FORM 10-Q

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

Quarterly Report Under Section 13 or 15(d)
of the Securities and Exchange Act of 1934

For the quarter ended: July 3, 1999   Commission File Number: 1-10730

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

Massachusetts	04-2882273
(State or other jurisdiction Identification No.)	(I.R.S. Employer of incorporation or organization)

400 Wood Road, Braintree, MA 02184
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1.) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) (2.) has been subject to the filing requirements for at least the past 90 days.

Yes [X]   No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

26,441,838 shares of Common Stock, $ .01 par value, as of
July 3, 1999

HAEMONETICS CORPORATION
INDEX

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

	Three Months Ended	
	July 3, 1999	July 4, 1998
Net revenues	$69,122	$71,996

Cost of goods sold	36,305	36,026
Gross profit	32,817	35,970
Operating expenses:		
Research and development	3,623	3,803
Selling, general and administrative	20,744	24,864
Total operating expenses	24,367	28,667
Operating income	8,450	7,303
Interest expense	(1,015)	(979)
Interest income	1,117	1,083
Other income, net	232	220
Income from continuing operations before provision for income taxes	8,784	7,627
Provision for income taxes	2,811	2,670
Earnings from continuing operations	$ 5,973	$ 4,957
Discontinued operations:		
Loss from operations, net of income tax benefit of $0 in 1999 and ($31) in 1998	0	(57)
Net Income	$ 5,973	$ 4,900
Basic income(loss) per common share		
Continuing operations	$ 0.223	$ 0.186
Discontinued operations	0.000	(0.002)
Net income	0.223	0.184
Income(loss) per common share assuming dilution		
Continuing operations	$ 0.223	$ 0.186
Discontinued operations	0.000	(0.002)
Net income	0.223	0.184
Weighted average shares outstanding		
Basic	26,729	26,585
Diluted	26,830	26,627

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

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

ASSETS	July 3, 1999	April 3, 1999
Current assets:		
Cash and short term investments	$ 53,297	$ 56,319
Accounts receivable, less allowance of $780 at July 3, 1999 and $747 at April 3, 1999	58,627	62,975
Inventories	57,757	59,773
Current investment in sales-type leases, net	11,198	12,303
Deferred tax asset	29,325	29,741
Other prepaid and current assets	7,755	10,211
Total current assets	217,959	231,322
Property, plant and equipment	172,116	178,066
Less accumulated depreciation	89,946	95,050
Net property, plant and equipment	82,170	83,016
Other assets:		
Investment in sales-type leases, net (long term)	24,576	24,716
Distribution rights, net	10,439	10,518
Other assets, net	6,674	6,787
Total other assets	41,689	42,021
Total assets	$341,818	$356,359

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	$ 9,034	$ 6,645
Accounts payable	9,529	10,666
Accrued payroll and related costs	8,157	9,229
Accrued income taxes	17,383	21,850
Other accrued liabilities	13,676	17,476
Current liabilities and accrued losses net of current assets of discontinued operations	2,695	3,268
Total current liabilities	60,474	69,134
Deferred income taxes	11,295	11,684
Long-term debt, net of current maturities	52,399	52,526
Other long-term liabilities	1,576	1,008
Long-term liabilities, net of long-term assets of discontinued operations	---	146
Stockholders' equity:		
Common stock, $.01 par value; Authorized - 80,000,000 shares; Issued 29,706,373 shares at July 3, 1999; 29,702,623 shares at April 3, 1999	297	297
Additional paid-in capital	65,586	65,504
Retained earnings	217,762	211,834
Cumulative translation adjustments	(12,306)	(9,825)
Stockholders' equity before treasury stock	271,339	267,810
Less: treasury stock 3,264,535 shares at cost at July 3, 1999 and 2,756,969 shares at cost at April 3, 1999	55,265	45,949
Total stockholders' equity	216,074	221,861
Total liabilities and stockholders' equity	$341,818	$356,359
Supplemental disclosure of balance sheet information:		
Net debt	$8,136	$ 2,852

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 Shares	Common Stock $'s	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Cumulative Translation Adjustment	Total Stockholders' Equity	Comprehensive Income
Balance, April 3, 1999	29,703	$297	$65,504	($45,949)	$211,834	($9,825)	$221,861	
Employee stock purchase plan	---	---		230	(45)	---	185	
Exercise of stock options and related tax benefit	4	0	82	---	---	---	82	
Purchase of treasury stock	---	---	---	(9,546)	---	---	(9,546)	
Net income	---	---	---	---	5,973	---	5,973	$5,973
Foreign currency translation adjustment	---	---	---	---	---	(2,481)	(2,481)	(2,481)
Comprehensive income	---	---	---	---	---	---	---	$3,492
Balance, July 3, 1999	29,707	$297	$65,586	($55,265)	$217,762	($12,306)	$216,074	

