and information technology	4-8 Years
Haemonetics equipment	2-8 Years

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

Haemonetics Equipment

Our equipment is comprised of machines installed at customer sites under use plan or rental agreements and machines utilized by our sales personnel as demonstration units. Under each of these arrangements,

~~HAEMONETICS CORPORATION AND SUBSIDIARIES~~

~~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)~~

~~2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)~~

~~the equipment remains our property. Contracts for use plan and rental arrangements vary in length from two to eight years.~~

~~Use plan contracts commit the customer to purchase certain minimum amounts of disposables at a stated price over a defined contract term. The equipment remains our property and as such, we have the right to either remove the equipment or increase the price per disposable if the customer does not consume at least the number of disposables agreed to in the contract. Our U.S. Commercial Plasma and worldwide Red Blood Cell Businesses employ the use plan arrangement almost exclusively and account for the most significant portion of the value of our equipment.~~

~~Equipment under rental agreements may or may not commit the customer to use a minimum number of disposables. Rental charges are billed monthly and the equipment remains our property.~~

~~Equipment given to salespeople for demonstration remains our property and is depreciated over estimated useful lives of two to five years.~~

~~Revenue Recognition~~

~~Our revenue recognition policy is to recognize revenues from product sales and services when earned as required by generally accepted accounting principles and in accordance with SAB No. 101, "Revenue Recognition in Financial Statements." Revenues are recognized when persuasive evidence of an arrangement exists, product delivery, including customer acceptance, has occurred or services have been rendered, the price is fixed or determinable and collectibility is reasonably assured. For product sales, revenue is not recognized until title and risk of loss have transferred and all provisions agreed to in the arrangement necessary for customer acceptance have been fulfilled.~~

~~There are principally four arrangements under which our products are shipped to a customer: a use plan, a rental agreement, a sales type lease and a cash sale not under contract.~~

~~Under use plan and rental agreements, no equipment revenue is recognized as in each of these arrangements, the equipment remains our property and title does not pass to the customer.~~

~~Equipment revenues under sales type lease agreements are recognized either at shipment or delivery in accordance with the agreed upon contract terms with interest income recognized over the life of the lease.~~

~~Revenues from Software Sales~~

~~Since January of fiscal year 2002 with our acquisition of Fifth Dimension Information Systems, Inc. ("Fifth Dimension"), we have recorded software sales in accordance with Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended and, in instances where services are essential to the functionality of the software, which represents the majority of Fifth Dimensions software sales, revenue is recognized in accordance with SOP 01-1, "Accounting for Performance of Construction Type and Certain Production Type Contracts."~~

~~In accordance with SOP 97-2, when the services are essential to the functionality of the software, or payment of the license fees are dependent upon the performance of the services, the software license, configu-~~

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ration, training and implementation fees are recognized under the contract method of accounting using labor hours to measure the completion percentage. In order to apply the contract method of accounting, we are required to estimate the number of hours needed to complete a particular project. As a result, recognized revenues and profits are subject to revisions as the contract progresses to completion. We recorded \$5.0 million and \$1.1 million of software revenue in fiscal 2003 and 2002, respectively.

Revenues from Distributor Sales

We recognize revenue for both equipment and disposables revenue upon shipment of these products to our distributors. Our standard contracts with our distributors state that title of the equipment passes to the distributors at point of shipment to a distributor's location. The distributors are responsible for shipment to the end customer along with installation, training and acceptance of the equipment by the end customer. All shipments to distributors are at contract prices and payment is not contingent upon resale of the product.

Service Revenues and Warranty

Service revenues are recognized ratably over the contractual periods or as the services are provided. We provide for warranty costs in the same period the associated revenue is recognized.

We provide a warranty on parts and labor for one year after the sale and installation of one of our devices. We also warrant our disposable products through their use or expiration. We estimate our potential warranty expense based on our historical warranty experience, and we periodically assess the adequacy of our warranty accrual and make adjustments as necessary. The table provides the detail of the change in our product warranty accrual, which is a component of other accrued liabilities on the consolidated balance sheet for the fiscal years ending March 29, 2003.

	Total
Warranty accrual as of March 30, 2002	\$ 800
Provision related to preexisting warranties	375
Warranty Provision	1,260
Warranty Spending	(1,379)
Warranty accrual as of March 29, 2003	\$ 1,056
	=====

Research and Development Expenses

All research and development costs, for which no alternate future use exists, are expensed as incurred. Research and development expense for continuing operations was \$10.5 million for both fiscal 2003 and 2002 and \$19.0 million for fiscal 2001.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

We utilize the asset and liability method of accounting for income taxes, as set forth in SFAS No. 109, "Accounting for Income Taxes" (SFAS No. 109). SFAS No. 109 requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of the temporary differences between the tax and financial reporting basis for assets and liabilities, utilizing currently enacted tax rates. The effect of any change in tax rates is recognized in the period in which the change occurs.

We do not provide for U.S. income taxes on our foreign subsidiaries' undistributed earnings as they are deemed to be permanently reinvested. Non U.S. income taxes are, however, provided on these earnings. If repatriated to the U.S., we provide the appropriate U.S. income tax on repatriated earnings.

Goodwill

As of the fiscal quarter ended June 30, 2001, we elected early adoption of SFAS No. 142, "Goodwill and Other Intangible Assets." Under this statement goodwill as well as certain other intangible assets, determined to have an indefinite life, are no longer amortized. Instead these assets are reviewed for impairment at least annually or more frequently if an event occurs or circumstances change that would more likely than not reduce the carrying value of the reporting unit below its fair value.

We have performed our annual impairment test based on a fair value approach which used our market capitalization as the basis reduced by the excess of the fair market value of our long term debt over its carrying value as identified in our assessment of interest rate risk. The test showed no evidence of impairment to our goodwill and other indefinite lived assets for fiscal 2003 or fiscal 2002.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The changes in the carrying amount of Goodwill for fiscal year 2003 and 2002 are as follows (in thousands):

Carrying amount as of March 31, 2001	\$14,426
Adjustment due to a change in the valuation of net operating losses acquired in September, 2000 as part of the Transfusion Technologies acquisition (\$2,021 gross, less \$84 in accumulated amortization).	(2,737)
Adjustment due to a change in the valuation of the liabilities associated with the January, 2001 acquisition of the Alpha Therapeutic Corporation plasma collection bottle plant	1,141
Goodwill acquired during the year in the Fifth Dimension acquisition	1,932
Effect of change in rates used for translation	(594)
<hr/> Carrying amount as of March 30, 2002	<hr/> \$14,168 <hr/> =====
Fifth Dimension earn out payment	1,020(a)
Effect of change in rates used for translation	822
<hr/> Carrying amount as of March 29, 2003	<hr/> \$16,010 <hr/> =====

(a) The acquisition of Fifth Dimension, which occurred on January 1, 2002, involved the potential for earn out payments of up to \$4.1 million based on Fifth Dimension reaching certain performance milestones prior to fiscal 2003. The first milestone, in the amount of \$1.0 million, was earned as of the end of the fiscal year 2003. This payment has been accrued as of year end and will be made in the first quarter of fiscal year 2004.

The proforma effect on fiscal year 2001 earnings of excluding amortization expense, net of tax, is as follows (in thousands except per share data):

Years Ended:	March 31, 2001
<hr/>	
Reported net income	\$7,236
Add: goodwill amortization	870
Adjusted net income	\$8,106
	=====
 Basic income per common share:	
Reported net income	\$ 0.29
Goodwill amortization	0.03
Adjusted net income	\$ 0.32
<hr/>	
Income per common share assuming full dilution:	
Reported net income	\$ 0.28
Goodwill amortization	0.03
Adjusted net income	\$ 0.31
	=====

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Intangibles

Other intangibles represent the value assigned to patents and the OrthoPAT(R) core technology purchased in conjunction with the Transfusion Technologies Corporation acquisition, the value assigned to a customer base purchased in conjunction with the acquisition of a plasma collection bottle plant and the value assigned to the software technology, customer contracts and trade name purchased in conjunction with the acquisition of Fifth Dimension (see Note 11 to the consolidated financial statements for a more detailed discussion of our acquisitions). The estimated useful lives for all of these intangible assets, excluding the Fifth Dimension trade name as it is considered to have an indefinite life, are 6 to 20 years.

The patents we purchased as part of our acquisition of Transfusion Technologies Corporation cover various processes, systems and components of the blood collection and separation processes utilized in both the existing OrthoPAT(R) product and the Chairside Separator(R) and Red Cell Collector that are currently under development. Core technology consists of the OrthoPAT(R) orthopedic perioperative autotransfusion system and other already developed and working theory and know how that is shared by all three products purchased in the acquisition. An independent valuation was performed to assess and allocate value to the intangible assets purchased.

The bottling plant customer base intangible asset represents the value allocated to the acquired customer base and certain customer contracts purchased in the acquisition of Alpha Therapeutic's Compton, California, plasma collection bottle plant. An independent valuation was also performed to assess and allocate value to the intangible assets purchased in this transaction.

The technology purchased as part of the acquisition of Fifth Dimension consists primarily of data management software that automates the data collection and data tracking for plasma centers and fractionators. The customer contracts intangible represents the value allocated to the acquired contracts. The useful life assigned to the technology and the contracts was 6 years and 15 years respectively. In addition, we purchased the trade name, Fifth Dimension, which is deemed to have an indefinite useful life because it is expected to generate cash flows indefinitely. An independent valuation was also performed to assess and allocate value to the intangible assets purchased in this transaction.

In the third quarter of fiscal 2002, we paid Baxter \$10.0 million to acquire the right to integrate a new pathogen reduction technology into our platelet collection devices after the technology receives regulatory approvals (see note 11). The \$10.0 million was expensed in our consolidated statement of operations as acquired research and development. In the third quarter of our fiscal year 2003, Baxter acquired its initial regulatory approval in the European market. In connection with this approval, we made an initial \$3.8 million milestone payment to Baxter during the fourth quarter of our fiscal year 2003. This payment was recorded as other technology, an intangible asset, and it will be amortized over its useful life.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of March 29, 2003

	Gross Carrying Amount (in thousands)	Accumulated Amortization (in thousands)	Weighted Average Useful Life (in years)
Amortized Intangibles			
Patents	\$ 6,371	\$ 1,119	14
Other technology	11,746	1,274	15
Customer contracts and related relationships	11,498	1,360	15
Subtotal	\$29,615	\$ 3,753	15
Indefinite Life Intangibles			
Trade name	477		Indefinite
Total Intangibles	\$30,092	\$ 3,753	

As of March 30, 2002

	Gross Carrying Amount (in thousands)	Accumulated Amortization (in thousands)	Weighted Average Useful Life (in years)
Amortized Intangibles			
Patents	\$ 6,370	\$ 647	14
Other technology	7,991	741	17
Customer contracts and related relationships	11,350	589	15
Subtotal	\$25,711	\$ 1,977	15
Indefinite Life Intangibles			
Trade name	470		Indefinite
Total Intangibles	\$26,181	\$ 1,977	

The only other changes to the net carrying value of our intangible assets from March 30, 2002 to March 29, 2003 was amortization expense and the effect of rate changes in the translation of the intangibles contained in the financial statement of our Canadian subsidiary.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Aggregate amortization expense for amortized other intangible assets for fiscal years 2003 and 2002 is \$1.0 million and \$1.4 million, respectively. Additionally, future amortization expense on other intangible assets for each of the succeeding five fiscal years approximates \$2.1 million.

With the adoption of SFAS No. 142, there were no changes to amortization expense on acquired other intangible assets.

Accounting for Long lived Assets

We account for long lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets." This statement requires that one accounting model be used for long lived assets to be disposed of by sale, whether previously held and used or newly acquired. This statement is not applicable to goodwill or intangible assets that are not being amortized, and certain other long lived assets. We periodically review our long lived assets for any potential impairment. We assess the future useful life of these assets; primarily our intangibles, property, plant, equipment and investment in sales type leases, whenever events or changes in circumstances indicate that the current useful lives have diminished or the carrying value of the asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is then calculated by comparing the carrying value of the assets to the weighted average discounted cash flows, which consider various possible outcomes for the disposition of the assets.

Accounting for Stock Based Compensation

We have adopted the new disclosure provision for employee stock based compensation under Statement of Financial Accounting Standards (SFAS) No. 148, "Accounting for Stock Based Compensation—Transition and Disclosure," issued by FASB in December 2002. We will continue to account for employee stock based compensation under Accounting Principles Board Opinion No. 25 ("APB No. 25").

SFAS No. 148 provides alternative methods of transition to the fair value method of accounting proposed in SFAS No. 123 for stock based employee compensation, and also amends the disclosure provision of SFAS No. 123 to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock based employee compensation on reported net income and earnings per share in annual and interim financial statements. The disclosure provision is required for all companies with stock based employee compensation, regardless of whether the company utilizes the fair value method of accounting described in SFAS No. 123 or the intrinsic value method described in APB Opinion No. 25, "Accounting for Stock Issued to Employees."

Under APB No. 25, no accounting recognition is given to options granted to employees and directors at fair market value until they are exercised. Upon exercise, net proceeds, including tax benefits realized, are credited to equity. The compensation cost for options granted to consultants is recorded at fair value in accordance with Emerging Issues Task Force, "EITF" issue 96 18, "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services." Had compensation costs under our stock based compensation plans been determined based on the fair value model of FAS 123, the effect on our earnings per share would have been as follows:

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(in thousands except per share amounts)		
Net income (as reported):	\$28,379	\$30,027	\$ 7,236
Deduct: Total stock based employee compensation expense determined under the fair value method for all awards, net of tax	\$(6,805)	\$(7,466)	\$(6,588)
Pro Forma Net Income:	\$21,574	\$22,561	\$ 648
Earnings per share:			
Basic			
As Reported	\$ 1.15	\$ 1.15	\$ 0.29
Pro forma	\$ 0.88	\$ 0.86	\$ 0.03
Diluted			
As Reported	\$ 1.13	\$ 1.11	\$ 0.28
Pro forma	\$ 0.86	\$ 0.83	\$ 0.03

For purposes of the pro forma disclosure, the fair value of each option is estimated on the date of grant using the Black Scholes option pricing model with the following weighted average assumptions:

	March 29, 2003	March 30, 2002	March 31, 2001
Volatility	28.3%	29.1%	30.9%
Risk Free Interest Rate	5.0%	5.1%	6.3%
Expected Life of Options	7 yrs.	7 yrs.	7 yrs.

The weighted average grant date fair value of options granted during 2003, 2002 and 2001 was approximately \$13.13, \$13.48 and \$11.07, respectively.

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

	March 29, 2003	March 30, 2002	March 31, 2001
Volatility	32.7%	30.5%	31.0%
Risk Free Interest Rate	1.5%	5.1%	6.1%
Expected Life of Options	6 mos.	6 mos.	6 mos.

The weighted average grant date fair value of the six month option inherent in the Purchase Plan was \$7.11 in 2003, \$6.77 in 2002 and \$5.14 in 2001.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive Income

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

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(In thousands)		
Net income	\$28,379	\$30,027	\$ 7,236
Other comprehensive income:			
Foreign currency translation	8,028	(1,054)	(4,540)
Unrealized loss on available for sale securities		(10)	
Unrealized gain (loss) on cash flow hedges, net of tax	(7,519)	7,414	
Reclassifications into earnings of cash flow hedge (gains) and losses, net of tax	2,824	(5,127)	
Minimum pension liabilities adjustment, net of tax	(424)		
Comprehensive income	\$31,288	\$31,250	\$ 2,696

Accounting for Shipping and Handling Costs

Shipping and handling costs are included in costs of goods sold with the exception of \$5.1 million, \$4.5 million and \$4.0 million for fiscal year 2003, 2002 and 2001, respectively that are included in selling, general and administrative expenses.

New Pronouncements

In May 2002, the Financial Accounting Standards Board ("FASB") issued SFAS 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". Among other things, SFAS 145 rescinds No. 4, "Reporting Gains and Losses from Extinguishment of Debt" and eliminates the requirement that gains and losses from the extinguishment of debt be classified as an extraordinary item, net of related income tax effects, unless the criteria in Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" are met. Adoption of this statement is generally required in fiscal years beginning after May 15, 2002. We do not expect the adoption of this statement to have a material impact on our consolidated financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities", to clarify the conditions under which the assets and liabilities and activities of another entity should be consolidated into the financial statements of a company. Interpretation No. 46 requires the consolidation of a variable interest entity by a company that bears the majority of the risk of loss from the variable interest entity's residual returns. The provisions of Interpretation No. 46 are required to be adopted during fiscal 2004. We do not feel the adop-

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

tion of Interpretation No. 46 will have an impact our consolidated financial statements as we do not currently have any interest in any Variable Interest Entities.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the fiscal 2003 presentation.

3. INVESTMENT IN SALES TYPE LEASES

We lease equipment to customers under sales type leases. As sales type leases, the lease payments to be received over the term of the leases are recorded as a receivable at the inception of the new lease. Finance income attributable to the lease contracts is initially recorded as unearned income and subsequently recognized as interest income under the interest method over the term of the leases.

There are generally two forms of sales type lease arrangements. The first is unrelated to purchases of future disposable products, and simply calls for a stated monthly payment for each piece of equipment under lease. The second is an arrangement under which we commit to providing a customer specified pricing for the purchase of equipment and disposables over a fixed period of time, and the customer commits to purchasing a certain minimum number of disposables over the contract's term. Thus, leases are billed monthly, or alternatively with the disposables purchased. Contract terms vary but are generally three to five years. Under both sales type lease arrangements, title to the equipment transfers at the completion of the lease commitment.

The components of our net investment in sales type leases are as follows:

	March 29, 2003	March 30, 2002
(in thousands)		
Total minimum lease payments receivable	\$6,568	\$7,428
Less Unearned interest	919	1,411
Net investment in sales type leases	5,649	6,017
Less Current portion	2,681	2,783
Net investment, long term	\$2,968	\$3,234

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. INVESTMENT IN SALES TYPE LEASES (continued)

Future minimum lease payments receivable under non-cancelable sales-type leases as of March 29, 2003, are as follows:

Fiscal Year Ending	(in thousands)
2004	\$3,271
2005	1,728
2006	688
2007	380
2008	289
and thereafter	212
	<u>\$6,568</u>
	=====

4. NOTES PAYABLE AND LONG TERM DEBT

Notes payable and long term debt consist of the following:

	March 29, 2003	March 30, 2002
	(in thousands)	
Real estate mortgage	\$ 9,175	\$ 9,561
Senior notes	28,571	34,285
Haemonetics Japan Co. Ltd.	32,780	27,515
Other non U.S. borrowings	91	782
	<u>70,617</u>	<u>72,143</u>
Less Current portion	39,005	31,356
	<u>\$31,612</u>	<u>\$40,787</u>
	=====	=====

Real Estate Mortgage Agreement

In December 2000 we entered into a \$10.0 million real estate mortgage agreement (the "Mortgage Agreement") with an investment firm. The Mortgage Agreement requires principal and interest payments of \$0.1 million per month for a period of 180 months, commencing February 1, 2001. The entire balance of the loan may be repaid at any time after February 1, 2006, subject to a prepayment premium, which is calculated based upon the change in the current weekly average yield of Ten (10) year U.S. Treasury Constant Maturities, the principal balance due and the remaining loan term. The Mortgage Agreement provides for interest to accrue on the unpaid principal balance at a rate of 9.41% per annum. Borrowings under the Mortgage Agreement are secured by the land, building and improvements at our headquarters and manufacturing facility with a collective carrying value of approximately \$10.5 million and \$10.2 million as of March 29, 2003 and March 30, 2002, respectively. There are no financial covenants in the terms and conditions of this agreement.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. NOTES PAYABLE AND LONG TERM DEBT (continued)

Senior Notes

We have \$28.6 million of 7.05% Senior Notes due in 2007 (the "Senior Notes"). We are required to make annual prepayments of principal each year in the amount \$5.7 million, which began October 15, 2001 and conclude with the final principal payment on October 15, 2007.

Interest on the Senior Notes is computed on the basis of a 360 day year of twelve 30 day months on the unpaid balance at the rate of 7.05% per annum, payable semiannually, on April 15 and October 15 each year. The Senior Notes contain affirmative and negative covenants and restrictions including but not limited to minimum stockholders' equity and ratio requirements of consolidated funded indebtedness to consolidated total capitalization and priority indebtedness to consolidated stockholders equity. At March 29, 2003, we are in compliance with all debt covenants.

Haemonetics Japan Co. Ltd.

At March 29, 2003, Haemonetics Japan Co. Ltd. had 3.9 billion Japanese yen, equivalent to U.S. \$32.8 million, in unsecured debt outstanding. All of this debt is short term, maturing in less than 12 months.

Other Non U.S. Borrowings

Non U.S. borrowings represent the financing arranged by our subsidiaries with local banks, which we may guarantee. All of the amounts outstanding as of March 29, 2003 are short term in nature.

The weighted average short term rates for U.S. and non U.S. borrowings were 1.62%, 1.83%, and 2.75% as of March 29, 2003, March 30, 2002 and March 31, 2001, respectively.

As of March 29, 2003, notes payable and long term debt mature as follows:

Fiscal Year Ending (in thousands)

2004	\$39,005
2005	6,171
2006	6,211
2007	6,254
2008	6,301
2009 and thereafter	6,675
	\$70,617
	=====

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. INCOME TAXES

Domestic and foreign income from continuing operations before the cumulative effect of a change in accounting principle is as follows:

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(In thousands)		
Domestic	\$28,310	\$29,286	\$ 7,635
Foreign	10,297	9,219	9,691
	\$38,607	\$38,505	\$17,326

The income tax provision attributable to continuing operations before the cumulative effect of a change in accounting principle contains the following components:

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(In thousands)		
Current			
Federal	\$ 1,092	\$10,838	\$ 2,956
State	981	824	435
Foreign	4,125	(133)	4,587
Total current	\$ 6,198	\$11,529	7,978
Deferred			
Federal	4,171	(3,832)	3,308
State	(193)	(77)	49
Foreign	52	3,162	(1,245)
Total deferred	4,030	(747)	2,112
Total tax expense	\$10,228	\$10,782	\$10,090

Included in the federal income tax provisions for fiscal years 2003, 2002 and 2001 are approximately \$0.9 million, \$0.2 million and \$0.2 million, respectively, provided on foreign source income of approximately \$0.4 million, \$0.4 million and \$0.7 million in 2003, 2002 and 2001, respectively for taxes which are payable in the United States.

The total income tax provision included in the consolidated financial statements is as follows:

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(In thousands)		
Continuing operations	\$10,228	\$10,782	\$10,090
Cumulative effect of a change in accounting principle		896	
	\$10,228	\$11,678	\$10,090

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. INCOME TAXES (continued)

Tax effected, significant temporary differences comprising the net deferred tax asset (liability) are as follows:

	Years Ended	
	March 29, 2003	March 30, 2002
	(in thousands)	
Depreciation	\$(4,297)	\$(7,692)
Amortization	(2,174)	(559)
Inventory	13,000	10,518
Hedging	1,288	(1,343)
Accruals and reserves	2,359	4,816
Net operating loss carryforward	10,086	10,994
Foreign tax credits	—	4,484
Total net deferred taxes	\$20,262	\$21,218

At March 29, 2003, we have approximately \$28.7 million in U.S. acquisition related net operating loss carryforwards, subject to separate limitations expiring beginning in 2010. In fiscal 2002, as part of our ongoing analysis of the purchase price allocation of the Transfusion acquisition, it was determined that a tax valuation allowance was not necessary. Accordingly, we wrote down the goodwill by \$2.8 million, other acquired intangibles by \$2.6 million and the value of other acquired assets related to this transaction by \$1.0 million.

We do not provide U.S. taxes on our foreign subsidiaries' undistributed earnings as they are deemed to be permanently reinvested outside the U.S. Non-US income taxes are, however, provided on these foreign subsidiaries' undistributed earnings. Upon repatriation, we provide the appropriate U.S. income taxes on these earnings.

The income tax provision from continuing operations before the cumulative effect of a change in accounting principle differs from the amount computed by applying the 35% U.S. federal statutory income tax rate in 2003, 2002 and 2001, due to the following:

	Years Ended		
	March 29, 2003	March 30, 2002	March 31, 2001
	(In thousands)		
Tax at federal statutory rate	\$13,512	\$13,477	\$ 6,064
Foreign Sales Corporation and Extraterritorial Income Exclusion	(1,961)	(2,155)	(1,634)
Difference between U.S. tax and foreign statutory rates	(1,522)	(923)	(1,709)
State taxes, net of federal income tax benefits	512	486	314
Non deductible acquisition costs	—	155	7,105
Other, net	(313)	(258)	(50)
Tax at effective tax rate	\$10,228	\$10,782	\$10,099

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. COMMITMENTS AND CONTINGENCIES

We lease facilities and certain equipment under operating leases expiring at various dates through fiscal year 2008. Facility leases require us to pay certain insurance expenses, maintenance costs and real estate taxes.

Approximate future basic rental commitments under operating leases as of March 29, 2003 are as follows:

Fiscal Year Ending	(in thousands)
2004	\$ 5,107
2005	4,630
2006	4,054
2007	2,659
2008	1,727
Thereafter	1,028
	\$10,205
	=====

Rent expense in fiscal 2003, 2002 and 2001 was \$4.0 million, \$3.7 million and \$4.1 million, respectively.

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

Through our acquisition of Fifth Dimension Information Systems, Inc. (Fifth Dimension), as well as our agreement with Baxter Healthcare Corporation (Baxter) related to pathogen reduction technology, we are contingently obligated to make certain payments. The Fifth Dimension acquisition involves certain earn out payments of up to \$4.1 million based upon Fifth Dimension reaching certain performance milestones prior to fiscal 2008. The Baxter agreement calls for us to make milestone payments over the next several years of up to \$14.5 million as regulatory approvals are received in various markets. In the fourth calendar quarter of 2002, Baxter acquired its initial regulatory approval in the European market. In connection with this approval, we made an initial \$3.8 million milestone payment to Baxter during the fourth quarter of fiscal 2003. We expect that the remaining European approvals will be obtained during our fiscal 2004 and we anticipate making an additional milestone payment of \$3.8 million to Baxter at that time. These payments will be recorded as other technology, an intangible asset, and amortized over their useful lives.

7. CAPITAL STOCK

Treasury Stock

During fiscal 2003, we repurchased 1,850,150 shares of our outstanding common stock at an average prevailing price of \$27.11. This includes 829,700 shares repurchased under a 10b5-1 Plan, adopted March 29, 2002; 100,050 shares repurchased under a 10b5-1 Plan adopted July 29, 2002; and 427,600 shares repurchased under a 10b5-1 Plan adopted October 29, 2002. During fiscal 2002, we repurchased 895,800 shares of our outstanding common stock at an average prevailing price of \$30.04. We expect any repurchased shares to be made available for issuance pursuant to our employee benefit and incentive plans and for other corporate purposes.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. CAPITAL STOCK (continued)

Stock Plans

We have a long term incentive stock option plan under which a maximum of 3,500,000 shares of our common stock may be issued pursuant to incentive and non-qualified stock options granted to our key employees, officers and directors (the "Long term Incentive Plan"). The Long term Incentive Plan is administered by the Compensation Committee of the Board of Directors (the "Committee") consisting of two or more independent members of our Board of Directors. The exercise price, for both incentive and non-qualified options granted under the Long term Incentive Plan is determined by the Committee, but in no event shall such option price be less than the fair market value of the common stock at the time the option is granted. Options become exercisable in a manner determined by the Committee, generally between two and seven years, and all options expire not more than 10 years from the date of the grant. At March 29, 2003, there were 1,892,224 options outstanding under this plan and 1,607,776 shares available for future grant.

We had a non-qualified stock option plan under which options were granted to non-employee directors and two previous plans under which options were granted to key employees, consultants and advisors. During 2003, we recorded approximately \$22,000 as stock option compensation expense related to grants to consultants and advisors. At March 29, 2003, there were 2,862,954 options outstanding related to these plans. No further options will be granted under these plans.

We have an Employee Stock Purchase Plan (the "Purchase Plan") under which a maximum of 375,000 shares (subject to adjustment for stock splits and similar changes) of common stock may be purchased by eligible employees. Substantially all of our full time employees are eligible to participate in the Purchase Plan.

The Purchase Plan provides for two "purchase periods" within each of our fiscal years, the first commencing on November 1 of each year and continuing through April 30 of the next calendar year, and the second commencing on May 1 of each year and continuing through October 31 of such year. Shares are purchased through an accumulation of payroll deductions (of not less than 2% nor more than 8% of compensation, as defined) for the number of whole shares determined by dividing the balance in the employee's account on the last day of the purchase period by the purchase price per share for the stock determined under the Purchase Plan. The purchase price for shares is the lower of 85% of the fair market value of the common stock at the beginning of the purchase period, or 85% of such value at the end of the purchase period.

During fiscal 2003, there were 36,997 shares purchased at a range of \$18.03 to \$28.17 per share under the Purchase Plan. During fiscal 2002, there were 23,247 shares purchased at a range of \$20.40 to \$27.52 per share under the Purchase Plan.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. CAPITAL STOCK (continued)

A summary of stock option activity for the three years ended March 29, 2003 is as follows:

	Shares	Weighted Average Exercise Price per Share
Outstanding at April 1, 2000	3,718,889	\$17.60
Exercisable at April 1, 2000	1,705,625	\$17.34
Granted	1,255,000	\$23.60
Exercised	(716,912)	\$17.18
Terminated	(119,361)	\$17.23
Outstanding at March 31, 2001	4,137,715	\$10.51
Exercisable at March 31, 2001	1,842,814	\$18.44
Granted	1,044,289	\$31.60
Exercised	(731,788)	\$17.68
Terminated	(92,416)	\$23.03
Outstanding at March 30, 2002	4,357,800	\$22.64
Exercisable at March 30, 2002	2,100,147	\$19.32
Granted	843,670	\$31.41
Exercised	(211,338)	\$18.62
Terminated	(234,954)	\$27.39
Outstanding at March 29, 2003	4,755,178	\$24.14
Exercisable at March 29, 2003	2,841,486	\$20.83

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. CAPITAL STOCK (continued)

The following table summarizes information about stock options outstanding at March 29, 2003:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Exercisable At	Weighted Average Exercise Price
	At March 29, 2003			At March 29, 2003	
\$14.4375 - \$18.9375	1,597,535	4.98	\$16.3821	1,454,551	\$16.4294
\$19.9688 - \$30.1875	1,650,343	6.90	\$24.1754	1,102,277	\$23.5500
\$30.3850 - \$35.5750	1,507,300	8.62	\$32.3235	284,658	\$32.7582
Total	4,755,178	6.80	\$24.1400	2,841,486	\$20.8275

8. RETIREMENT PLANS

Defined Contribution Plans

We have a Savings Plus Plan that is a 401(k) plan that allows our U.S. employees to accumulate savings on a pre tax basis. In addition, matching contributions are made to the Plan based upon pre established rates. Our matching contributions amounted to approximately \$1.7 million in both 2003 and 2002, and \$1.5 million in 2001. Upon Board approval, additional discretionary contributions can also be made. No discretionary contributions were made for the Savings Plan in 2003, 2002 or 2001.

One of our subsidiaries also has a defined contribution plan. Both the employee and the employer make contributions to the plan. The employer contributions to this plan were \$0.6 million in 2003, 2002 and 2001.

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

Defined Benefit Plans

Two of our subsidiaries have defined benefit pension plans covering substantially all full time employees at those subsidiaries. Net periodic benefit costs for the plans in the aggregate include the following components

	March 29, 2003	March 30, 2002
(in thousands)		
Service Cost	\$ 436	\$ 350
Interest cost on benefit obligation	125	112
Expected return on plan assets	155	100
Recognized net actuarial (gain) loss	(173)	(172)
Amortization of unrecognized prior service cost	(66)	
Amortization of unrecognized gain	20	
Amortization of Unrecognized Initial Obligation	20	20
	\$ 518	\$ 419

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. RETIREMENT PLANS (continued)

The activity under those defined benefit plans is as follows:

	March 29, 2003	March 30, 2002
(in thousands)		
Change in Benefit Obligation:		
Benefit Obligation, beginning of year	\$(3,260)	\$(2,867)
Service cost	(436)	(350)
Interest cost	(125)	(112)
Benefits paid	37	200
Actuarial (gain) loss	(238)	(240)
Currency translation	(511)	101
Benefit obligation, end of year	\$(4,533)	\$(3,260)
Change in Plan Assets:		
Fair value of plan assets, beginning of year	\$ 1,600	\$ 1,619
Company contributions	410	417
Benefits paid	(18)	(192)
Actual loss on plan assets	(155)	(109)
Currency translation	171	(136)
Fair value of Plan Assets, end of year	\$ 2,017	\$ 1,600
Funded Status		
Unrecognized net actuarial loss	1,091	627
Unrecognized initial obligation	284	276
Unrecognized prior service cost	(324)	(355)
Net amount recognized	\$(1,465)	\$(1,112)
Amounts recognized on the balance sheet:		
Prepaid pension asset	\$ 188	\$ 34
Accrued pension liability	(2,373)	(1,146)
Accumulated other comprehensive items	719	—
Net amount recognized	\$(1,465)	\$(1,112)

One of the benefit plans is funded through assets of the Company, accordingly that plan has no assets included in the information presented above. The assets of the other plan are less than the accumulated benefit obligation.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. RETIREMENT PLANS (continued)

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

	March 29, 2003	March 30, 2002
Discount Rate	3.2%	3.5%
Rate of increased salary levels	1.0%	1.0%
Expected long term rate of return on assets	1.0%	1.0%

9. TRANSACTIONS WITH RELATED PARTIES

Money is lent to employees for relocation costs and other personal purposes. The amount of these loans, which are included in other assets, amounted to approximately \$0.7 million and \$0.8 million as of March 29, 2003 and March 30, 2002, respectively. These loans are payable within five years. Certain loans are interest bearing, and interest income is recorded on these loans when collected. Certain loans have forgiveness provisions based upon continued service or compliance with various guidelines. The outstanding loan balance is amortized as a charge to operating expense as such amounts are forgiven.

10. SEGMENT, GEOGRAPHIC AND CUSTOMER INFORMATION

Segment Definition Criteria

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

Product and Service Segmentation

Our principal product offerings include blood bank, red cell, surgical and plasma collection products.

The blood bank products include machines, single use disposables and solutions that perform "apheresis," (the separation of whole blood into its components and subsequent collection of certain components, including platelets and plasma), as well as the washing of red blood cells for certain procedures. In addition, the blood bank product line includes solutions used in non apheresis applications. The main devices used for these blood component therapies are the MCS(R)+ mobile collection system and the ACP(R) 215 automated cell processing system.

Red cell products include machines and single use disposables and solutions that perform apheresis for the collection of red blood cells. Devices used for the collection of red blood cells are the MCS(R)+ 8150 mobile collection systems.

Surgical products include machines and single use disposables that perform surgical blood salvage in orthopedic and cardiovascular surgical applications. Surgical blood salvage is a procedure whereby shed blood is collected, cleansed and made available to be transfused back to the patient. The devices used in the surgical area are the OrthoPAT(R) and the Cell Saver(R) autologous blood recovery systems.

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. SEGMENT, GEOGRAPHIC AND CUSTOMER INFORMATION (continued)

Plasma collection products are machines, disposables and solutions that perform apheresis for the separation of whole blood components and subsequent collection of plasma. The devices used in automated plasma collection are the PCS(R)2 plasma collection system and the SuperLite(TM).

Other includes revenue generated from equipment repairs performed under preventative maintenance contracts or emergency service billings and miscellaneous sales, including revenue from our software division, Fifth Dimension, acquired on January 1, 2002. Fifth Dimension provides collection and data management systems to plasma collectors.

	Blood Bank	Red Cells	Surgical	Plasma	Other	Total
Years ended (in thousands)						
March 29, 2003						
Revenues from external customers	\$110,608	\$16,048	\$73,255	\$118,690	\$18,355	\$336,956
March 30, 2002						
Revenues from external customers	\$112,186	\$10,884	\$72,131	\$112,662	\$12,106	\$319,969
March 31, 2001						
Revenues from external customers	\$113,221	\$ 8,175	\$68,104	\$ 91,535	\$12,825	\$293,860

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. SEGMENT, GEOGRAPHIC AND CUSTOMER INFORMATION (continued)

Geographic Segmentation

Years ended (in thousands)

March 29, 2003

	United States	Other North America	Total North America	Japan	Other Asia	Total Asia	Germany
Sales	\$127,241	\$ 2,746	\$129,987	\$94,215	\$24,654	\$118,869	\$30,125
Total Assets	218,704	13,245	231,949	48,343	6,866	55,209	14,028
Long Lived Assets	89,801	9,713	99,514	17,060	2,594	19,654	5,244

	France	United Kingdom	Italy	Austria	Other Europe	Total Europe	Total Consolidated
Sales	\$18,065	\$3,221	\$10,376	\$7,000	\$19,313	\$88,100	\$336,956
Total Assets	15,067	4,689	16,697	2,474	19,096	72,050	359,208
Long Lived Assets	1,699	2,377	1,846	905	4,713	16,784	125,953

March 30, 2002

	United States	Other North America	Total North America	Japan	Other Asia	Total Asia	Germany
Sales	\$121,558	\$ 2,697	\$124,255	\$96,559	\$19,903	\$116,462	\$23,941
Total Assets	258,925	3,022	261,947	38,465	5,658	44,123	9,592
Long Lived Assets	102,465	2,599	105,064	11,553	1,574	13,127	3,451

	France	United Kingdom	Italy	Austria	Other Europe	Total Europe	Total Consolidated
Sales	\$ 6,517	\$4,183	\$ 8,763	\$6,929	\$18,918	\$70,252	\$319,969
Total Assets	11,901	5,004	11,531	2,475	18,348	58,851	364,921
Long Lived Assets	1,469	249	1,124	820	6,782	13,895	132,086

March 31, 2001

	United States	Other North America	Total North America	Japan	Other Asia	Total Asia	Germany
Sales	\$ 96,555	\$2,688	\$99,243	\$93,311	\$17,865	\$111,176	\$23,996
Total Assets	254,455		254,455	31,262	5,851	37,113	9,256
Long Lived Assets	101,984		101,984	8,039	2,053	10,092	3,106

	France	United Kingdom	Italy	Austria	Other Europe	Total Europe	Total Consolidated
Sales	\$18,281	\$7,353	\$ 8,643	\$6,593	\$18,585	\$83,441	\$293,860
Total Assets	11,214	2,663	8,841	1,895	19,877	53,746	345,314
Long Lived Assets	1,376		902	596	8,094	14,074	126,150

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACQUISITIONS

Fifth Dimension

Effective January 1, 2002 we acquired Fifth Dimension Information Systems, Inc. ("Fifth Dimension") of Edmonton Canada, for \$10.4 million. Fifth Dimension develops and markets data management software for plasma collection centers and fractionators. The acquisition was accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), "Business Combinations" which requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under the purchase method, the results of operations of acquired companies are included prospectively from the date of acquisition and the acquisition cost is allocated to the acquirees' assets and liabilities based upon their fair market value at the date of acquisition.