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

	Three Months Ended July 3, 1999	Three Months Ended July 4, 1998
Cash Flows from Operating Activities:		
Net income	$ 5,973	$ 4,900

Less net loss from discontinued operations	0	(57)
Net income from continuing operations	5,973	4,957
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	7,359	5,128
Deferred tax benefit	1	(261)
Other	234	1,665
Change in operating assets and liabilities:		
Decrease in accounts receivable - net	3,216	1,574
(Increase) decrease in inventories	1,234	(2,881)
(Increase) decrease in sales-type leases (current)	637	(876)
Decrease in prepaid income taxes	1,208	7,725
(Increase) decrease in other assets	938	(1,464)
Decrease in accounts payable, accrued expenses and other current liabilities	(9,461)	(2,31)
Net cash provided by operating activities, continuing operations	11,339	13,196
Net cash provided by (used in) operating activities, disco	(4,281)	(2,306)
Net cash provided by operating activities	7,058	10,890
Cash Flows from Investing Activities:		
Capital expenditures on property, plant and equipment, net of retirements and disposals	(6,942)	(3,834)
Net decrease in sales-type leases (long-term)	562	2,750
Net cash (used in) investing activities, continuing operations	(6,380)	(1,084)
Net cash provided by (used in) investing activities, discontinued	3,562	(186)
Net cash used in investing activities	(2,818)	(1,270)
Cash Flows from Financing Activities:		
Payments on long-term real estate mortgage	(62)	(50)
Net increase (decrease) in short-term revolving credit agreements	2,444	(5,038)
Net decrease in long-term credit agreements	(20)	(2,083)
Employee stock purchase plan	185	0
Exercise of stock options and related tax benefit	82	24
Purchase of treasury stock	(9,546)	0
Net cash provided by (used in) financing activities	(6,917)	(7,147)
Effect of exchange rates on cash and cash equivalents	(345)	16
Net increase (decrease) in cash and cash equivalents	(3,022)	2,489
Cash and cash equivalents at beginning of period	56,319	21,766
Cash and cash equivalents at end of period	$53,297	$24,255
Supplemental disclosures of cash flow information:		
Net decrease in cash and cash equivalents, discontinued operations	$ (719)	$(2,492)
Net increase (decrease) in cash and cash equivalents, continued	$(2,303)	$ 4,981
Increase (decrease) in net debt	$ 5,384	$(9,660)
Interest paid	$ 1,674	$ 444
Income taxes paid (refunded)	$ 3,835	$(7,416)

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The results of operations for the interim periods shown in this report are not necessarily indicative of results for any future interim period or for the entire fiscal year. The Company believes that the quarterly information presented includes all adjustments (consisting only of normal, recurring adjustments) that the Company considers necessary for a fair presentation in accordance with generally accepted accounting principles. The accompanying consolidated financial statements and notes should be read in conjunction with the Company's audited annual financial statements.

2. FISCAL YEAR

The Company's fiscal year ends on the Saturday closest to the last day of March. Fiscal year 2000 includes 52 weeks with the first quarter, ended July 3, 1999 including 13 weeks. Fiscal year 1999 included 53 weeks as compared to the normal 52 weeks. The additional week was added to the first quarter ended July 4, 1998 which, as a result, included 14 weeks.

3. COMPREHENSIVE INCOME

In June 1998, the Company adopted Statement of Financial Accounting Standard (SFAS) NO. 130, "Reporting Comprehensive Income." SFAS 130 requires the presentation, by major components and as a single total, the change in the Company's net assets during a period from non-owner sources. Currently, the Company's non-owner changes in equity are the foreign currency translation adjustments, which totaled ($12.3) million and ($9.8) million at July 3, 1999 and April 3, 1999, respectively.

4. NEW PRONOUNCEMENTS

In June 1998, FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 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. The SFAS No. 133 requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, or in the case of a hedge of a forecasted probable transaction, a derivative's gains and losses are included in other comprehensive income until the transaction is consummated. Additionally, a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. A company may implement SFAS No. 133 as of the beginning of any fiscal quarter after issuance. SFAS No. 133 cannot be applied retroactively. The impacts of adopting SFAS No. 133 on the Company's financial statements or the timing of adoption of SFAS No. 133 have not been determined. However, it is expected that the derivative financial instruments acquired in connection with the Company's hedging program will continue to qualify for hedge accounting.