The purchase price was allocated to the net assets acquired based on estimates of fair value at the acquisition date. An independent valuation was performed to assess and allocate value to certain purchased tangible assets including property, plant and equipment. The fair market value of liabilities included in the net assets purchased was \$0.4 million. No cash was purchased. The excess of the purchase price over the fair market value of the net assets acquired was recorded as goodwill. At March 20, 2003, the amount of recorded goodwill is \$3.0 million. Pro forma results of Fifth Dimension's operations have not been presented because the effect of this acquisition is not material.

A separate independent valuation was performed to assess and allocate value to the technology and customer contracts with the acquisition. The useful life assigned to the technology and the contracts was 6 years and 15 years respectively.

This acquisition involves potential earn out payments based on the acquired company reaching certain performance milestones. These payments, if made, will be allocated to goodwill. The first milestone, in the amount of \$1.0 million, was earned as of the end of the fiscal year 2003. This payment has been accrued as of year end and will be made in the first quarter of fiscal year 2004.

Pathogen Reduction Technology

In the third quarter of fiscal 2002, we paid Baxter \$10.0 million to acquire the right to integrate a new pathogen reduction technology into our platelet collection devices after the technology receives regulatory approvals (see note 2). The \$10.0 million was expensed in our consolidated statement of operations as acquired research and development.

Transfusion Technologies

On September 18, 2000, we acquired Transfusion Technologies Corporation. Transfusion designs, develops and markets systems for the processing of human blood for transfusion to patients. Its systems are based on centrifuge technology called the Dynamic Disk™ and consist of sterile, single use disposable sets and computer controlled electromechanical devices that control the blood processing procedure. The systems have applications in both autotransfusion and blood component collection technologies.

The aggregate purchase price, before transaction costs and cash acquired, of approximately \$50.1 million was comprised of \$26.5 million to Transfusion's common and preferred stockholders, and warrant and

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACQUISITIONS (continued)

option holders, and \$13.6 million, representing the economic value of the Company's 10.0% preferred stock investment in Transfusion made in November 1999. The cash required to purchase the remaining 80.2% interest in Transfusion, was \$26.6 million, net of cash acquired.

The Transfusion merger was accounted for using the purchase method of accounting for business combinations. Accordingly, the accompanying consolidated statement of operations includes Transfusion's results of operations commencing on the date of acquisition. The purchase price was allocated to the net assets acquired based on the Company's estimates of fair value at the acquisition date. The fair market value of liabilities included in the net assets purchased was \$6.3 million. The excess of the purchase price over the fair market value of the net assets acquired was recorded as goodwill in the amount of \$2.0 million. During the year following the acquisition, certain adjustments were made relative to the fair value assigned to net operating losses at the time of acquisition resulting in goodwill being reduced to zero, and a \$1.0 million reduction of other acquired assets related to this transaction.

The final allocation of the purchase price over the fair market value of the assets acquired is as follows:

Consideration Paid for 80.2%	\$45,046
Plus other estimated transaction costs	1,607(i)
<hr/> Total estimated purchase price	<hr/> 46,653
Less: estimated fair value of Transfusion's identifiable net assets on September 15, 2000	43,832
<hr/> Total estimated goodwill due to acquisition	<hr/> \$ 2,821
Gross adjustment due to a change in the valuation of acquired net operating losses associated with the acquisition of Transfusion recorded in September 2000	(2,821)
<hr/> Balance as of March 30, 2002	<hr/> \$ =====

(i) Transaction costs primarily include professional fees, costs to close down Transfusion's facility and severance costs.

Acquired Research and Development

Included in the purchase price allocation for the acquisition of Transfusion was an aggregate amount of purchased in process research and development ("IPR&D") of \$21.5 million, \$18.6 million of which is reflected in the 12 months ended March 31, 2001 consolidated statement of operations. The values represent purchased in process technology that had not yet reached technical feasibility and had no alternative future use. Accordingly, the amounts were immediately expensed in the consolidated statement of operations.

An independent valuation was performed to assess and allocate a value to the purchased IPR&D. The value represents the estimated fair market value based on risk adjusted future cash flows generated by the products employing the in process technology over a ten year period. Estimated future after tax cash flows for

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACQUISITIONS (continued)

~~each product were based on estimates of revenue from Transfusion and Haemonetics relative to revenue, operating expenses, income taxes, and charges for the use of contributory assets. Additionally, these cash flows were adjusted to compensate for the existence of any core technology and development efforts that were to be completed post acquisition.~~

~~Revenues were estimated based on relevant market size and growth factors, expected industry trends, individual product sales cycles, and the estimated life of each product's underlying technology. Estimated operating expenses include cost of goods sold, selling, general and administrative, and research and development ("R&D") expenses. The estimated R&D expenses include only those costs needed to maintain the products once they have been introduced into the market. Operating expense estimates were consistent with expense levels for similar products.~~

~~The discount rates used to present value the projected cash flows were based on a weighted average cost of capital relative to Transfusion and its industry adjusted for the product specific risk associated with the purchased IPR&D projects. Product specific risk includes such factors as the stage of completion of each project, the complexity of the development work completed to date, the likelihood of achieving technological feasibility, and market acceptance.~~

~~The forecast data employed in the valuation were based upon projections of future performance of the business by both our management team and that of Transfusion. The inputs used in valuing the purchased IPR&D were based on assumptions that management believes to be reasonable but which are inherently uncertain and unpredictable. These assumptions may be incomplete or inaccurate, and no assurance can be given that unanticipated events or circumstances will not occur. Accordingly, actual results may vary from the forecasted results. While we believe that all of the development projects will be successfully completed, failure of any of these projects to achieve technological feasibility, and/or any variance from forecasted results, may result in a material adverse effect on our financial condition and results of operations.~~

~~A brief description of the IPR&D projects related to the acquisition of Transfusion, including their estimated stage of completion and associated discount rates used in the accounting for them is outlined below.~~

~~Chairside Separator(R). The Chairside Separator(R) is a portable, automated device used for the donor side collection and processing of a single unit of whole blood into a unit of red cell concentrate and plasma. Unlike our other red cell collection systems, the Chairside Separator(R) does not return any blood components to the donor during a donation. The system is designed for use in a blood center, hospital, or mobile blood drive location and can be powered either through a standard AC outlet or by DC battery packs. At the time of the acquisition, we estimated that the Chairside Separator(R) project was 95% complete and that product sales would commence by the fourth quarter of fiscal 2002. The IPR&D value assigned to the Chairside Separator(R) was \$17.6 million. A discount rate of 33% was employed in the analysis.~~

~~We completed the clinical safety study on July 13, 2001 and submitted the 510(k) to the Food and Drug Administration ("FDA") on September 21, 2001. The FDA has not yet approved the Chairside Separator(R) and we have reallocated resources to speed the development of the Red Cell Collector discussed below. We estimate the remaining cost to obtain marketing clearance from the FDA at approximately \$100,000.~~

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACQUISITIONS (continued)

Red Cell Collector ("RCC"). The RCC is a portable, automated device used for the collection and processing of two units of red blood cells from donors. The system collects and automatically anticoagulates a donor's whole blood while separating it into red blood cells and plasma. The plasma and 500 ml of saline is then re-infused back to the donor. The system is designed for use in a blood center, hospital, or mobile blood drive location and can be powered either through a standard AC outlet or by DC battery packs. At the time of the acquisition, we estimated that the RCC project was 65% complete and that product sales would commence by the second quarter 2003. The IPR&D value assigned to the RCC was \$3.9 million. A discount rate of 33% was employed in the analysis.

As of March 29, 2003, the estimated percent completion of the RCC project is 85%. Product sales are expected to commence in Europe during fiscal year 2004. Estimates for cost of sales, SG&A expenses and income tax rates relative to the RCC project remain unchanged. The majority of design, software programming, disposable set development, and sourcing requirements are complete. In addition, clinical trials will be conducted prior to submission of a 510(k) to the FDA. The estimated cost to be incurred to develop the purchased in process RCC technology into a commercially viable product is \$1.5 million in fiscal 2004.

The following unaudited pro forma summary combines the consolidated results of operations of Haemonetics Corporation and Transfusion as if the acquisition had occurred as of the beginning of the fiscal year presented after giving effect to certain adjustments including adjustments to reflect reductions in depreciation expense, increases in intangible and goodwill amortization expense and lost interest income. This pro forma summary is not necessarily indicative of the results of operations that would have occurred if Haemonetics and Transfusion had been combined during such periods. Moreover, the pro forma summary is not intended to be indicative of the results of operations to be attained in the future.

Twelve Months Ended	March 31, 2001
Net revenues	\$295,236
Operating income	26,457
Income from continuing operations	21,680
Basic and diluted income per common share from continuing operations:	
Basic	\$ 0.857
Diluted	\$ 0.834
Weighted average number of common shares outstanding:	
Basic	25,209
Diluted	26,005

Unusual charges expensed in the 12 months ended March 31, 2001 resulting from the acquisition of Transfusion amounted to \$4.6 million. Included in the unusual charges were \$2.8 million in bonuses paid to key Transfusion executives hired by Haemonetics and severance to Haemonetics employees laid off due to overlaps created by the merger, a \$0.5 million write-off of an investment in a technology which we decided not to pursue

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACQUISITIONS (continued)

~~in lieu of the technologies acquired in the merger, and the adjustment required to modify our 19.8% investment of Transfusion in November 1999 from the cost method to the equity method of accounting as required by generally accepted accounting principles.~~

~~Plasma collection bottle plant~~

~~In January 2001, we purchased the assets of Alpha Therapeutic Corporation's ("Alpha") Compton, California plasma collection bottle plant for \$8.3 million. Cash of \$7.5 million was paid to Alpha with \$0.8 million held in escrow. The disposable plastic bottles made at the plant are used by many of the Company's existing U.S. Commercial Plasma customers. As part of the transaction, a long term, exclusive supply agreement was signed for us to supply to Alpha plasma collection bottles and 4% Sodium Citrate anticoagulant solutions that are used in each plasma collection. The asset purchase was accounted for using the purchase method of accounting for business combinations. Accordingly, the purchase price was allocated to the net assets acquired based on the estimates of fair value at the acquisition date. An independent valuation was performed to assess and allocate value to certain purchased tangible assets including property, plant and equipment. A separate independent valuation was performed to assess and allocate value to the customer base purchased in conjunction with the acquisition. This intangible asset is being amortized over 15 years. At March 31, 2001, the excess of the purchase price over the fair market value of the net assets acquired was recorded as goodwill in the amount of \$0.7 million. During the year ended March 30, 2002, an adjustment was recorded to accrue costs associated with the shutdown of the Compton, California manufacturing facility. The impact was an increase to goodwill of \$1.1 million. The goodwill is no longer being amortized in accordance with SFAS No. 142.~~

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. SUMMARY OF QUARTERLY DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended March 29, 2003:				
Net revenues	\$81,935	\$87,025	\$87,115	\$80,881
Gross profit	38,647	38,890	40,941	36,218
Operating income	9,692	9,826	11,822	6,139
Net income	6,775	6,780	10,347	4,477

Share data:				
Net Income:				
Basic	\$ 0.27	\$ 0.28	\$ 0.43	\$ 0.19
Diluted	\$ 0.26	\$ 0.27	\$ 0.42	\$ 0.18

Fiscal year ended March 30, 2002:				
Net revenues	\$75,801	\$80,704	\$84,411	\$79,053
Gross profit	36,311	30,801	41,235	37,487
Operating income	9,532	12,954	2,806	11,156
Income before cumulative effect of change in accounting principle	7,640	9,948	2,432	7,693
Cumulative effect of change in accounting principle, net of tax (a)	2,304			
Net income	9,944	9,948	2,432	7,693

Share data:				
Income before cumulative effect of change in accounting principle				
Basic	\$ 0.29	\$ 0.38	\$ 0.09	\$ 0.29
Diluted	\$ 0.28	\$ 0.37	\$ 0.09	\$ 0.29

Net Income:				
Basic	\$ 0.38	\$ 0.38	\$ 0.09	\$ 0.30
Diluted	\$ 0.37	\$ 0.37	\$ 0.09	\$ 0.29

~~a) Effective April 1, 2001, the Company adopted SFAS 133, as amended, which resulted in the recognition of \$2.3 million as a cumulative effect of a change in accounting principle, net of tax. This amount is the change in the fair value of forward contracts related to forward points, which the Company excludes from its assessment of hedge effectiveness (see Note 2 to the consolidated financial statements for further discussion).~~

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of Haemonetics Corporation:

We have audited the accompanying consolidated balance sheet of Haemonetics Corporation (a Massachusetts corporation) and its subsidiaries as of March 29, 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of Haemonetics Corporation as of March 30, 2002 and for the years ended March 30, 2002 and March 31, 2001 were audited by other auditors who have ceased operations and whose report dated April 22, 2002 expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Haemonetics Corporation and its subsidiaries as of March 29, 2003, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

S/ERNST & YOUNG, LLP

Boston, Massachusetts
April 22, 2003

~~THE FOLLOWING REPORT IS A COPY OF THE REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP AND HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP.~~

~~Report of Independent Public Accountants~~

~~To the Stockholders of Haemonetics Corporation:~~

~~We have audited the accompanying consolidated balance sheets of Haemonetics Corporation (a Massachusetts corporation) and its subsidiaries as of March 30, 2002 and March 31, 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended March 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.~~

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

~~In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haemonetics Corporation and its subsidiaries as of March 30, 2002 and March 31, 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 30, 2002, in conformity with accounting principles generally accepted in the United States.~~

~~As explained in Note 2 to the financial statements, effective April 1, 2001, the Company changed its method of accounting for derivative instruments and hedging activities in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."~~

~~S/ARTHUR ANDERSEN~~

~~Boston, Massachusetts
April 22, 2002~~

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

~~In April 2002, we changed our independent accountants as reported in our Current Report on Form 8-K dated June 18, 2002.~~

~~Our consolidated financial statements for each of the two fiscal years ended March 30, 2002 and March 31, 2001, were audited by Arthur Andersen, LLP, independent accountants. On August 31, 2002, Arthur Andersen ceased practicing before the SEC. Therefore, Arthur Andersen did not participate in the preparation of this Form 10-K, did not reissue its audit report with respect to the financial statements included in this Form 10-K, and did not consent to the inclusion of its audit report in the Form 10-K. As a result holders of our securities may have no effective remedy against Arthur Andersen in connection with a material misstatement or omission in the financial statements to which its audit report relates. In addition, even if such holders were able to assert such a claim, because it has ceased operations, Arthur Andersen may fail or otherwise have insufficient assets to satisfy claims made by holders of our securities that might arise under federal securities laws or otherwise with respect to Arthur Andersen's audit report.~~

~~PART III~~

~~ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT~~

~~(a) The information concerning the Company's directors and concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 required by this Item is incorporated by reference to the Company's Proxy Statement for the Annual Meeting to be held July 22, 2003.~~

~~(b) The information concerning the Executive Officers of the Company is set forth at the end of Part I hereof.~~

~~ITEM 11. EXECUTIVE COMPENSATION~~

~~The information required by this Item is incorporated by reference in our Proxy Statement for the Annual Meeting to be held July 22, 2003.~~

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

~~The information required by this Item concerning security ownership of certain beneficial owners and management is incorporated by reference to the Company's Proxy Statement for the Annual Meeting to be held July 22, 2003.~~

~~Stock Plans~~

~~The following table below sets forth information as of March 29, 2003 with respect to compensation plans under which equity securities of the Company are authorized for issuance.~~

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (1)
Equity Compensation Plans approved by security holders	4,755,178	\$24.14	1,860,653
Equity compensation plans not approved by security holders			
Total	4,755,178	\$24.14	1,860,653

~~(1) Includes 261,877 shares available for purchase under the Employee Stock Purchase Plan.~~

~~ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS~~

~~None~~

~~ITEM 14. CONTROLS AND PROCEDURES~~

~~Within the ninety day period prior to the date of this report, we conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that material information relating to our Company, including our consolidated subsidiaries, is made known to them by others within those entities.~~

~~There were no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out our evaluation.~~

SIGNATURES

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

~~HAEMONETICS CORPORATION~~

~~By: /s/ Brad Nutter~~

~~Brad Nutter, President
and Chief Executive Officer~~

~~Date: June 6, 2003~~

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

/s/ Ronald Matricaria	Chairman of the Board	June 6, 2003
Ronald Matricaria		
/s/ Sir Stuart Burgess	Director	June 6, 2003

~~— Sir Stuart Burgess~~

~~/s/ Brad Nutter President and Chief Executive Officer, June 6, 2003
Director (Principal Executive Officer)~~

~~— Brad Nutter~~

~~/s/ Ronald J. Ryan Sr. Vice President June 6, 2003
and Chief Financial Officer,
(Principal Financial Officer)~~

~~— Ronald J. Ryan~~

~~/s/ Susan M. Hanlon Vice President and Corporate Controller June 6, 2003
(Principal Accounting Officer)~~

~~— Susan M. Hanlon~~

~~/s/ Yutaka Sakurada Vice President Haemonetics Corp. June 6, 2003
and President, Haemonetics Japan
Director~~

~~— Yutaka Sakurada~~

~~/s/ Benjamin L. Holmes Director June 6, 2003~~

~~— Benjamin L. Holmes~~

~~/s/ Donna C. E. Williamson Director June 6, 2003~~

~~— Donna C. E. Williamson~~

~~/s/ N. Colin Lind Director June 6, 2003~~

~~— N. Colin Lind~~

~~/s/ Harvey G. Klein M.D. Director June 6, 2003~~

~~— Harvey G. Klein M.D.~~

~~/s/ Ronald G. Gelbman Director June 6, 2003~~

~~— Ronald G. Gelbman~~

CERTIFICATION

I, Brad Nutter, President and Chief Executive Officer of Haemonetics Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Haemonetics Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 6, 2003

_____/s/Brad Nutter

 Brad Nutter, President and
 Chief Executive Officer (Principal
 Executive Officer)

EXHIBITS FILED WITH SECURITIES AND EXCHANGE COMMISSION

Number and Description of Exhibit

3. Articles of Organization
 - 3A* Articles of Organization of the Company effective August 29, 1985, as amended December 12, 1985 and May 21, 1987 (filed as Exhibit 3A to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
 - 3B* Form of Restated Articles of Organization of the Company (filed as Exhibit 3B to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).
 - 3C* Articles of Amendment to the Articles of Organization of the Company filed May 8, 1991 with the Secretary of the Commonwealth of Massachusetts (filed as Exhibit 3E to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).
 - 3D By Laws of the Company, as amended May 1, 2001.
4. Instruments defining the rights of security holders
 - 4A* Specimen certificate for shares of common stock (filed as

~~Exhibit 4B to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).~~

~~10. Material Contracts~~

- ~~10A* The 1990 Stock Option Plan, as amended (filed as Exhibit 4A to the Company's Form S-8 No. 33-42006 and incorporated herein by reference).~~
- ~~10B* Form of Option Agreements for Incentive and Non-qualified Options (filed as Exhibit 10B to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).~~
- ~~10C* Credit Facility with Swiss Bank Corporation (filed as Exhibit 10J to the Company's Amendment No. 1 to Form S-1 No. 33-39490 and incorporated herein by reference).~~
- ~~10D* Lease dated July 17, 1990 between the Buncher Company and the Company of property in Pittsburgh, Pennsylvania (filed as Exhibit 10K to the Company's Form S-1 No. 33-39490 and incorporated herein by reference).~~
- ~~10E* Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company for the property adjacent to the main facility in Braintree, Massachusetts (filed as Exhibit 10M to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).~~
- ~~10F* Amendment No. 1 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company for the child care facility (filed as Exhibit 10N to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).~~
- ~~10G* Bank Overdraft Facility between The Sumitomo Bank and the Company with an annual renewal beginning February 28, 1993 (filed as Exhibit 10O to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).~~
- ~~10H* Bank Overdraft Facility between The Mitsubishi Bank and the Company with an annual renewal beginning June 30, 1993 (filed as Exhibit 10P to the Company's Form 10-K, No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).~~
- ~~10I* Short-term Loan Agreement between The Mitsubishi Bank and the Company renewable every three months (filed as Exhibit 10Q to the Company's Form 10-K No. 1-10730 for the year ended March 28, 1992 and incorporated herein by reference).~~
- ~~10J* Amendment No. 2 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company (filed as Exhibit 10S to the Company's Form 10-K No. 1-10730 for the year ended April 3, 1993 and incorporated herein by reference).~~
- ~~10K* Real Estate purchase agreement dated May 1, 1994 between 3M UK Holding PLC and the Company (filed as Exhibit 10AA to the Company's Form 10-K No. 1-10730 for the year ended April 1, 1995 and incorporated herein by reference).~~

- ~~10L* 1992 Long Term Incentive Plan (filed as Exhibit 10V to the Company's Form 10 K No. 1 10730 for the year ended April 3, 1993 and incorporated herein by reference).~~
- ~~10M* Real Estate purchase agreement dated September 30, 1994 between The Midland Mutual Life Insurance Company and the Company (filed as Exhibit 10AB to the Company's Form 10 K No. 1 10730 for the year ended April 1, 1995 and incorporated herein by reference).~~
- ~~10N* Purchase agreement dated October 1, 1994 between Kuraray Co. and the Company (filed as Exhibit 10AC to the Company's Form 10 K No. 1 10730 for the year ended April 1, 1995 and incorporated herein by reference).~~
- ~~10O* First Amendment to lease dated July 17, 1990 between Buncher Company and the Company of property in Pittsburgh, Pennsylvania (filed as Exhibit 10AI to the Company's Form 10 Q No. 1 10730 for the quarter ended December 28, 1996 and incorporated herein by reference).~~
- ~~10P* Amendment, dated April 18, 1997 to the 1992 Long Term Incentive Plan (filed as Exhibit 10V to the Company's Form 10 K No. 1 10730 for the year ended April 3, 1993 and incorporated herein by reference).~~
- ~~10Q* Note Purchase agreement whereby Haemonetics Corporation authorized sale of \$40,000,000, 7.05% Senior Notes due October 15, 2007 (filed as Exhibit 10A to the Company's Form 10 Q No. 1 10730 for the quarter ended September 27, 1997 and incorporated herein by reference).~~
- ~~10R* 1998 Employee Stock Purchase Plan (filed as Exhibit 10Z to the Company's Form 10 K No. 1 10730 for the year ended March 28, 1998 and incorporated herein by reference).~~
- ~~10S* 1998 Stock Option Plan for Non Employee Directors. (filed as Exhibit 10AA to the Company's Form 10 K No. 1 10730 for the year ended March 28, 1998 and incorporated herein by reference).~~
- ~~10T* Lease, dated July 29, 1997 between New Avon Limited Partnership and the Company for the property in Avon, Massachusetts (filed as Exhibit 10AB to the Company's Form 10 K No. 1 10730 for the year ended March 28, 1998 and incorporated herein by reference).~~
- ~~10U* Agreement on Bank Transactions between Haemonetics Corporation and the Bank of Tokyo Mitsubishi, Ltd. dated February 14, 1995 (filed as Exhibit 10AA to the Company's Form 10 K No. 1 10730 for the year ended April 3, 1999 and incorporated herein by reference).~~
- ~~10V* Agreement and Plan of Merger dated September 4, 2000 between Haemonetics Corporation and Transfusion Technologies Corporation (filed as Exhibit 2.1 to the Company's Form 8 K No. 1 14041 dated September 29, 2000 and incorporated herein by reference).~~
- ~~10W* Amendment dated September 29, 2000 to the 7.05% Senior Notes Plan (filed as Exhibit 10A to the Company's Form 10 Q No. 1 10730 for the quarter ended September 30, 2000).~~
- ~~10X* Haemonetics Corporation 2000 Long term Incentive Plan (filed as Exhibit 10A to the Company's Form 10 Q No. 1 10730 for the quarter ended December 30, 2000).~~
- ~~10Y* Note and Mortgage dated December 12, 2000 between the Company and General Electric Capital Business Asset Funding Corporation relating to the Braintree facility (filed as Exhibit 10B to the Company's Form 10 Q No. 1 10730 for the quarter ended December 30, 2000).~~
- ~~10Z* Amendment No. 3 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership and the Company, dated April 1, 1997 (filed as Exhibit 10AA to the Company's Form 10 K No. 1 10730 for the year ended March 30, 2002.)~~
- ~~10AA* Amendment No. 4 to Lease dated July 3, 1991 between Wood Road Associates II Limited Partnership, as assigned to Trinet Essential Facilities XXIX, Inc., effective June 18, 1998, and the Company, dated February 25, 2002. (filed as Exhibit 10AB to the Company's Form 10 K No. 1 10730 for the year ended March 30, 2002.)~~
- ~~10AB* Employment Agreement between the Company and Ronald J. Ryan. (filed as Exhibit 10.2 to the Company's Form 10 Q No. 1 10730 for the quarter ended June 29, 2002.)~~
- ~~10AC* Employment Agreement between the Company and Stephen C. Swenson (filed as Exhibit 10.3 to the Company's Form 10 Q No. 1 10730 for the quarter ended June 29, 2002.)~~
- ~~10AD* Employment Agreement between the Company and Thomas D. Headley (filed as Exhibit 10.5 to the Company's Form 10 Q No. 1 10730 for the quarter ended June 29, 2002.)~~
- ~~10AE Employment agreement between Brad Nutter and Haemonetics Corporation dated April 1, 2003.~~

- ~~10AF First Amendment of lease dated July 29, 1997 between New Avon Limited Partnership and the Company for the property in Avon, Massachusetts.~~
- ~~10AG Second Amendment to lease dated July 17, 1990 between Buncher Company and the Company for the property in Pittsburgh, Pennsylvania.~~
- ~~10AH Form of Option Agreements for Non Qualified stock options for the 1992 Long Term Incentive Plan for Employees.~~
- ~~10AI Form of Option Agreements for Non Qualified stock options for the 1998 Stock Option Plan for Non Employee Directors.~~
- ~~10AJ Form of Option Agreement for Non Qualified stock options for the 2000 Long Term Incentive Plan for Employees.~~
- ~~10AK Form of Option Agreements for Non Qualified stock options for the 2000 Long Term Incentive Plan for Non Employee Directors.~~
- ~~10AL Employment Agreement between the Company and Robert Ebbeling.~~

- ~~21 Subsidiaries of the Company.~~

- ~~23.1 Consent of the Independent Public Accountants, Ernst & Young LLP.~~
- ~~23.2 Consent of the Independent Public Accountants, Arthur Andersen LLP.~~

- ~~99.1 Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002, of Brad Nutter, President and Chief Executive Officer of the Company.~~
- ~~99.2 Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002, of Ronald J. Ryan, Senior Vice President and Chief Financial Officer of the Company.~~

_____ (All other exhibits are inapplicable.)

* _____ Incorporated by reference.

~~REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON~~

~~SUPPLEMENTAL SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS~~

~~Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Financial statements for the years ended March 30, 2002 and March 31, 2001 were audited by other auditors who have ceased operations. The schedule listed in the index in item 15(a) is the responsibility of Company's management and is presented for purposes of complying with disclosures required by the Securities and Exchange Commission's rules and is not a required part of the financial statements. Such information, except for that pertaining to the years ended March 30, 2002 and March 31, 2001, on which other auditors have expressed an unqualified opinion, has been subjected to the auditing procedures applied to our audit of the basic financial statements for the year ended March 29, 2003 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.~~

~~S/ERNST & YOUNG, LLP~~

~~Boston, Massachusetts
April 22, 2003~~

SCHEDULE II

HAEMONETICS CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at	Charged to	Charged to	Write Offs	Balance
	Beginning of	Costs and	Other	(Net of	at End
	Period	Expenses	Accounts	Recoveries)	of Period

For Year Ended March 29, 2003

Allowance for Doubtful Accounts	\$1,298	\$149	\$	\$ 2	\$1,449
Purchase Accounting Reserves	\$ 44	\$ 44	\$		

For Year Ended March 30, 2002

Allowance for Doubtful Accounts	\$1,233	\$198	\$	\$ (133)	\$1,298
Purchase Accounting Reserves	\$ 601	\$	\$1,139	\$(1,696)	\$ 44

For the Year Ended March 31, 2001

Allowance for Doubtful Accounts	\$1,149	\$279	\$	\$ (195)	\$1,233
Purchase Accounting Reserves	\$	\$	\$2,661	\$(2,060)	\$ 601

As amended through 5/1/01

BY LAWS

of

HAEMONETICS CORPORATION

ARTICLE I

Articles of Organization

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

ARTICLE II

Annual Meeting of Stockholders

~~The annual meeting of the stockholders shall be held at 10:00 A.M. on the fourth Friday in July in each year, if not a legal holiday, and, if a legal holiday, then on the next secular day following, or at such other date and time within six months after the end of the Corporation's fiscal year as shall be designated from time to time by the Board of Directors, the Chairman of the Board or the President and stated in the notice of the meeting. Purposes for which an Annual Meeting is to be held, additional to those prescribed by law and these By Laws, may be specified by the President or by the Directors.~~

~~If such Annual Meeting has not been held as herein provided, a Special Meeting of the Stockholders in lieu of the Annual Meeting may be held, and any business transacted or elections held at such Special Meeting shall have the same effect as if transacted or held at the Annual Meeting, and in such case all references to these By Laws, except in this Article II, to the Annual Meeting of the Stockholders shall be deemed to refer to such Special Meeting. Any such Special Meeting shall be called, and the purposes thereof shall be specified in the Call, as provided in Article III of these By Laws.~~

~~To be properly brought before the meeting, business must be of a nature that is appropriate for consideration at an Annual Meeting and must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before the Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Clerk of the Corporation. To be timely, each such notice must be given either by personal delivery or by United States mail, postage prepaid, to the Clerk of the Corporation not later than (1) with respect to a matter to be brought before an Annual Meeting of Stockholders or a Special Meeting in lieu of an Annual Meeting, sixty (60) days prior to the date set forth in the By Laws for the Annual Meeting and (2) with respect to a matter to be brought before a Special Meeting of the Stockholders not in lieu of an Annual Meeting, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. The notice shall set forth (i) information concerning the stockholder, including his or her name and address, (ii) a representation that the stockholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present the matter specified in the notice, and (iii) such other information as would be required to be included in a proxy statement soliciting proxies for the presentation of such matter to the meeting.~~

~~Notwithstanding anything in these By Laws to the contrary, no business shall be transacted at the Annual Meeting except in accordance with the procedures set forth in this section; provided, however, that nothing in this section shall be deemed to preclude discussion by any stockholder of any business properly brought before the Annual Meeting in accordance with these By Laws.~~

ARTICLE III

~~Special Meetings of Stockholders~~

~~A Special Meeting of the Stockholders may be called at any time by the President, or by a majority of the Directors acting by vote or by written instrument or instruments signed by them. A Special Meeting of Stockholders shall be called by the Clerk, or in the case of the death, absence, incapacity or refusal of the Clerk, by any other officer, upon written application of one or more stockholders who hold in the aggregate at least forty percent (40%) in interest of the stock entitled to vote at the meeting. Such Call shall state the time, place, and purposes of the meeting.~~

~~ARTICLE IV~~

~~Place of Stockholders' Meetings~~

~~All meetings of the stockholders shall be held at the principal office of the Corporation in Massachusetts, unless a different place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States is designated by the Chairman of the Board of Directors, the President, or by a majority of the Directors acting by vote or by written instrument~~

~~or instruments signed by them. Any adjourned session of any meeting of the stockholders shall be held at such place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States as is designated in the vote of adjournment.~~

~~ARTICLE V~~

~~Notice of Stockholders' Meetings~~

~~A written Notice of the place, date and hour of all meetings of stockholders stating the purposes of the meeting shall be given at least seven (7) days before the meeting to each stockholder entitled to vote thereat, by leaving such Notice with him or at his residence or usual place of business, or by mailing, postage prepaid, and addressed to such stockholder at his address as it appears in the records of the Corporation. Such Notice shall be given by the Clerk, or in the case of the death, absence, incapacity or refusal of the Clerk, by any other officer or by a person designated either by the Clerk, by the person or persons calling the meeting or by the Board of Directors. Whenever Notice of a meeting is required to be given a stockholder under any provision of law, of the Articles of Organization, or of these By Laws, a written waiver thereof, executed before or after the meeting by such stockholder or his attorney thereunto authorized, and filed with the records of the meeting, shall be deemed equivalent to such Notice.~~

~~ARTICLE VI~~

~~Quorum of Stockholders~~

~~At any meeting of the stockholders, a quorum for the election of any Director or for the consideration of any question shall consist of a majority in interest of all stock issued, outstanding and entitled to vote at such election or upon such question, respectively, except that if two or more classes of stock are entitled to vote as separate classes for the election of any Director or upon any question, then in the case of each such class a quorum for the election of any Director or for the consideration of such question shall consist of a majority in interest of all stock of that class issued, outstanding and entitled to vote thereon. Stock owned by the Corporation, if any, except stock held directly or indirectly by it in a fiduciary capacity, shall be disregarded in determining any quorum. Whether or not a quorum is present, any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further notice.~~

~~When a quorum for an election is present at any meeting, a plurality of the votes properly cast for any office shall elect such office. When a quorum for the consideration of a question is present at any meeting, a majority of the votes properly cast upon the question shall decide the question; except that if two or more classes of stock are entitled to vote as separate classes upon such question, then in the case of each such class a majority of the votes of such class properly cast upon the question shall decide the vote of that class upon the question; and except in any case where a larger vote is required by law, by the Articles of Organization or by these By Laws.~~

ARTICLE VII

Proxies and Voting

~~Except as may otherwise be provided in the Articles of Organization, stockholders entitled to vote shall have one vote for each share of stock entitled to vote owned by them. Stockholders entitled to vote may vote in person or by proxy. Except as otherwise provided by law, no proxy dated more than six (6) months before the meeting named therein shall be valid and no proxy shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to the exercise of the proxy the Corporation receives specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. Proxies shall be filed with the Clerk, or person performing the duties of clerk, at the meeting, or any adjournment thereof, before being voted.~~

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

~~Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting if all stockholders entitled to vote on the matter consent to the action in writing and the written Consents are filed with the records of the meetings of stockholders. Such Consents shall be treated for all purposes as a vote at a meeting.~~

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

ARTICLE VIII

Board of Directors

~~The business and affairs of this Corporation shall be managed under the direction of a Board of Directors consisting of not fewer than three (3) nor more than eight (8) Directors, the exact number to be determined from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors, such Board of Directors to be divided into such classes and elected by such stockholders as have the right to vote thereon, for such terms as are provided in the Articles of Organization. Each Director shall hold office until his successor shall have been elected and qualified subject to Article XVIII of these By Laws. Whenever used in these By Laws, the phrase "entire Board of Directors" shall mean that number of Directors fixed by the most recent resolution adopted pursuant to the preceding sentence prior to the date as of which a determination of the number of Directors then constituting the entire Board of Directors shall be relevant for any purpose under these By Laws. Subject to the foregoing limitations and~~

~~the requirements of the Articles of Organization, the Board of Directors may be enlarged by the stockholders at any meeting or by the affirmative vote of a majority of the entire Board of Directors then in office.~~

~~———— Nominations for the election of Directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any stockholder entitled to vote generally in the election of Directors. However, any stockholder entitled to vote generally in the election of Directors may nominate one or more persons for election as Directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Clerk of the Corporation not later than (1) with respect to an election to be held at an Annual Meeting of Stockholders or at a Special Meeting in Lieu of an Annual Meeting, sixty (60) days prior to the date for the Annual Meeting set forth in the By Laws and (2) with respect to an election to be held at a Special Meeting of Stockholders not in lieu of an Annual Meeting, the close of business on the tenth (10th) day following the date on which notice of such meeting is first given to stockholders. Each such notice to the Clerk shall set forth (i) the names and addresses of the stockholder and his or her nominees; (ii) a representation that the stockholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each such nominee; (iv) such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominees of such stockholder; and (v) the consent of each nominee to serve as a Director of the Corporation if so elected. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. The presiding officer of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.~~

~~———— No Director need be a stockholder. Any election of Directors by the stockholders shall be by ballot if so requested by any stockholder entitled to vote thereon.~~

~~———— ARTICLE IX~~

~~———— Powers of Directors~~

~~———— The business of the Corporation shall be managed by the Board of Directors, which shall exercise all the powers of the Corporation except as otherwise required by law, by the Articles of Organization or by these By Laws. In the event of one or more vacancies in the Board of Directors, the remaining Directors, if at least two (2) Directors still remain in office, may exercise the powers of the full Board until such vacancy or vacancies are filled.~~