5. FOREIGN CURRENCY

Foreign currency transactions and financial statements are translated into U.S. dollars following the provisions of SFAS No. 52, "Foreign Currency Translation." Accordingly, assets and liabilities of foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at year end. Net revenues and costs and expenses are translated at average rates in effect during the year. The effects of exchange rate changes on the Company's assets and liabilities are included in the cumulative translation adjustment account. Included in other income (expense) in the consolidated statement of operations in 2000 and 1999 are $2,000 and ($180,000), respectively, in foreign currency transaction gains (losses).

The Company enters into forward exchange contracts to hedge certain firm sales commitments to customers that are denominated in foreign currencies. The purpose of the Company's foreign hedging activities is to minimize, for a period of time, the unforeseen impact on the Company's results of operations of fluctuations in foreign exchange rates. The Company also enters into forward contracts that settle within 35 days to hedge certain intercompany receivables denominated in foreign currencies. Actual gains and losses on all forward contracts are recorded in operations, offsetting the gains and losses on the underlying transactions being hedged. 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 July 3, 1999 and July 4, 1998, the Company had forward exchange contracts, all maturing in less than twelve months, to exchange foreign currencies (major European currencies and Japanese yen) primarily for U.S. dollars totaling $143,360,000 and $91,675,000 respectively. Of the respective balances, $49,694,000 and $17,707,000 represented contracts related to intercompany receivables that settled within 35 days. The balance of the contracts relate to firm sales commitments. Gross unrealized gains and losses from hedging firm sales commitments, based upon current forward rates, were a $4,117,000 gain and a ($2,477,000) loss at July 3, 1999 and a $5,097,000 gain at July 4, 1998. Deferred gains and losses are recognized in earnings when the transactions being hedged are recognized. Management anticipates that these deferred amounts at July 3, 1999 will be offset by the foreign exchange effect on sales of products to international customers in future periods.

The Company is exposed to credit loss in the event of nonperformance by counter-parties on these foreign exchange contracts. The Company does not anticipate nonperformance by any of these parties.

6. INVENTORIES

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

Inventories consist of the following:

	July 3, 1999	April 3, 1999
	(in thousands)	
Raw materials	$13,703	$14,497
Work-in-process	4,980	5,106
Finished goods	39,074	40,170
	$57,757	$59,773

7. NET INCOME PER SHARE

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations, as required by Statement of Financial Accounting Standards, "SFAS" No. 128, "Earnings Per Share." Basic EPS is computed by dividing reported earnings available to stockholders by weighted average shares outstanding. Diluted EPS includes the effect of other common stock equivalents.

	For the three months ended	
	July 3, 1999	July 4, 1998
Basic EPS		
Net Income(loss)	$ 5,973	$ 4,900
Weighted Average Shares	26,729	26,585
Basic income(loss) per share	$ .223	$ .184
Diluted EPS		
Net Income(loss)	$ 5,973	$ 4,900
Basic Weighted Average shares	26,729	26,585
Effect of Stock options	101	42
Diluted Weighted Average shares	26,830	26,627
Diluted income(loss) per share	$ .223	$ .184

8. DISCONTINUED OPERATIONS

During fiscal year 1999, the Company sold six of its seven regional blood systems for total cash proceeds of $5,325,000. Additionally, on May 2, 1999, the Company sold its one remaining center completing the divestiture of its BBMS business.

The operating results for BBMS have been segregated from the results for the continuing operations and reported as a separate line on the consolidated statements of operations for all periods presented. For the three months ended July 3, 1999, the operating loss for BBMS of $593 was charged to the discontinued operations provision established in the fourth quarter of fiscal year 1998. Effective May 1999, all blood centers within BBMS have been divested.

The operating losses for BBMS are detailed as follows, in thousands:

	July 3, 1999	July 4, 1998
	(in thousands)	
Net Revenues	$ 413	$6,091
Gross Profit	(24)	260
Operating expenses:		
Research and Development	0	0

Selling, general and administrative	569	2,934
Total operating expenses	569	2,934
Operating loss	(593)	(2,674)
Other expense	--	(88)
Tax benefit	(190)	(967)
Net loss	(403)	(1,795)
Operating loss (net of taxes) charged to reserve	403	1,738
Reflected on Consolidated Statement of Operations	$ ---	$ (57)

Other income(expense) includes an allocation of corporate interest expense of approximately $88,000 for the three months ended July 4, 1998. No interest was allocated for the three months ended July 3, 1999 as all blood centers have been divested effective May 1999. The allocation of corporate interest was calculated based upon the percentage of net assets of BBMS to total domestic assets.

The remaining obligations relate primarily to severance and operating lease commitments. With the divestiture complete, the Company anticipates that the remaining reserve is adequate.

The remaining net assets of BBMS included in the consolidated balance sheet for July 3, 1999 and April 3, 1999 are as follows:

	July 3, 1999	April 3, 1999
	(in thousands)	
Current Assets	$ 165	$1,128
Net property, plant and equipment	--	1,075
Other assets	--	129
Total assets	$ 165	$2,332
Current liabilities and accrued losses	$2,860	$4,396
Other long-term liabilities	--	1,350
Total liabilities	$2,860	$5,746

9. SEGMENT, GEOGRAPHIC AND CUSTOMER INFORMATION

Segment Definition Criteria

The Company manages its business on the basis of one operating segment: the design, manufacture and marketing of automated blood processing systems. Haemonetics chief operating decision-maker uses consolidated results to make operating and strategic decisions. Manufacturing processes, as well as the regulatory environment in which the company operates, are largely the same for all product lines.

Product and Service Segmentation

The Company's principal product offerings include blood bank, surgical and plasma products.

The blood bank products comprise machines and single use disposables that perform "apheresis," the separation of whole blood into its components and subsequent collection of certain components. The device used for blood component therapy is the MCS(R)+, mobile collection system.

Surgical products comprise machines and single use disposables that perform intraoperative autologous transfusion ("IAT") or surgical blood salvage as it is more commonly known. Surgical blood salvage is a procedure whereby shed blood is cleansed and then returned back to a patient. The devices used to perform this are a full line of Cell Saver(R)autologous blood recovery systems.

Plasma collection products are machines and disposables that, like blood bank, perform apheresis for the separation of whole blood components and subsequent collection of plasma. The device used in automated plasma collection is the PCS(R)2.

Three months ended (in thousands)

July 3, 1999	Blood Bank	Surgical	Plasma	Other	Total
Revenues from external customers	29,051	15,851	21,684	2,536	69,122

July 4, 1998

Revenues from external customers	29,652	16,831	21,738	3,775	71,996

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Continuing Operations

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

	Percentage of Net Revenues Three Months Ended		Percentage Increase Three Months Ended
	July 3, 1999	July 4, 1998	1999/98
Net revenues	100.0%	100.0%	4.0%
Cost of goods sold	52.5	50.0	0.8
Gross Profit	47.5	50.0	(8.8)
Operating Expenses:			
Research and development	5.3	5.3	(4.7)
Selling, general and administrative	30.0	34.5	(16.6)
Total operating expenses	35.3	39.8	(15.0)
Operating income	12.2	10.1	15.7
Interest expense	(1.5)	(1.4)	3.7
Interest income	1.6	1.5	3.1
Other income	.3	0.3	5.4
Income from continuing operations before provision for income taxes	12.6	10.6	15.2
Provision for income taxes	4.0	3.7	5.3
Earnings from continuing operations	8.6%	6.9%	20.5%

Three Months Ended July 3, 1999 Compared to Three Months Ended July 4, 1998

Net Revenue Summary
(in thousands)

By geography:			Percent Increase / (Decrease)	
	1999	1998	Actual dollars as reported	On a comparable* basis at constant currency
United States	$22,520	$23,013	(2.1)%	5.4%
International	46,602	48,983	(4.9)	9.2
Net revenues	$69,122	71,996	(4.0)%	7.9%

By product type:			Percent Increase / (Decrease)	
	1999	1998	Actual dollars as reported	On a comparable* basis at constant currency
Disposables	$62,119	$64,470	(3.6)%	8.7%
Misc & service	2,536	3,775	(32.8)	(25.1)
Equipment	4,467	3,751	19.1	27.2
Net revenues	$69,122	$71,996	(4.0)%	7.9%

Disposables — Percent Increase / (Decrease)

By product line:

	1999	1998	Actual dollars as reported	On a comparable* basis at constant currency
Surgical	$14,564	$14,908	(2.3)%	8.1%
Blood bank**	27,050	27,991	(3.4)	11.0
Plasma	20,505	21,571	(4.9)	6.3
Disposable revenues	62,119	64,470	(3.6)%	8.7%

Comparable Basis Adjustments

Adjustments made for comparison purposes only were as follows:

All Profit and Loss Statement Items

To make 1998 comparable with 1999, the additional (14th) week in Q1 of 1998 was removed.