~~———— Any unissued capital stock from time to time authorized under the Articles of Organization and Amendments thereto may be issued, and any shares of capital stock restored to the status of authorized but unissued stock may be reissued, by vote of the Directors. No stock shall be issued unless the cash, so far as due, or the property, services or expenses for which it~~

~~was authorized to be issued, has been actually received or incurred by, or conveyed or rendered to, the Corporation, or is in its possession as surplus.~~

~~ARTICLE X~~

~~Committees of Directors~~

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

~~ARTICLE XI~~

~~Meetings of the Board of Directors;~~

~~Action without a Meeting~~

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

~~Special meetings of the Board of Directors may be held at any time and at any place when called by the President, the Treasurer, the Chairman of the Board, or two or more Directors, reasonable notice thereof being given to each Director by the Secretary, or, if there be no Secretary, by the Clerk, or in the case of death, absence, incapacity or refusal of the Secretary (or the Clerk, as the case may be), by the officer or Directors calling the meeting. In any case, it shall be deemed sufficient notice to a Director to send notice by mail at least forty eight (48) hours, or by telegram or by facsimile transmission at least twenty four (24) hours, before the meeting, addressed to him at his usual or last known business or residence address; or to give notice to him in person, either by telephone or by handing him a written notice, at least twenty four (24) hours before the meeting.~~

~~Notwithstanding the foregoing, notice of a meeting need not be given to any Director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto, or at its commencement, the lack of notice to him. A notice of a meeting or a waiver of notice need not specify the purposes of the meeting.~~

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

~~Members of the Board of Directors or any committee designated thereby may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.~~

~~ARTICLE XII~~

~~Quorum of Directors~~

~~At any meeting of the Board of Directors, a quorum for any election, or for the consideration of any question, shall consist of a majority of the Directors then in office, but any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for election to any office, and a majority of the Directors present shall decide any question brought before such meeting, except in any case where a larger vote is required by law, by the Articles of Organization or by these By Laws.~~

~~ARTICLE XIII~~

~~Officers and Agents~~

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

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

~~The President, Chairman of the Board, Treasurer and Clerk (and the Secretary, if, as the case may be, there be one) shall be elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, by vote of a majority of the full Board of Directors. Such other officers of the Corporation as may be created in accordance with these By Laws may be filled at such meeting by vote of a majority of the full Board of Directors or any other time by vote of a majority of the Directors then in office.~~

~~Each officer shall (subject to Article XVIII of these By Laws) hold office until the first meeting of the Board of Directors following the next Annual Meeting of Stockholders and until his successor is elected or appointed and qualified, or until he sooner dies, resigns, is removed, or~~

~~becomes disqualified. Each agent shall retain his authority at the pleasure of the Board of Directors.~~

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

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

~~ARTICLE XIV~~

~~President and Vice Presidents; Chairman of the Board~~

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

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

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

~~ARTICLE XV~~

~~Treasurer and Assistant Treasurer~~

~~The Treasurer may be the Chief Financial Officer of the Corporation or any other person elected by the Board of Directors, and shall be in charge of its funds and the disbursements thereof, subject to the President and the Board of Directors, and shall have such duties and powers as are commonly incident to the office of a corporate treasurer and such other duties and powers as may be prescribed from time to time by the Board of Directors or the President, or if the Treasurer is other than the Chief Financial Officer, then by the Chief Financial Officer. If no~~

~~Controller is elected, the Treasurer shall also have the duties and powers of the Controller as provided in these By Laws. The Treasurer shall be responsible to and shall report to the Board of Directors, but in the ordinary conduct of the Corporation's business, shall be under the supervision of the President, or if the Treasurer is not the Chief Financial Officer, shall be under the supervision of the Chief Financial Officer.~~

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

ARTICLE XVI

Controller

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

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

ARTICLE XVII

Clerk; Secretary; Assistant Clerk and Assistant Secretary

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

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

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

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

~~If no Secretary is elected, the Clerk shall also record all proceedings of the Board of Directors and of any meetings of any committees of the Board, and, in his absence from any such meeting, a temporary clerk shall be chosen who shall record the proceedings thereof.~~

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

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

~~ARTICLE XVIII~~

~~Resignations and Removals~~

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

~~Directors, including Directors elected by the Directors to fill vacancies in the Board, may be removed from office (a) with cause by vote of the holders of a majority of the shares issued and outstanding and entitled to vote generally in the election of Directors; (b) with or without cause by vote of the holders of at least eighty percent (80%) of the votes entitled to be cast by the holders of all shares of the Corporation entitled to vote generally in the election of Directors, voting together as a single class; (c) with cause by vote of a majority of the Directors then in office or (d) without cause by vote of at least eighty percent (80%) of the Directors then in office (including the Director to be removed in calculating said percentage); provided that the Directors of a class elected by a particular class of stockholders may be removed only by vote of the holders of a majority of the shares of such class.~~

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

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

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

~~ARTICLE XIX~~

~~Vacancies~~

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

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

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

~~ARTICLE XX~~

~~Capital Stock~~

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

ARTICLE XXI

Certificate of Stock

~~Each stockholder shall be entitled to a certificate of the capital stock of the Corporation owned by him, in such form as shall, in conformity to law, be prescribed from time to time by the Board of Directors. Such certificate shall be signed by either the President or a Vice President, and by either the Treasurer or an Assistant Treasurer, and may, but need not be, sealed with the corporate seal; but when any such certificate is signed by a transfer agent or by a registrar other than a Director, officer, or employee of the Corporation, the signature of the President or a Vice President and of the Treasurer or an Assistant Treasurer of the Corporation, or either or both such signatures and such seal upon such certificate, may be facsimile. If any officer who has signed, or whose facsimile signature has been placed on, any such certificate shall have ceased to be such officer before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if he were such officer at the time of issue.~~

~~Every certificate for shares of stock which are subject to any restriction on transfer pursuant to law, the Articles of Organization, these By Laws or any agreement to which the Corporation is a party shall have the restriction noted conspicuously on the certificate, and shall also set forth, on the face or back, either the full text of the restriction or a statement of the existence of such restriction and (except if such restriction is imposed by law) a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge. Every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the preferences, voting powers, qualifications and special and relative rights of the shares of each class and series authorized to be issued, or a statement of the existence of such preferences, powers, qualifications and rights and a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.~~

ARTICLE XXII

Transfer of Shares of Stock

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

~~other notice thereof, until such shares shall have been transferred on the Corporation's books in accordance with these By Laws. It shall be the duty of each stockholder to notify the Corporation of his post office address.~~

~~ARTICLE XXIII~~

~~Transfer Agents and Registrars; Further Regulations~~

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

~~ARTICLE XXIV~~

~~Loss of Certificates~~

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

~~ARTICLE XXV~~

~~Record Date~~

~~The Directors may fix in advance a time, which shall not be more than sixty (60) days before the date of any meeting of stockholders or the date for the payment of any dividend or the making of any distribution to stockholders, or the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose, as the record date for determining the stockholders having the right to notice of and to vote at, such meeting and any adjournment thereof, or the right to receive such dividend or distribution, or the right to give such consent or dissent, and in such case, only stockholders of record on such record date shall have such right, notwithstanding any transfer of stock on the books of the Corporation after the record date; or, without fixing such record date, the Directors may, for any such purposes, close the transfer books for all or any part of such period.~~

~~ARTICLE XXVI~~

~~Seal~~

~~The seal of the Corporation shall, subject to alteration by the Board of Directors, consist of a flat faced circular die with the word "Massachusetts", together with the name of the~~

~~Corporation and the year of its incorporation, cut or engraved thereon. An impression of the seal impressed upon the original copy of these By Laws shall be deemed conclusively to be the seal adopted by the Board of Directors.~~

~~ARTICLE XXVII~~

~~Execution of Papers~~

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

~~ARTICLE XXVIII~~

~~Fiscal Year~~

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

~~ARTICLE XXIX~~

~~Indemnification of Directors and Others~~

~~Section 29.1 Definitions~~

~~For purposes of this Article XXIX:~~

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

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

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

~~Section 29.2 — Right to Indemnification~~

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

~~Section 29.3 — Indemnification not Available~~

~~No indemnification shall be provided to a Director/officer with respect to a Proceeding as to which it shall have been adjudicated that he did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation, or, to the extent that such Proceeding relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.~~

~~Section 29.4 — Compromise or Settlement~~

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

~~Section 29.5 — Advances~~

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

~~Section 29.6 — Not Exclusive~~

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

~~Section 29.7 — Insurance~~

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

~~ARTICLE XXX~~

~~Voting Stock in Other Corporations~~

~~Unless otherwise ordered by the Board of Directors, the President or, in the case of his absence or failure to act, the Treasurer, shall have full power and authority on behalf of the~~

~~Corporation to attend and to act and to vote at any meetings of stockholders of any corporation in which this Corporation may hold stock, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock and which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors, by resolution from time to time, or, in the absence thereof, the President, may confer like powers upon any other person or persons as attorneys and proxies of the Corporation.~~

~~ARTICLE XXXI~~

~~Corporate Records~~

~~The original or attested copies of the Articles of Organization, By-Laws, and records of all meetings of the incorporators and stockholders, and the stock and transfer records which shall contain the names of all stockholders and the record address and the amount of stock held by each, shall be kept in Massachusetts either at the principal office of the Corporation or at an office of its transfer agent or of the Clerk. Said copies and records need not all be kept in the same office. They shall be available at all reasonable times for inspection by any stockholder for any proper purpose, but not to secure a list of the stockholders for the purpose of selling said list, or copies thereof, or of using the same for a purpose other than in the present interest of the applicant, as a stockholder, relative to the affairs of the Corporation.~~

~~ARTICLE XXXII~~

~~Amendments~~

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

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

~~EXECUTIVE EMPLOYMENT AGREEMENT~~

~~This Executive Employment Agreement (the "Agreement") is entered into effective as of April 1, 2003 (the "Effective Date") between Brad Nutter (the "Executive") a resident at 65 Blue Heron Lane, Greenwood Village, CO 80121 and Haemonetics Corporation (the "Company"), a Massachusetts corporation with its principal executive offices at 400 Wood Road, Braintree, Massachusetts 02184.~~

~~ARTICLE 1. EMPLOYMENT OF EXECUTIVE~~

~~1.1 Employment. Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive in a full time capacity to serve as President and Chief Executive Officer, based at the Company's corporate offices in Braintree, Massachusetts, and to perform such specific duties commensurate with such position as may reasonably be assigned to Executive from time to time by the Company's Board of Directors for the period commencing on the Effective Date and continuing until terminated as herein provided. Subject to the terms and conditions of this Agreement, Executive hereby accepts such employment for the term hereof.~~

~~1.2 Full Time Commitment. During the period of Executive's employment with the Company, Executive will, unless prevented by ill health, devote his whole attention and business time to the performance of his duties hereunder for the business of the Company.~~

~~ARTICLE 2. COMPENSATION~~

~~For all services to be rendered by Executive to the Company pursuant to this Agreement, the Company shall pay to Executive the compensation and provide for Executive the benefits set forth below:~~

~~2.1 Base Salary and Bonus. The Company shall pay to Executive a base salary at the rate of \$500,000, per annum. Beginning May 2004, and annually thereafter, the Executive's base salary will be reviewed for a potential increase. In addition, the Executive will be eligible to receive bonus payments based on~~

~~performance against objectives mutually agreed between Executive and the Board of Directors. For 100% performance, the bonus payout is set at \$250,000 annually.~~

~~2.2 Fringe Benefits. During the term of Executive's employment hereunder the Company shall provide Executive with such benefits as are generally made available by the Company to its other full time employees including reasonable travel expenses incurred while engaged in Company business, all in accordance with the Company's benefit plans, policies and procedures from time to time in effect. The Executive will be eligible for four weeks vacation per annum.~~

~~2.3 Option Plan. Executive shall be entitled to participate in the Company's stock option plans (the "Plans"), as approved from time to time by the Company's Board of Directors and stockholders.~~

~~2.4 Option Grant. Executive shall be granted 300,000 non qualified stock options for common stock of the Company at the NYSE average of the high and low price on Executive's first day of employment, subject to the terms of the Company's 2000 Long Term Incentive Plan and a Stock Option Agreement. All such options shall vest twenty five percent (25%) per year beginning one year after the date of grant.~~

~~ARTICLE 3. TERMINATION~~

~~3.1 Term. Unless earlier terminated as herein provided, Executive's employment pursuant to this Employment Agreement shall commence on April 1, 2003 and shall continue for a period ending on March 31, 2008.~~

~~3.2 Termination for Cause by the Company. The Company may terminate Executive's employment for "Cause" upon the occurrence of any of the following events:~~

~~(i) Executive shall have engaged in (A) any misappropriation of funds, properties or assets of the Company, (B) any malicious damage or destruction of any property or assets of the Company, whether resulting from Executive's willful action or omissions or negligence, or (C) any falsification of any books, records, documents or systems of the Company, or (D) any deliberate violation of Company policy.~~

~~(ii) Executive shall (A) have been convicted of a crime involving moral turpitude or constituting a felony, or (B) commit or knowingly allow to be committed any illegal action on any premises of, or involving any property or assets of, the Company.~~

~~3.3 Termination for Cause by Executive. Executive may terminate his employment with the Company for "Cause" upon the occurrence of any of the following events.~~

~~(i) the Company shall breach any of the material provisions of the Agreement and such breach shall not have been cured by or on behalf of the Company within thirty (30) days following its receipt of notice from the Executive, which specifically identifies the manner in which it is alleged that Company committed such breach;~~

~~(ii) the Company shall fail to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 3.4;~~

~~(iii) a materially adverse change in Executive's title, or in the responsibilities assigned to Executive by the Company or in the compensation and benefits paid by Company to the Executive shall have occurred and such material adverse change shall not have been cured by or on behalf of the Company within thirty (30) days following its receipt of notice from Executive specifically identifying such material adverse change.~~

~~Executive's continued employment shall not constitute consent to, or waiver of rights with respect to, any circumstance constituting a Cause for termination by the Executive or the Company.~~

~~3.4 Change in Control. If, following a "Change in Control" (as defined below) Executive's full time position with the Company is eliminated and following such elimination, the Company does not offer to employ Executive in a comparable or better position in his then current location, on a full time basis, at a comparable or better rate of pay, then, Executive shall be entitled to severance payments and benefits in accordance with Article 4 below provided, however, that severance payment shall be made in lump sum, payable within thirty (30) days, and in an amount which is equal to 2.00 times the amount identified in Section 4.1, and provided further that in no event shall the total of all payments and benefits to the Executive, under this Agreement or otherwise, that are contingent on a change in ownership or control within the meaning of Section 280C of the Internal Revenue Code of 1986, as amended (the "Code") and any proposed or final regulations promulgated thereunder, exceed 2.00 times the "base amount" described in Section 280C(b)(3) of the Code ("Maximum Amount"). If the total of such payments and benefits to the Executive would exceed the Maximum Amount, then the payments and benefits to the Executive shall be reduced to the Maximum Amount. The determination of the Maximum Amount and the amount of such reduction shall be made by an accounting firm of the Company or the Company's successor and such~~

determination shall be final and binding on all parties. The Company or its successor will then determine what payments and benefits, from whatever source, will be reduced based on the accounting firm's analysis. For purposes of this Agreement, a "Change in Control" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is, in fact, required to comply therewith; provided that, without limitation, such a change in control for purposes of this Agreement shall be deemed to have occurred if:

~~(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 51% or more of the combined voting power of the Company's then outstanding securities;~~

~~(ii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as herein above defined) acquires 50% or more of the combined voting power of the Company's then outstanding securities; or~~

~~(iii) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.~~

~~3.5 Death. In the event of the death of Executive, Executive's employment by the Company shall automatically terminate as of the date of his death.~~

~~3.6 Disability. In the event of the Disability of the Executive, as defined herein, the Company may terminate Executive's employment hereunder upon written notice to Executive. The term "Disability" shall~~

~~mean the inability of Executive to perform substantially his material duties hereunder due to physical or mental disablement which continues for a period of one hundred eighty (180) consecutive days, as determined by an independent qualified physician mutually acceptable to the Company and Executive (or his personal representative) or, if the Company and Executive (or such representative) are unable to agree on an independent qualified physician, as determined by a panel of three physicians, one designated by the Company, one designated by Executive (or his personal representative) and one designated by the two physicians so designated.~~

~~ARTICLE 4. SEVERANCE PAYMENTS AND BENEFITS~~

~~4.1 Termination Events Resulting in Severance Payments. In the event of the termination of the Executive's employment prior to the expiration of the term of this Agreement:~~

~~(i) by the Company without "Cause," or~~

~~(ii) under Section 3.3,~~

~~then the Company shall pay Executive, as a severance payment, an amount equal to Executive's annual base salary, such payment to be made in twelve (12) equal monthly payments during the period commencing on the date such termination occurs (the "Termination Date") and ending one (1) year thereafter (the "Severance Period").~~

~~4.2 Benefits. If Section 4.1 is applicable, the Company shall also provide to Executive during the Severance Period, at the Company's expense, such benefits as are in effect and applicable to Executive as of the Termination Date, except to the extent expressly prohibited by law or by the terms of any plan, program or policy which govern any such benefits.~~

~~4.3 Comparable Benefits: Continuation of Benefits. If by operation of law or under the terms of the relevant plan, program or policy, Executive is not eligible to receive continued life insurance coverage, health insurance coverage, long term disability coverage or the Company's matching contribution, if any, under its 401(k) Plan, then the Company shall provide to Executive substantially equivalent benefits or, at Executive's election, the cash value of equivalent benefits within thirty (30) days of any determination of ineligibility by the Company.~~

~~4.4 Exclusivity. Except as otherwise provided in the foregoing sections of this Article 4 and in Section 3.4 (if applicable), Executive shall not be entitled to compensation from the Company for any period following termination of his employment.~~

~~ARTICLE 5. PROPRIETARY INFORMATION AND NON COMPETITION~~

~~5.1 For the purposes of this Article, the following shall have the designated meanings.~~

~~5.1.1. Proprietary Information: Information of value to the Company and not generally available to the public of whatever kind or nature disclosed to the Executive or known by the Executive (whether or not invented, discovered or developed by the Executive) as a consequence of or through the Executive's employment with the Company. Proprietary Information shall include information relating to the design, manufacture, application, know how, research and development relating to the Company's products, sources of supply and materials, operating and other cost data, lists of present, past, or prospective customers, customer proposals, price lists and data relating to pricing of the Company's products or services, and shall specifically include all information contained in manuals, memoranda, formulae, plans, drawings and designs, specifications, supply sources, and records of the Company legended or otherwise identified by the Company as Proprietary Information, whether learned by the Executive prior to or after the date hereof.~~

~~5.1.2. Concepts and Ideas: Those concepts and ideas known to the Executive relating to the Company's present and prospective activities and products.~~