Operating Expenses

To make 1998 comparable with 1999, the settlement cost relating to litigation included in SG&A expenses in Q1 of 1998 was removed.

Includes red cell disposables

Three months ended July 3, 1999 compared to three months ended July 4, 1998

Net Revenues

Net revenues in 1999 decreased 4.0% to $69.1 million from $72.0 million in 1998. With currency rates held constant and reflected on a comparable basis, net revenues increased 7.9% from 1998 to 1999. Disposable sales decreased approximately 3.6% year over year at actual rates. With currency rates held constant, disposable sales on a comparable basis increased 8.7%. The 8.7% increase was a result of growth in all three product lines, worldwide surgical 8.1%, worldwide blood bank 11.0% and worldwide plasma 6.3%. Constant currency sales of disposable products on a comparable basis, excluding service and other miscellaneous revenue, accounted for approximately 89% and 90% of net revenues for 1999 and 1998, respectively. Service generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous revenues accounted for approximately 3.6% and 5.2% of the Company's net revenues, at constant currency, for 1999 and 1998, respectively. Equipment revenues increased approximately 19.1% from $3.8 million in 1998. With currency rates held constant and reflected on a comparable basis, equipment revenues increased 27.2% from 1998 to 1999. The equipment increase was primarily attributable to sales of equipment in Asia. International sales as reported accounted for approximately 67% and 68% of net revenues for 1999 and 1998, respectively.

Gross profit

Gross profit of $32.8 million in 1999 decreased $3.2 million from $36.0 million 1998. At constant currency rates and with gross profit reflected on a comparable basis, gross profit as a percent of sales decreased slightly by 0.3% and increased in dollars by $2.3 million from 1998 to 1999. The Company's Customer Oriented Redesign for Excellence or CORE Program contributed approximately $0.5 million to this improvement in gross profit through labor savings.

Expenses

The Company expended $3.6 million (5.2% of net revenues) on research and development in 1999 and $3.8 million (5.3% of net revenues) in 1998. At constant currency rates and with research and development reflected on a comparable basis, research and development as a percent of sales decreased slightly by 0.4% and remained unchanged in dollars from 1998 to 1999.

Selling, general and administrative expenses decreased to $20.7 million in 1999 from 24.9 million in 1998. At constant currency rates and with selling, general and administrative reflected on a comparable basis, selling, general and administrative expenses increased $0.8 million, but decreased 0.9% as a percent of sales from 1998 to 1999.

Operating Income

Operating income as a percentage of net revenues increased 2.1 percentage points to 12.2% in 1999 from 10.1% in 1998. At constant currency rates and reflected on a comparable basis, operating income, as a percent of sales, increased 1.2% from 1998 or $1.5 million. The $1.5 million increase in operating income resulted from gross profit improvements.

Other Income and Expense

Interest expense, interest income and other income were relatively unchanged from 1998 to 1999.

Taxes

The provision for income taxes, as a percentage of pretax income, was lowered by the Company from 35.0% in 1998 to 32.0% in 1999. The Company expects the provision rate to remain at 32.0% for the full 12 months of fiscal 2000. Contributing to the decrease in the tax rates was a decrease in the Japanese statutory tax rate, the allocation of income between jurisdictions and greater utilization of foreign sales corporation benefits.

Results of Discontinued Operations (Blood Bank Management Services, "BBMS")

Three Months Ended July 3, 1999 Compared to Three Months Ended July 4, 1998

As a result of the divestiture of all BBMS centers effective May 1999, financial activity for Q1 1999 was minimal. Net revenues in 1999 decreased 93% to $0.4 million in 1999. Gross profit (loss) decreased to $(24.0) thousand in 1999 from $0.3 million in 1998 and operating losses decreased to $(0.4) million in 1999.

Liquidity and Capital Resources

The Company has satisfied its cash requirements principally from internally generated cash flow and borrowings. The Company's need for funds is derived primarily from capital expenditures, acquisitions, new business development and working capital.