~~5.1.3. Inventions: Discoveries and developments, whether or not patentable. Such terms shall not be limited to the meaning of "invention" under the United States Patent Laws.~~

~~5.2 All Inventions which are at any time "made" i.e., conceived or reduced to practice by the Executive, acting alone or in conjunction with others, during or in connection with the Executive's employment (or, if based on or related to Proprietary Information, "made" by the Executive within twelve (12) months after the termination of such employment) and all Concepts and Ideas held by the Executive~~

~~shall be the property of the Company, free of any reserved or other rights of any kind on the Executive's part in respect thereof.~~

~~5.3 The Executive will promptly make full disclosure to the Company in writing any such Inventions and Concepts and Ideas. Further, the Executive will, at the Company's costs and expense, promptly execute formal applications for patents and also do all other acts and things (including, among other, the execution and delivery of instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of all right and title to such Inventions and Concepts and Ideas, without, during the term of this Agreement, further compensation. The absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the Company's rights under this Agreement.~~

~~5.4 Except in connection with the Executive's duties hereunder, the Executive will not, directly or indirectly, use, publish, disseminate, or otherwise disclose any Proprietary Information, Concepts and Ideas or Inventions without the prior written consent of the Company.~~

~~5.5. All documents, procedural manuals, guides, specifications, plans, drawings, designs and similar materials, lists of present, past or prospective customers, customer proposals, invitations to submit proposals, price lists and data relating to pricing of the Company's products and services, records, notebooks and similar repositories of or containing Proprietary Information and Inventions, including all copies thereof, that come into the Executive's possession or control by reason of the Executive's employment, whether prepared by the Executive or others, are the property of the Company, will not be used by the Executive in any way adverse to the Company, will not be removed from the Company's premises except in connection with the Executive's normal duties and, at the termination of the Executive's employment with the Company, will be left with or forthwith returned by the Executive to the Company.~~

~~5.6 During the time the Executive is an employee of the Company and for a period of one (1) year thereafter, the Executive will not, on his own behalf or on the behalf of another (i) engage in any activity which is in the field of medical devices or solutions similar to those then marketed, or planned to be marketed, by the Company, or (ii) solicit or endeavor to entice away from the Company any employee.~~

ARTICLE 6. MISCELLANEOUS

~~6.1 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed to be one and the same instrument.~~

~~6.2 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns. If Executive should die while any amount due to him at such time remains unpaid, such amount, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or if there is no such designee, to his estate.~~

~~6.3 Assignment. Except as otherwise provided in Section 6.4 below, neither this Agreement nor any rights or obligations hereunder shall be assignable by either party hereto without the prior written consent of the other party.~~

~~6.4 Obligation of the Company's Successors. Any successor to the business of the Company, whether directly or indirectly by merger, consolidation, recapitalization, combination, purchase of stock, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder. The Company will require any such successor to expressly assume and agree to perform this Agreement in the same a manner and to the same extent that the Company would be required to perform it if no such succession had taken place.~~

~~6.5 Notices. All notices, requests, demands and other communications to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed by registered or certified mail, return receipt requested, postage prepaid, as follows:~~

~~If to the Company, to:~~

~~Haemonetics Corporation
400 Wood Road
Braintree, MA 02184~~

~~Attention: Ron Matricaria, Chairman of the Board~~

~~With a copy to: Lisa Lopez, General Counsel
Haemonetics Corporation
400 Wood Road, Braintree MA 02184~~

~~If to Executive, to: 65 Blue Heron Lane
Greenwood Village, CO 80121~~

~~or such other address as either party hereto shall have designated by
notice in writing to the other party.~~

~~6.6 Amendments. No provision of this Agreement may be modified, waived
or discharged unless such waiver, modification or discharge is agreed to in
writing and signed by Executive and the Chairman of the Board of Directors.
No waiver by either party hereto at any time of any breach by the other
party hereto of, or compliance with, any condition or provision of the
Agreement to be performed by such other party shall be deemed a waiver of
similar or dissimilar provisions or conditions at the same or at any prior
or subsequent time.~~

~~6.7 Governing Law. This Agreement and the legal relations between the
parties hereto shall be governed by and construed in accordance with the
laws of the Commonwealth of Massachusetts.~~

~~6.8 Dispute Resolution. Any dispute, controversy or claim arising out of
or relating to the Agreement or the performance by the parties of its
terms, shall be settled by binding arbitration held in Boston,
Massachusetts in accordance with the Employment Arbitration Rules of the
American Arbitration Association then in effect. The arbitrator shall have
the authority to award relief under legal or equitable principles,
including interim or preliminary relief. Each party shall bear its/his own
attorneys fees and expenses.~~

~~6.9 Severability. In case any provision hereof shall, for any reason, be
held to be invalid or unenforceable in any respect, such invalidity or
unenforceability shall not affect any other provision hereof, and this
Agreement shall be construed as if such invalid or unenforceable provision
had not been included herein. If any provision hereof shall, for any
reason, be held by a court to be excessively broad as to~~

~~duration, geographical scope, activity or subject matter, it shall be construed by limiting and reducing it to make it enforceable to the extent compatible with applicable law then in effect.~~

~~6.10 Withholding. Any payments provided for hereunder shall be paid after deducting any applicable withholding required under federal, state or local or foreign law.~~

~~6.11 Entire Agreement. This Agreement sets for the entire agreement of the parties hereto in respect of the subject matter contained herein, and supersedes the provisions of all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto with respect to the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.~~

~~IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement under seal as of the date first above written.~~

~~_____ Haemonetics Corporation~~

~~/s/ Brad Nutter _____ By: /s/ Ronald A. Matricaria~~

~~_____ Ronald A. Matricaria, Chairman of
_____ the Board~~

~~Date: March 30, 2003~~

~~FIRST AMENDMENT TO LEASE
BETWEEN
NEW AVON LIMITED PARTNERSHIP
AND
HAEMONETICS CORPORATION~~

~~New Avon Limited Partnership ("Landlord") and Haemonetics Corporation ("Tenant") hereby amend the Lease between the Landlord and Tenant, dated as of July 29, 1997 (the "Lease").~~

~~Whereas, Tenant wishes to exercise its option to renew the Lease, as set forth in Section 29 of the Lease and with respect to a longer term extension of the lease if the adjacent space is available to Tenant as aforesaid, as well as the base rental to be charged during the short term renewal and long term extension; and~~

~~Whereas, said adjacent premises are currently under lease with another tenant, such lease expiring on or about January 15, 2005; and~~

~~Whereas, Landlord and Tenant have reached agreement with respect to a short term extension of the Lease and with respect to a longer term extension of the lease if the adjacent space is available to Tenant as aforesaid, as well as the base rental to be charged during the short term renewal and long term extension; and~~

~~Now Therefor, for good, lawful and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and notwithstanding anything in the Lease to the contrary, the Landlord and Tenant hereby agree as follows:~~

~~1. The Lease Term under the Lease is hereby extended for one (1) year terminating on November 30, 2003 (the "Short Extended Term"), and the Lease Termination Date, as set forth in the Lease Information Page shall be November 30, 2003.~~

~~3. Annual Rent for the Demised Premises for the Short Extended Term, effective December 1, 2002, and terminating on November 30, 2003 shall be as follows:~~

Calendar Period	Annual Rent	Monthly Rent
12/1/02 11/30/03	\$235,200	\$19,600

~~4. If Landlord gives Tenant written notice, on or before December 1, 2002, that Landlord has secured an early termination of the adjacent space currently occupied by J.N. Muldoon Co., Inc. (shown as the "Additional Space" on the attached Exhibit "A"), such that Tenant can take occupancy of the Additional Space as of April 1, 2004, from and after said April 1, 2004, the Demised Premises shall include the Additional Space.~~

~~5. If Landlord gives such notice to Tenant, as aforesaid, the Lease Term under the Lease is hereby extended from December 1, 2003 to November 30, 2007 (the "Extended Term") and the Lease Termination Date, as set forth in the Lease Information Page shall be November 30, 2007.~~

~~6. If Landlord gives such notice to Tenant, as aforesaid, Annual Rent for the Demised Premises for the Extended Term, effective December 1, 2002, and terminating on November 30, 2007, shall be as follows:~~

Calendar Period	Annual Rent	Monthly Rent
12/1/02 2/28/03	\$208,800	\$17,400
3/1/03 2/29/04	\$218,400	\$18,200
3/1/04 3/31/04	\$228,000	\$19,000
4/1/04 2/28/05	\$289,750	\$24,146
3/1/05 2/28/06	\$301,950	\$25,163
3/1/06 2/28/07	\$317,200	\$26,433
3/1/07 11/30/07	\$329,400	\$27,450

~~Rent is due and payable on the first day of the month without notice or demand.~~

~~7. Tenant's Share of the Real Estate Taxes and Operation Cost (as set forth in the Lease Information Page), shall remain at 31.47% through March 31, 2004, and thereafter shall be 40.09%.~~

~~8. Tenant's Initial Estimated Monthly Payment on Account (as set forth in the Lease Information Page) shall be \$2,282 for Real Estate Taxes and \$2,675 for Operating Cost through March 31, 2004, which amounts will increase as of March 1, 2004 (currently estimated to be \$2,907 and \$3,408, respectively).~~

~~9. If, as and when the Additional Space becomes part of the Demised Premises, the Additional Space shall be delivered to Tenant, in "as is, where is" condition, and broom clean.~~

~~10. In the event that Landlord fails to deliver the Additional Space to Tenant by April 1, 2004, the parties agree to a ratable adjustment of all amounts due hereunder by Tenant until the Additional Space has been delivered to Tenant by Landlord.~~

~~11. In all other respects the Lease is ratified and confirmed and in full force and effect.~~

~~Executed as a second amendment of lease under seal on this day of August, 2002.~~

~~LANDLORD: _____ TENANT: _____~~

~~New Avon Limited Partnership _____ Haemonetics Corporation
by New Avon Development Corp. _____
it general partner _____~~

~~By: /s/ Lawrence J. Rothschild _____ By: /S/ James L. Peterson _____~~

~~_____
Lawrence J. Rothschild, Pres. _____ James L. Peterson, President
duly authorized _____ duly authorized _____~~

SECOND AMENDMENT TO AGREEMENT OF LEASE

MADE THIS 18th DAY OF October, 2000

BY AND BETWEEN

THE BUNCHER COMPANY (hereinafter called "Landlord"), a Pennsylvania corporation having its principal place of business in Allegheny County, Pennsylvania

AND

HAEMONETICS CORPORATION, (hereinafter called "Tenant"), a Massachusetts corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts.

WHEREAS, the parties hereto have entered into a certain Agreement of Lease dated July 17, 1990 as amended by First Amendment to Agreement of Lease dated April 30, 1991 (said Agreement of Lease as amended is hereinafter collectively called the "Lease") covering certain property located in the Buncher Commerce Park, Leetsdale, Allegheny County, Pennsylvania and herein and therein called the Lease Premises; and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to amend the Lease to (i) extend the existing Renewal Term of the Lease for five (5) additional years (the "New Extended Term"), (ii) to provide for the monthly rental for the New Extended Term, (iii) provide for an additional extension of the Lease (the "Roll Over Term"), and (iv) supplement the insurance provisions of the Lease.

NOW, THEREFORE, in consideration of the premises and intending to be legally bound the parties hereto promise, covenant and agree that the Lease be and is hereby amended as follows:

1. TERM: The Renewal Term of the Lease is hereby extended to expire at the end of the New Extended Term on June 30, 2006.

2. RENT: A. Tenant shall continue to pay to Landlord as monthly rental for the Leased Premises the amount of \$23,258.26 until July 1, 2001.

B. Beginning July 1, 2001 and on the first day of each calendar month thereafter during the New Extended Term, Tenant shall pay to Landlord as monthly rental for the Leased Premises the amount of \$25,944.18.

All rentals payable hereunder shall be payable in advance without demand, deduction or setoff. Remittance for rental and any additional rentals payable hereunder shall be paid to Landlord's agent, Buncher Management Agency, Inc., 5600 Forward Avenue, P. O. Box #81930, Pittsburgh, Pennsylvania 15217 0930 or at such other place or to such other person as may be designated by Landlord in writing.

3. INSURANCE: In addition to the insurance requirements set forth in section 8 of the printed portion of the Agreement of Lease dated July 17, 1990, Tenant shall maintain during any period of occupancy by Tenant of any portion of the Leased Premises and throughout the term of the lease or any extension thereof workers compensation and employers liability insurance or a qualified self insurance plan at the statutory limits on its employees at the Leased Premises. Tenant or those holding under it shall not pursue any claim for subrogation, indemnity or otherwise against Landlord that arises out of any loss by Tenant or those holding under it on account of any injury to Tenant's employees incurred on or about the Leased Premises.

4. BROKERAGE: Landlord and Tenant each hereby warrants to the other that no real estate broker has been involved in the extension of the term of the Lease on its behalf and that no finder's fee or real estate commission have been earned by any third party. Each party hereto agrees to indemnify the other for any liability or claims for commissions of fees arising from a breach of this warranty by the indemnifying party.

5. ROLL OVER TERM: Unless Tenant notifies Landlord in writing one (1) year prior to the expiration of the New Extended Term that Tenant does not desire to extend the term of the Lease for the Roll Over Term as defined herein, the Lease and the term thereof shall further be extended for one (1) additional term of five (5) years (the "Roll Over Term") to commence immediately following the expiration of the New Extended Term. The Roll Over Term shall be on the same terms and conditions as exists under the Lease, as amended except that the monthly rental for the Leased Premises shall be determined by the following formula:

$$\text{Monthly Rental for Roll Over Term} = \frac{\$25,944.18 \times (\text{CPI in effect for June, 2001} + 75\% \text{ of the amount by which the CPI in effect for June, 2006 exceeds the CPI in effect for June, 2001})}{\text{CPI in effect for June, 2001}}$$

~~the CPI in effect for June, 2001~~

~~Notwithstanding the result of the above calculation, the monthly rental for the Roll Over Term shall not be less than \$25,944.18.~~

~~The CPI, as referred to herein, means the Consumer Price Index for all Urban Consumers items 1982-84 = 100 relating to the United States City Average, as issued by the Bureau of Labor Statistics of the United States Department of Labor, or any successor to the function thereof. In the event of the conversion of the CPI to a different standard reference base or any other revision thereof, the determination hereunder shall be made with the use of such Bureau of Labor Statistics or successor to the functions thereof or in the absence of the publication of such conversion factor, such formula or table as Landlord shall in good faith designate.~~

~~The extension of the term of the Lease for the Roll Over Term as provided herein is subject to Haemonetics Corporation itself or its affiliate, being in full possession of the Leased Premises continuously during the last twelve (12) months of the New Extended Term of the Lease and at the commencement of the Roll Over Term. If the above condition is not satisfied, Landlord may, at its option, terminate the Lease as of the day preceding the Roll Over Term.~~

~~6. Except as amended hereby all terms and conditions of the Lease shall remain in full force and effect.~~

~~WITNESS the due execution hereof.~~

~~ATTEST: _____ THE BUNCHER COMPANY~~

~~By s/ Bernita Buncher _____ By s/ TJ Balestrieri _____~~

~~Title Secretary _____ Title President _____~~

~~(Corporate Seal)~~

~~ATTEST: _____ HAEMONETICS CORPORATION~~

~~By s/ Alicia Lopez _____ By s/ Ron Ryan _____~~

~~Title Clerk _____ Title CFO _____~~

HAEMONETICS CORPORATION

1992 LONG TERM INCENTIVE PLAN

NON QUALIFIED STOCK OPTION AGREEMENT

WITH

Name

HAEMONETICS CORPORATION

NON QUALIFIED STOCK OPTION AGREEMENT
UNDER 1992 LONG TERM INCENTIVE PLAN

AGREEMENT entered into this Date day of Month, 2000 by and between Haemonetics Corporation, a Massachusetts corporation with a principal place of business in Braintree, Massachusetts, (the "Company"), and the undersigned employee of the Company (or one of its subsidiaries) (the Company and its subsidiaries herein together referred to as the "Company") (the "Employee").

1. The Company desires to grant the Employee a non qualified stock option under the Company's 1992 Long Term Incentive Plan (the "Plan") to acquire shares of the Company's common stock, \$.01 par value per share (the "Common Stock").

2. Section 4 of the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.

ACCORDINGLY, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Employee hereby agree as follows:

1. Grant of Option. The Company hereby irrevocably grants to the Employee a non qualified stock option (the "Option") to purchase all or any part of an aggregate of X,000 shares of Common Stock (the "Shares") on the terms and conditions hereinafter set forth. This option shall not be treated as an incentive stock option under Section 422A of the Internal Revenue Code of 1986, as amended (the "Code").

2. Purchase Price. The purchase price ("Purchase Price") for the Shares covered by the Option shall be \$XX.XXXX per Share.

3. Time of Exercise of Option; Exercisability.

(a) The Option shall not be exercisable prior to Month Day, Year. Thereafter, the Option shall be exercisable as follows:

On or After	Percentage of Shares Becoming Available for Exercise	Cumulative Percentage Available
Month Day, Year	25%	25%
Month Day, Year	25%	50%
Month Day, Year	25%	75%
Month Day, Year	25%	100%

~~(b) This option shall be exercisable to the full amount of the shares covered hereby in the event that (i) the Company is merged into or consolidated with another corporation under circumstances where the Company is not the surviving corporation (ii) the Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another corporation, or (iii) a Change of Control occurs before this option has been exercised in full. For purposes hereof a "Change in Control" shall be deemed to have occurred if any persons, who prior to such time owned less than thirty five percent (35%) of the then outstanding Common Stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own thirty five percent (35%) or more of the Company's Common Stock outstanding.~~

~~4. Term of Options; Exercisability.~~

~~(a) Term.~~

~~(1) Each Option shall expire not more than ten (10) years from the date of the granting thereof, but shall be subject to earlier termination as herein provided.~~

~~(2) Except as otherwise provided in this Section 4, if the Employee ceases to be an employee of the Company, the Option granted to the Employee hereunder shall terminate three months after the date such Employee ceases to be an employee of the Company, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(3) If such termination of employment is because of dismissal for cause or because the Employee is in breach of any employment agreement, such Option will terminate on the date the Employee ceases to be an employee of the Company.~~

~~(4) If such termination of employment is because the Employee has become permanently disabled (within the meaning of Section 22(c)(3) of the Code), such Option shall terminate one year from the date such Employee ceases to be an employee, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(5) If such termination of employment is because the Employee has retired in good standing for reasons of age under then established rules of the Company, such Option shall terminate two years from the date such Employee ceases to be an employee, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(6) In the event of the death of the Employee while in the employ of the Company, the Option granted to such Employee shall terminate one year following such death, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(b) Exercisability.~~

~~If the Employee ceases to be an employee of the Company, the Option granted to the Employee hereunder shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Employee ceases to be an employee of the Company.~~

~~5. Manner of Exercise of Option.~~

~~(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares exercised and accompanied by payment in full for such Shares. Payment may be either wholly in cash or, with the consent of the Committee, in whole or in part in Shares of the common stock of the Company already owned by the person exercising the Option, valued at fair market value. Upon such exercise, delivery of a certificate for paid up, non assessable Shares shall be made, as promptly as practicable, at the principal office of the Company to the person exercising the Option.~~

~~(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its common stock as will be sufficient to satisfy the requirements of the Option. The Employee shall not have any of the rights of a stockholder of the Company in respect of the Shares until one or more certificates for such Shares shall be delivered to him or her upon the due exercise of the Option.~~

~~6. Non Transferability. The right of the Employee to exercise the Option shall not be assignable or transferable by the Employee otherwise than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder, and the Option may be exercised during the lifetime of the Employee only by him or her. The Option shall be null and void and without effect upon any attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.~~

~~7. Representation Letter and Investment Legend.~~

~~(a) In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (the "1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in a form satisfactory to the Company and the Company shall place an "investment legend," so called upon any certificate for the Shares issued by reason of such exercise.~~

~~(b) The Company shall be under no obligation to qualify Shares or to cause a registration statement or a post-effective amendment to any registration statement to be prepared for the purposes of covering the issue of Shares.~~

~~8. Adjustments on Changes in Capitalization. Adjustments on Changes in Capitalization and the like shall be made in accordance with Section 6 of the Plan, as in effect on the date of this Agreement.~~

~~9. No Special Employment Rights. Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Employee for the period within which this Option may be exercised. However, during the period of the Employee's employment, the Employee shall render diligently and faithfully the services which are assigned to the Employee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.~~

~~10. Rights as a Shareholder. The Employee shall have no rights as a shareholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Employee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.~~

~~11. Withholding Taxes. Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Employee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.~~

~~IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and its corporate seal to be hereto affixed by its officer thereunto duly authorized, and the Employee has hereunto set his or her hand and seal, all as of the day and year first above written.~~

~~HAEMONETICS CORPORATION~~

~~By: _____
Title: President~~

~~EMPLOYEE~~

~~Name: _____~~

~~Address: _____
_____~~

~~Social Security
No: _____~~

~~HAEMONETICS CORPORATION~~

~~1998 STOCK OPTION PLAN FOR~~

~~NON EMPLOYEE DIRECTORS~~

~~NON QUALIFIED STOCK OPTION AGREEMENT~~

~~WITH~~

~~Name~~

~~HAEMONETICS CORPORATION~~

~~NON QUALIFIED STOCK OPTION AGREEMENT~~

~~UNDER 1998 STOCK OPTION PLAN~~

~~FOR NON EMPLOYEE DIRECTORS~~

~~AGREEMENT entered into this date spelled out by and between Haemonetics Corporation, a Massachusetts corporation with a principal place of business in Braintree, Massachusetts (the "Company"), and the undersigned director of the Company (the "Director").~~

~~1. The Company desires to grant the Director a non-qualified stock option under the Company's 1998 Stock Option Plan for Non-Employee Directors (the "Plan") to acquire shares of the Company's common stock, \$.01 par value per share (the "Shares").~~

~~2. Section 5 of the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.~~

~~ACCORDINGLY, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Director hereby agree as follows:~~

~~1. Grant of Option. The Company hereby irrevocably grants to the Director a non-qualified stock option (the "Option") to purchase all or any part of an aggregate of # of shares of Options Shares on the terms and conditions hereinafter set forth and subject to the terms and conditions of the Plan. This option shall not be treated as an incentive stock option under Section 422(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The Director agrees to continue to serve as a director of the Company during the term for which such Director was elected.~~

~~2. Purchase Price. The purchase price ("Purchase Price") for the Shares covered by the Option shall be \$share price per Share.~~

~~3. Time of Exercise of Option.~~

~~(a) The Option shall only be exercisable as follows:~~

On or After	Percentage of Shares Becoming Exercisable	Cumulative Percentages of Shares Exercisable
Date	25%	25%
Date	25%	50%
Date	25%	75%
Date	25%	100%

~~This option shall be exercisable to the full amount of the shares covered hereby in the event that (i) the Company is merged into or consolidated with another corporation under circumstances where the Company is not the surviving corporation (ii) the~~

~~Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another corporation, or (iii) a Change of Control occurs before this option has been exercised in full. For purposes hereof a "Change in Control" shall be deemed to have occurred if any person, or any two or more persons acting as a group, and all affiliates of such person or persons, who prior to such time owned less than thirty five percent (35%) of the then outstanding Common Stock of the Company, shall acquire such additional shares of the Company's Common Stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own thirty five percent (35%) or more of the Company's Common Stock outstanding.~~

~~4. Term of Options; Exercisability.~~

~~(a) Term.~~

~~(1) The Option shall expire ten (10) years from the date of the granting thereof, but shall be subject to earlier termination as herein provided.~~

~~(2) Except as otherwise provided in this Section 4, if the Director ceases to be a director of the Company, the Option granted to the director hereunder shall terminate three (3) months after the date such Director ceases to be a director of the Company, or on the date on which the Option expires by its terms, whichever occurs first, unless termination as a Director was by the Company for cause, in which case the Option shall terminate immediately.~~

~~(3) In the event of the death of the Director, the Option granted to such Director shall terminate one (1) year from the date of death, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(4) In the event the Director ceases to be a Director of the Company on account of disability (within the meaning of Section 22(e) (3) of the Code), the Option shall terminate one year from the date of termination of such directorship or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(b) Exercisability.~~

~~If the Director ceases to be a director of the Company, the Option granted to the Director hereunder shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Director ceases to be a director of the Company.~~

~~5. Manner of Exercise of Option.~~

~~(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company, substantially in the form of Attachment A herein, stating the number of Shares exercised and accompanied by payment in full for such Shares. Payment may be either wholly in cash or in whole or in part in Shares of the common stock of the Company already owned for a period of at least six months by the person exercising the Option, valued at fair market value. Upon such exercise, delivery of a certificate for paid up, non-assessable Shares shall be made, as promptly as practicable, at the principal office of the Company to the person exercising the Option.~~

~~(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its common stock as will be sufficient to satisfy the requirements of the Option. The Director shall not have any of the rights of a stockholder of the Company in respect of the Shares until one or more certificates for such Shares shall be delivered to him or her upon the due exercise of the Option.~~

~~6. Non Transferability. The right of the Director to exercise the Option shall not be assignable or transferable by the Director otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. The Option may be exercised during the lifetime of the Director only by him or her. The Option shall be null and void and without effect upon any attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, trustee process or similar process, whether legal or equitable, upon the Option. Notwithstanding the general prohibition on the transfer, sale, or other disposition of options under the terms of the Plan and this Agreement, the options granted under this Agreement may be transferred by gift to one or more "family members" (as defined in the instructions to Form S 8), or for value to any entity in which more than fifty percent (50%) of the voting interests are owned by family members (or the director) in exchange for an interest in that entity. The directors, family members, and any such entities shall execute and deliver such documents, and shall adhere to any procedures, as the Committee shall require in order to accommodate any request by the director to transfer the options.~~

~~7. Representation Letter and Investment Legend.~~

~~(a) In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (the "1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Exhibit 1 and the Company shall place an "investment legend", so called, as described in Exhibit 1, upon any certificate for the Shares issued by reason of such exercise.~~

~~(b) The Company shall be under no obligation to qualify Shares or to cause a registration statement or a post effective amendment to any registration statement to be prepared for the purposes of covering the issue of Shares.~~

~~8. Adjustments on Changes in Capitalization. Adjustments on Changes in Capitalization and the like shall be made in accordance with Section 10 of the Plan, as in effect on the date of this Agreement.~~

~~9. Rights as a Shareholder. The Director shall have no rights as a shareholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Director. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.~~

~~10. Withholding Taxes. Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Director to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such shares.~~

~~IN WITNESS WHEREOF, the Company has caused this agreement to be executed and its corporate seal to be hereto affixed by its officer thereunto duly authorized, and the Director has hereunto set his or her hand and seal, all as of the day and year first above written.~~

~~HAEMONETICS CORPORATION~~

~~By: _____
Title: Chairman, Board of Directors~~

~~DIRECTOR~~

~~Address: _____~~

~~Social Security
No.: _____~~

~~EXHIBIT 1
TO STOCK OPTION AGREEMENT~~

Gentlemen:

~~In connection with the exercise by me as to () shares of common stock, par value \$.01 per share, of Macmonetics Corporation (the "Company") under the non-qualified stock option dated _____, granted to me under the 1998 Non-Employee Directors Stock Option Plan, I hereby acknowledge that I have been informed as follows:~~

~~1. The shares of common stock of the Company to be issued to me pursuant to the exercise of said option have not been registered under the Securities Act of 1933, as amended (the "Act"), and accordingly, must be held indefinitely unless such shares are subsequently registered under the Act, or an exemption from such registration is available.~~

~~2. Routine sales of securities made in reliance upon Rule 144 under the Act can be made only after the holding period and in limited amounts in accordance with the terms and conditions provided by that Rule, and in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Act will be required.~~

~~3. The Company is under no obligation to me to register the shares or to comply with any such exemptions under the Act.~~

~~4. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.~~

~~In consideration of the issuance of certificates for the shares to me, I hereby represent and warrant that I am acquiring such shares for my own account for investment, and that I will not sell, pledge or transfer such shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the shares to be issued to me, and to all certificates issued hereafter representing such shares (until in the opinion of counsel, which opinion must be reasonable satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:~~

~~"The shares of common stock represented by this certificate have not been registered under the Federal Securities Act of 1933, as amended, and were acquired by the registered holder, pursuant to a representation and warranty that such holder was acquiring such shares for his own account and for investment, with no intention to transfer or dispose of the same, in violation of the registration requirements of that Act. These shares may not be sold, pledged, or transferred in the absence of an effective registration statement under the Securities Act of 1933, as amended, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under said Act."~~

~~I further agree that the Company may place a stop order with its Transfer Agent, prohibiting the transfer of such shares, so long as the legend remains on the certificates representing the shares.~~

~~Very truly yours,~~

~~HAEMONETICS CORPORATION~~

~~2000 LONG TERM INCENTIVE PLAN~~

~~NON QUALIFIED STOCK OPTION AGREEMENT~~

~~WITH~~

~~Name~~

~~HAEMONETICS CORPORATION~~

~~NON QUALIFIED STOCK OPTION AGREEMENT
UNDER 2000 LONG TERM INCENTIVE PLAN~~

~~AGREEMENT entered into this Twenty third day of January, 2001 by and between Haemonetics Corporation, a Massachusetts corporation with a principal place of business in Braintree, Massachusetts, (the "Company"), and the undersigned employee of the Company (or one of its subsidiaries) (the Company and its subsidiaries herein together referred to as the "Company") (the "Employee").~~

~~1. The Company desires to grant the Employee a non-qualified stock option under the Company's 2000 Long Term Incentive Plan (the "Plan") to acquire shares of the Company's common stock, \$.01 par value per share (the "Common Stock").~~

~~2. Section 4 of the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.~~

~~ACCORDINGLY, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Employee hereby agree as follows:~~

~~1. Grant of Option. The Company hereby irrevocably grants to the Employee a non-qualified stock option (the "Option") to purchase all or any part of an aggregate of XX,XXX shares of Common Stock (the "Shares") on the terms and conditions hereinafter set forth. This option shall not be treated as an incentive stock option under Section 422A of the Internal Revenue Code of 1986, as amended (the "Code").~~

~~2. Purchase Price. The purchase price ("Purchase Price") for the Shares covered by the Option shall be \$XX.XXXX per Share.~~

~~3. Time of Exercise of Option; Exercisability.~~

~~(a) The Option shall not be exercisable prior to January 23, 2002. Thereafter, the Option shall be exercisable as follows:~~

On or After	Percentage of Shares Becoming Available for Exercise	Cumulative Percentage Available
January 23, 2002	25%	25%
January 23, 2003	25%	50%
January 23, 2004	25%	75%
January 23, 2005	25%	100%

~~(b) This option shall be exercisable to the full amount of the shares covered hereby in the event that (i) the Company is merged into or consolidated with another corporation under circumstances where the Company is not the surviving corporation (ii) the Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another corporation, or (iii) a Change of Control occurs before this option has been exercised in full. For purposes hereof a "Change in Control" shall be deemed to have occurred if any persons, who prior to such time owned less than thirty five percent (35%) of the then outstanding Common Stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own thirty five percent (35%) or more of the Company's Common Stock outstanding.~~

~~4. Term of Options; Exercisability.~~

~~(a) Term.~~

~~(1) Each Option shall expire not more than ten (10) years from the date of the granting thereof, but shall be subject to earlier termination as herein provided.~~

~~(2) Except as otherwise provided in this Section 4, if the Employee ceases to be an employee of the Company, the Option granted to the Employee hereunder shall terminate three months after the date such Employee ceases to be an employee of the Company, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(3) If such termination of employment is because of dismissal for cause or because the Employee is in breach of any employment agreement, such Option will terminate on the date the Employee ceases to be an employee of the Company.~~

~~(4) If such termination of employment is because the Employee has become permanently disabled (within the meaning of Section 22(c)(3) of the Code), such Option shall terminate one year from the date such Employee ceases to be an employee, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(5) If such termination of employment is because the Employee has retired from the Company in good standing for reasons of age under then established pension, social security or other retirement benefit rules and regulations of the Employee's payroll home country, such Option shall terminate two years from the date such Employee ceases to be an employee, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(6) In the event of the death of the Employee while in the employ of the Company, the Option granted to such Employee shall terminate one year following such death, or on the date on which the Option expires by its terms, whichever occurs first.~~

~~(b) Exercisability.~~

~~If the Employee ceases to be an employee of the Company, the Option granted to the Employee hereunder shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Employee ceases to be an employee of the Company.~~

~~5. Manner of Exercise of Option.~~

~~(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares exercised and accompanied by payment in full for such Shares. Payment may be either wholly in cash or, with the consent of the Committee, in whole or in part in Shares of the common stock of the Company already owned by the person exercising the Option, valued at fair market value. Upon such exercise, delivery of a certificate for paid up, non assessable Shares shall be made, as promptly as practicable, at the principal office of the Company to the person exercising the Option.~~

~~(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its common stock as will be sufficient to satisfy the requirements of the Option. The Employee shall not have any of the rights of a stockholder of the Company in respect of the Shares until one or more certificates for such Shares shall be delivered to him or her upon the due exercise of the Option.~~

~~6. Non Transferability. The right of the Employee to exercise the Option shall not be assignable or transferable by the Employee otherwise than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder, and the Option may be exercised during the lifetime of the Employee only by him or her. The Option shall be null and void and without effect upon any attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.~~

~~7. Representation Letter and Investment Legend.~~

~~(a) In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (the "1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in a form satisfactory to the Company and the Company shall place an "investment legend," so called upon any certificate for the Shares issued by reason of such exercise.~~

~~(b) The Company shall be under no obligation to qualify Shares or to cause a registration statement or a post-effective amendment to any registration statement to be prepared for the purposes of covering the issue of Shares.~~

~~8. Adjustments on Changes in Capitalization. Adjustments on Changes in Capitalization and the like shall be made in accordance with Section 5 of the Plan, as in effect on the date of this Agreement.~~

~~9. No Special Employment Rights. Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment of the Employee for the period within which this Option may be exercised. However, during the period of the Employee's employment, the Employee shall render diligently and faithfully the services which are assigned to the Employee from time to time by the Board of Directors or by the executive officers of the Company and shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.~~

~~10. Rights as a Shareholder. The Employee shall have no rights as a shareholder with respect to any Shares which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Employee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.~~

~~11. Withholding Taxes. Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Employee to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.~~

~~IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and its corporate seal to be hereto affixed by its officer thereunto duly authorized, and the Employee has hereunto set his or her hand and seal, all as of the day and year first above written.~~

HAEMONETICS CORPORATION

By: _____
Title: President

EMPLOYEE

Name: _____

Address: _____

Social Security
No: _____

~~HAEMONETICS CORPORATION~~

~~2000 LONG TERM INCENTIVE PLAN~~

~~NON QUALIFIED STOCK OPTION AGREEMENT~~

~~WITH~~

~~Name~~

~~HAEMONETICS CORPORATION~~

~~NON QUALIFIED STOCK OPTION AGREEMENT~~

~~UNDER 2000 LONG TERM INCENTIVE PLAN~~

~~AGREEMENT entered into this first day of May, 2001 by and between Haemonetics Corporation, a Massachusetts corporation with a principal place of business in Braintree, Massachusetts, (the "Company"), and the undersigned director of the Company (the "Director").~~

~~1. The Company desires to grant the Director a non qualified stock option under the Company's 2000 Long Term Incentive Plan (the "Plan") to acquire shares of the Company's common stock, \$.01 par value per share (the "Common Stock").~~

~~2. Section 4 of the Plan provides that each option is to be evidenced by an option agreement, setting forth the terms and conditions of the option.~~

~~ACCORDINGLY, in consideration of the premises and of the mutual covenants and agreements contained herein, the Company and the Director hereby agree as follows:~~

~~1. Grant of Option. The Company hereby irrevocably grants to the Director a non qualified stock option (the "Option") to purchase all or any part of an aggregate of XX,XXX shares of Common Stock (the "Shares") on the terms and conditions hereinafter set forth. This option shall not be treated as an incentive stock option under Section 422A of the Internal Revenue Code of 1986, as amended (the "Code").~~

~~2. Purchase Price. The purchase price ("Purchase Price") for the Shares covered by the Option shall be \$XX.XXXX per Share.~~

~~3. Time of Exercise of Option; Exercisability.~~

~~(a) The Option shall not be exercisable prior to May 1, 2001. Thereafter, the Option shall be exercisable as follows:~~

On or After	Percentage of Shares Becoming Available for Exercise	Cumulative Percentage Available
May 1, 2001	100%	100%

~~(b) This option shall be exercisable to the full amount of the shares covered hereby in the event that (i) the Company is merged into or consolidated with another corporation under circumstances where the Company is not the surviving corporation (ii) the Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another corporation, or (iii) a Change of Control occurs before this option has been exercised in full. For purposes hereof a "Change in Control" shall be deemed to have occurred if any persons, who prior to such time owned less than thirty five percent (35%) of the then outstanding Common Stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own thirty five percent (35%) or more of the Company's Common Stock outstanding.~~

~~4. Term of Options; Exercisability.~~

~~(a) Term.~~

~~(1) Each Option shall expire not more than ten (10) years from the date of the granting thereof, but shall be subject to earlier termination as herein provided.~~

~~(2) If the Director ceases to be a director of the Company for any reason, the Option granted to the Director hereunder shall terminate two years after the date such Director ceases to be a director of the Company, or on the date on which the Option expires by its terms, whichever occurs first, provided however that if termination as a Director was by the Company for cause, the Option shall terminate immediately.~~

~~(b) Exercisability.~~

~~If the Director ceases to be a director of the Company, the Option granted to the Director hereunder shall be exercisable only to the extent that the right to purchase Shares under such Option has accrued and is in effect on the date such Director ceases to be a director of the Company.~~

~~5. Manner of Exercise of Option.~~

~~(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares exercised and accompanied by payment in full for such Shares. Payment may be either wholly in cash or, with the consent of the Committee, in whole or in part in Shares of the common stock of the Company already owned by the person exercising the Option, valued at fair market value. Upon such exercise, delivery of a certificate for paid up, non assessable Shares shall be made, as promptly as practicable, at the principal office of the Company to the person exercising the Option.~~

~~(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its common stock as will be sufficient to satisfy the requirements of the Option. The Director shall not have any of the rights of a stockholder of the Company in respect of the Shares until one or more certificates for such Shares shall be delivered to him or her upon the due exercise of the Option.~~

~~6. Non Transferability. The right of the Director to exercise the Option shall not be assignable or transferable by the Director otherwise than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. The Option may be exercised during the lifetime of the Director only by him or her. The Option shall be null and void and without effect upon any attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, trustee process or similar process, whether legal or equitable, upon the Option. Notwithstanding the general prohibition on the transfer, sale, or other disposition of options under the terms of the Plan and this Agreement, the options granted under this Agreement may be transferred by gift to one or more "family members" (as defined in the instructions to Form S-8), or for value to any entity in which more than fifty percent (50%) of the voting interests are owned by family members (or the director) in exchange for an interest in that entity. The directors, family members, and any such entities shall execute and deliver such documents, and shall adhere to any procedures, as the Committee shall require in order to accommodate any request by the director to transfer the options.~~

~~7. Representation Letter and Investment Legend.~~

~~(a) In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (the "1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in a form satisfactory to the Company and the Company shall place an "investment legend," so called upon any certificate for the Shares issued by reason of such exercise.~~

~~(b) The Company shall be under no obligation to qualify Shares or to cause a registration statement or a post-effective amendment to any registration statement to be prepared for the purposes of covering the issue of Shares.~~

~~8. Adjustments on Changes in Capitalization. Adjustments on Changes in Capitalization and the like shall be made in accordance with Section 5 of the Plan, as in effect on the date of this Agreement.~~

~~9. Rights as a Shareholder. The Director shall have no rights as a shareholder with respect to any Shares, which may be purchased by exercise of this Option unless and until a certificate or certificates representing such Shares are duly issued and delivered to the Director. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.~~

~~10. Withholding Taxes. Whenever Shares are to be issued upon exercise of this Option, the Company shall have the right to require the Director to remit to the Company an amount sufficient to satisfy all Federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.~~

~~IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and its corporate seal to be hereto affixed by its officer thereunto duly authorized, and the Director has hereunto set his or her hand and seal, all as of the day and year first above written.~~

HAEMONETICS CORPORATION

By: _____

Title: President & CEO

DIRECTOR

Name: _____

Address: _____

Social Security

No: _____

~~EXECUTIVE EMPLOYMENT AGREEMENT~~

~~This Executive Employment Agreement (the "Agreement") is entered into effective as of October 23, 1998 (the "Effective Date"), and amended as of September 27, 2000, between Bob Ebbeling (the "Executive") resident at 135 Pimlico Pond Road, Mashpee, MA 02649 and Haemonetics Corporation (the "Company"), a Massachusetts corporation with its principal executive offices at 400 Wood Road, Braintree, Massachusetts 02184.~~

~~ARTICLE 1. EMPLOYMENT OF EXECUTIVE~~

~~1.1 Employment. Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive in a full time capacity to serve as Sr. Vice President, Manufacturing of the Company and to perform such specific duties as any reasonably be assigned to Executive from time to time by the Company's President for the period commencing on the Effective Date and continuing until terminated as herein provided. Executive hereby accepts such employment for the term hereof.~~

~~1.2 Full Time Commitment. During the period of Executive's employment with the Company, Executive will, unless prevented by ill health, devote his whole attention and business time to the performance of his duties hereunder for the business of the Company.~~

~~1~~~~ARTICLE 2. COMPENSATION~~

~~For all services to be rendered by Executive to the Company pursuant to this Agreement, the company shall pay to Executive the compensation and provide for Executive the benefits set forth below:~~

~~2.1 Base Salary. The Company shall pay to Executive a base salary at the rate of \$210,000 per annum until May 1, 1999 and at that time will be reviewed for a potential change. In addition, the Executive will have a bonus plan. For FY99, the 100% performance and payout is set at \$90,000. This will also be reviewed annually to correspond with the date of the base salary review.~~

~~2.2 Fringe Benefits. During the term of Executive's employment hereunder the Company shall provide Executive with such benefits as are generally made available by the Company to its other full time executive employees, including reasonable travel expenses incurred while engaged in Company business.~~

~~2.3 Participation In Share Option Plan. Executive shall be entitled to participate in the Company's Non-Qualified Stock Option Plan (the "Plan") as approved from time to time by the Board of Directors.~~

~~2.4 Option Grant. Upon execution of this Agreement, Executive shall receive 10,000 non-qualified stock options for common stock of the Company at the price which is the N.Y.S.E. close price on October 23, 1998. All such options shall vest 25% per year over four years, with the first 25% to vest 12 months after the date of grant, and additional 25% vesting to occur on each of the next three 12-month anniversaries of the date of grant.~~

ARTICLE 3. TERMINATION

~~3.1 Term. Unless earlier terminated as herein provided, Executive's employment shall commence on the effective date and continue for an initial period ending on January 30, 2001. Executive's employment with the Company shall automatically be renewed on a year to year basis unless either party notifies the other party otherwise at least ninety (90) days prior to termination of the initial term or of any renewal term.~~

~~3.2 Termination for Cause by the Company. The Company may terminate Executive's employment for "Cause" upon the occurrence of any of the following events:~~

~~(i) Executive shall have willfully failed or continued to fail substantially to perform his duties hereunder (other than any failure resulting from Executive's incapacity due to physical or mental illness) for 30 days after a written demand for performance is delivered to Executive on behalf of the Company which specifically identifies the manner in which it is alleged that Executive has not substantially performed his duties; provided that the Company's economic performance or failure to meet any specific projection shall not, in and of itself, constitute "Cause."~~

~~(ii) Executive shall have engaged in (A) any misappropriation of funds, properties or assets of the Company, (B) any malicious damage or destruction of any property or assets of the Company, whether resulting from Executive's willful action or omissions or negligence, or (C) any falsification of any books, records, documents or systems of the Company.~~

~~(iii) Executive shall (A) have been convicted of a crime involving moral turpitude or constituting a felony, or (B) commit or knowingly allow to be committed any illegal action on any premises of, or involving any property or assets of, the Company.~~

~~3.3 Termination for Cause by Executive. Executive may terminate his employment with the Company for "Cause" upon the occurrence of any of the following events:~~

~~(i) the Company shall breach any of the material provisions of this Agreement and such breach shall remain uncured by or on behalf of the company within thirty (30) days following its receipt of notice from Executive which specifically identifies the manner in which it is alleged that Company committed such breach;~~

~~(ii) the Company shall fail to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 5.4;~~

~~(iii) a materially adverse change in the responsibilities assigned to Executive by the Company or in the compensation and benefits paid by Company to the Executive shall have occurred such material adverse change shall remain uncured by or on behalf of the Company within thirty (30) days following its receipt of notice from Executive specifically identifying such material adverse change; or~~

~~(iv) a materially adverse change in Executive's title shall have occurred. Executive's right to terminate his employment pursuant to this section shall not be affected by his incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting a Cause for termination by the Executive of the Company.~~

~~3.4 Change in Control. If, following a "Change in Control" (as defined below), Executive's full time position with the Company is eliminated or permanently transferred to a location other than its present location, and following such elimination or transfer, the Company does not offer to employ Executive in a comparable or better position in his current location, on a full time basis, at a~~

~~comparable or better rate of pay, then Executive shall be entitled to severance payments and benefits in accordance with Article 4 below, provided however that severance payments shall be made in lump sum, and in an amount which equals one and one half (1.5) times then current Base Salary. For purposes of this Agreement, a "Change in Control" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is, in fact, required to comply therewith; provided that, without limitation, such a change in control for purposes of this Agreement shall be deemed to have occurred if:~~

~~(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the company representing 51% or more of the combined voting power of the Company's then outstanding securities;~~

~~(ii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the company (or similar~~

~~transaction) in which no "person" (as herein above defined) acquires 50% or more of the combined voting power of the Company's then outstanding securities; or~~

~~(iii) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.~~

~~3.5 Death. In the event of the death of Executive, Executive's employment by the Company shall automatically terminate as of the date of his death.~~

~~3.6 Disability. In the event of the Disability of the Executive, as defined herein, the Company may terminate Executive's employment hereunder upon written notice to Executive. The term "Disability" shall mean the inability of Executive to perform substantially his material duties hereunder due to physical or mental disablement which continues for a period of one hundred eighty (180) consecutive days, as determined by an independent qualified physician mutually acceptable to the Company and Executive (or his personal representative) or, if the Company and Executive (or such representative) are unable to agree on an independent qualified physician, as determined by a panel of three physicians, one designated by the Company, one designated by Executive (or his personal representative) and one designated by the two physicians so designated.~~

~~ARTICLE 4. SEVERANCE PAYMENTS AND BENEFITS~~

~~4.1 Termination Events Resulting in Severance Payments. In the event of the termination of the Executive's employment:~~

- ~~(i) by the company without "Cause," or~~
- ~~(ii) under Section 3.3 or 3.4,~~

~~then the Company shall pay Executive, as a severance payment, an amount equal to Executive's annual base salary as set forth in section 2.1 and such payment shall be made in twelve (12) equal monthly payments during the period commencing on the date such termination occurs (the "Termination Date") and ending one (1) year thereafter (the "Severance Period"),~~

~~4.2 Benefits. If Section 4.1 is applicable, the Company shall also provide to Executive during the Severance Period, at the Company's expense, such benefits as are in effect and applicable to Executive as of the Termination Date, except to the extent expressly prohibited by the terms of such benefits.~~

~~4.3 Comparable Benefits: Continuation of Benefits. If by operation of law or under the terms of the relevant plan, program or policy, Executive is not eligible to receive any of the payments or benefits described in the foregoing Section 4.2 during the Severance Period, then the Company shall provide to Executive substantially equivalent benefits or, at Executive's election, the cash value of equivalent benefits.~~

~~ARTICLE 5. PROPRIETARY INFORMATION AND NON COMPETITION~~

~~5.1 For the purposes of this Article 5, the following shall have the designated meanings.~~

~~5.1.1. Proprietary Information: Information of value to the Company and not generally available to the public of whatever kind of nature disclosed to the Executive or known by the Executive (whether or not invented, discovered or developed by the Executive) as a consequence of or through the Executive's employment with the Company. Proprietary Information shall include information relating to the design, manufacture, application, know how, research and development relating to the Company's products, sources of supply and~~

~~material, operating and other cost data, lists of present, past, or prospective customers, customer proposals, price lists and data relating to pricing of the Company's products or services, and shall specifically include all information contained in manuals, memoranda, formulae, plans, drawings and designs, specifications, supply sources, and records of the Company legended or otherwise identified by the company as Proprietary Information, whether learned by the Executive prior to or after the date hereof.~~

~~5.1.2 Concepts and Ideas: Those concepts and ideas known to the Executive relating to the Company's present and prospective activities and products.~~

~~5.1.3 Inventions: Discoveries and developments, whether or not patentable. Such terms shall not be limited to the meaning of "invention" under the United States Patent Laws.~~

~~5.2 All Inventions which are at any time "made" i.e., conceived or reduced to practice by the Executive, and all Concepts and Ideas held by Executive, acting alone or in conjunction with others, during or in connection with the Executive's employment (or, if based on or related to Proprietary Information, "made" by the Executive within twelve (12) months after the termination of such employment) and all Concepts and Ideas held by the Executive shall be the property of the Company, free of any reserved or other rights of any kind on the Executive's part in respect thereof.~~

~~5.3 The Executive will promptly make full disclosure to the Company in writing to the Manager of Engineering or the Manager of Research and Development of any such Inventions and Concepts and Ideas. Further, the Executive will, at the Company's costs and expense, promptly execute formal applications for patents and also do all other acts and things (including, among other, the execution and delivery of instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of all right and title to~~

~~such Inventions and Concepts and Ideas, without, during the term of this Agreement, further compensation. The absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the Company's rights under this Agreement.~~

~~5.4 Except as required by the Executive's duties hereunder, the Executive will not, directly or indirectly, use, publish, disseminate, or otherwise disclose any Proprietary Information, Concepts and Ideas or Inventions without the prior written consent of the Company.~~

~~5.5. All documents, procedural manuals, guides, specifications, plans, drawings, designs and similar materials, lists of present, past or prospective customers, customer proposals, invitations to submit proposals, price lists and data relating to pricing of the Company's products and services, records, notebooks and similar repositories of or containing Proprietary Information and Inventions, including all copies thereof, that come into the Executive's possession or control by reasons of the Executive's employment, whether prepared by the Executive or others, are the property of the Company, will not be used by the Executive in any way adverse to the Company, will not be removed from the Company's premises except as the Executive's normal duties require and, at the termination of the Executive's employment with the company, will be left with or forthwith returned by the Executive to the Company.~~

~~5.6 During the time the Executive is an employee of the Company and for a period of one (1) year thereafter, the Executive will not engage in any activity, on his own behalf or on behalf of any competitor of the Company, which is in the field of blood processing and involves activities similar to those performed at the Company, nor will the Executive endeavor to entice away from the Company any employee whether on the Executive's behalf or on the behalf of another while the Executive is an employee and for a period of one (1) year thereafter.~~

ARTICLE 6. MISCELLANEOUS

~~6.1 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed to be one and the same instrument.~~

~~6.2 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns. If Executive should die while any amount due to him at such time remains unpaid, such amount, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or if there is no such designee, to his estate.~~

~~6.3 Assignment. Except as otherwise provided in Section 5.4, neither this Agreement nor any rights or obligations hereunder shall be assignable by either party hereto without the prior written consent of the other party.~~

~~6.4 Obligation of the Company's Successors. Any successor to the business of the Company, whether directly or indirectly by merger, consolidation, recapitalization, combination, purchase of stock, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder. The Company will require any such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.~~

~~6.5 Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted before a panel of three arbitrators in the Commonwealth of Massachusetts in accordance with the rules of the~~

~~American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.~~

~~6.6 Notices. All notices, requests, demand and other communications to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed by registered or certified mail, return receipt requested, postage prepaid, as follows:~~

~~_____ If to the Company, to:~~

~~_____ Haemonetics Corporation
_____ 400 Wood Road
_____ Braintree, MA 02104~~

~~_____ If to Executive, to: _____ 135 Pimlico Pond Road
_____ Mashpee, MA 02649~~

~~or such other address as either party hereto shall have designated by notice in writing to the other party.~~

~~6.7 Amendments. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.~~

~~6.8 — Governing Law. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.~~

~~6.9 — Severability. In case of any provision hereof shall, for any reason, be held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision had not been included herein. If any provision hereof shall, for any reason, be held by a court to be excessively broad as to duration, geographical scope, activity or subject matter, it shall be construed by limiting and reducing it to make it enforceable to the extent compatible with applicable law then in effect.~~

~~6.10 — Withholding. Any payments provided for hereunder shall be paid after deducting any applicable withholding required under federal, state or local law.~~

~~6.11 — Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes the provisions of all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto with respect to the subject matter hereof. A certain Patent, Trade Secrets and Confidential Information Agreement between the Company and the Executive dated October 1, 1979 is hereby terminated and canceled in its entirety. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.~~

~~6.12 — Confidentiality. This Agreement, including the terms thereof, shall not be disclosed by Executive other than to Executive's a) spouse, b) legal counsel or c) financial advisor, or d) if required by law or court order, but only if Company is first~~

~~notified or Executive's reasonable belief that such disclosure is necessary and given an opportunity to secure a protective order prohibiting or limiting disclosure.~~

~~IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement under seal as of the date first above written.~~

~~/s/ Bob Ebbeling _____ /s/ James Peterson _____~~

~~Date: October 23, 1998~~

~~September 27, 2000~~

SUBSIDIARIES OF HAEMONETICS CORPORATION

Name	Jurisdiction of Incorporation
Haemonetics S.A.	Switzerland
Haemonetics Scandinavia, AB	Sweden
Haemonetics GmbH	Germany
Haemonetics France S.A.R.L.	France
Haemonetics Limited	England
Haemonetics (U.K.) Limited	Scotland
Haemonetics Japan K.K.	Japan
Haemonetics Foreign Sales Corp.	U.S. Virgin Islands
Haemonetics Belgium N.V.	Belgium
Haemonetics B.V.	Netherlands
Haemonetics Italia S.R.L.	Italy
Haemonetics GesmbH	Austria
Haemonetics Asia Inc., with branch in Taiwan	Delaware
Haemonetics Hong Kong Ltd.	Hong Kong
Haemonetics CZ, s.p.o.l., S.r.o.	Czech Republic
Haemonetics Medical Devices (Shanghai) Trading Co. Ltd.	People's Republic of China

~~CONSENT OF INDEPENDENT PUBLIC AUDITORS~~

~~We consent to the incorporation by reference in the Registration Statements (33-42005, 33-42006, 33-70932, 33-70934, 33-80652, 333-61453, 333-61455, 333-60020 and 333-62598) of Haemonetics Corporation and in the related Prospectus of our report dated April 22, 2003, with respect to the consolidated financial statements and schedule of Haemonetics Corporation included in this Annual Report (Form 10-K) for the year ended March 29, 2003.~~

~~S/ERNST & YOUNG LLP~~

~~Boston, Massachusetts
June 6, 2003~~

~~CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS~~

~~THE FOLLOWING IS A COPY OF THE CONSENT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP. THIS CONSENT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP.~~

~~As independent public accountants, we hereby consent to the incorporation of our report dated April 22, 2002, included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 33-42005, 33-42006, 33-70932, 33-70934, 33-80652, 333-61453, 333-61455, 333-60020 and 333-62598. It should be noted that we have not audited any financial statements of the Company subsequent to March 30, 2002 or performed any audit procedures subsequent to the date of our report.~~

~~S/ARTHUR ANDERSEN LLP~~

~~Boston, Massachusetts
May 6, 2002~~

~~Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002~~

~~In connection with the Annual Report of Haemonetics Corporation (the "Company") on Form 10-K for the period ended March 29, 2003 as filed with the Securities and Exchange Commission (the "Report"), I, Brad Nutter, President and Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.~~

~~Date: June 6, 2003~~

~~_____
s/Brad Nutter~~

~~_____
Brad Nutter
President and Chief Executive Officer~~

~~Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002~~

~~In connection with the Annual Report of Haemonetics Corporation (the "Company") on Form 10 K for the period ended March 29, 2003 as filed with the Securities and Exchange Commission (the "Report"), I, Ronald J. Ryan, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.~~

~~Date: June 6, 2003~~

~~s/Ronald J. Ryan~~

~~Ronald J. Ryan
Senior Vice President and Chief
Financial Officer~~