During the three months ended July 3, 1999, the Company decreased its cash balances, before the effect of exchange rates, by $2.7 million from operating, investing and financing activities which represents a decrease of $5.2 million from the $2.5 million generated by the Company's operating, investing and financing activities during the three months ended July 4, 1998. The decrease was largely a result of an increase of $5.4 million in net cash utilized by the Company's operating and investing activities offset by $0.2 million of additional cash provided by the Company's financing activities.

Operating Activities:

The Company generated $11.3 million in cash from operating activities of continuing operations in 1999 as compared to $13.2 million utilized during 1998. The $1.9 million decrease in operating cash flow from continuing operations was a result of $2.1 million increase in net income adjusted for non cash items, $1.6 million in account receivables; a $5.6 million decrease in inventory and short-term sales-type leases and a $2.4 million decrease in other assets. These increased sources of cash were offset by a $6.5 million decrease recorded to the prepaid income tax account and a $7.1 million decrease in accounts payable, accrued expenses (including $4.5 million reduction in accrued income taxes) and other current liabilities.

During 1999, the Company's discontinued operations utilized $4.3 million in operating cash flows, an increase of $2.0 million over the $2.3 million of uses in 1998.

Investing Activities

The Company utilized $6.4 million in cash for investing activities from continuing operations in 1999, an increase of $5.3 million from 1998. During the three months ended July 3, 1999, the Company incurred $6.9 million in capital expenditures net of retirements and disposals. Included in this amount is a $0.4 million net investment in long-term demonstration assets. During the three months ended July 4, 1998, the Company utilized $3.8 million for capital expenditures net of retirements and disposals, including $0.2 million of net retirements for long-term demonstration assets. Finally, the Company reduced its investment in long-term sales-type leases by $0.6 million in the first quarter of fiscal 1999, compared with decreased investment of $2.8 million during the first quarter of fiscal 1999.

During the three months ended July 3, 1999, discontinued operations provided $3.6 million in cash. This reflects a decrease in capital investing of $3.8 million compared to the $0.2 million invested during the three months ended July 4, 1998.

Financing Activities:

During the three months ended July 3, 1999, the Company's net debt increased $5.4 million, a $15.0 million increase as compared to the three months ended July 4, 1998. This $15.0 million increase stems from the operating and investing activities in 1999 which provided $5.4 million less cash than 1998 and the Company's repurchase in 1999 of 521,337 shares of common stock for its treasury for a cost of $ 9.6 million.

At July 3, 1999, the Company had working capital of $157.5 million. This reflects an decrease of $4.7 million in working capital for the three months ended July 3, 1999. The Company believes its sources of cash are adequate to meet its projected needs.

Recent Accounting Pronouncements

In June 1998, FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 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. The SFAS No. 133 requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, or in the case of a hedge of a forecasted probable transaction, a derivative's gains and losses are included in other comprehensive income until the transaction is consummated. Additionally, a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. A company may implement SFAS No. 133 as of the beginning of any fiscal quarter after issuance. SFAS No. 133 cannot be applied retroactively. The impacts of adopting SFAS No. 133 on the Company's financial statements or the timing of adoption of SFAS No. 133 have not been determined. However, it is expected that the derivative financial instruments acquired in connection with the Company's hedging program will continue to qualify for hedge accounting.

Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements made by the Company that 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 the Company's future plans of operations, business strategy, results of operations and financial position. These statements are based on the Company's current expectations and estimates as to prospective events and circumstances about which the Company can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes 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 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 unanticipated. Such risks and uncertainties include technological advances in the medical field and the Company's ability to successfully implement products that incorporate such advances, product demand and market acceptance of the Company's products, regulatory uncertainties, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates, changes in customers' ordering patterns, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which the Company operates, and the implications of Year 2000 including but not limited to the cost and expense of updating software and hardware and any potential system interruptions. The foregoing list should not be construed as exhaustive.

YEAR 2000 COMPLIANCE UPDATE

Haemonetics is aware of the potential for industry wide business disruption that could occur due to problems related the "Year 2000" issue. It is the belief of Haemonetics Management that the Company has a prudent plan in place to address these issues within the Company and its supply chain. The components of its plan include: an assessment of internal systems for modification and/or replacement; communication with external vendors to determine their state of readiness and their ability to maintain an uninterrupted supply of goods and services to Haemonetics; an evaluation of equipment sold by Haemonetics to customers as to the ability of the equipment to work properly after the turn of the century; an evaluation of production equipment as to its ability to function properly after the turn of the century; an evaluation of facility related issues; the retention of technical and advisory expertise to ensure that prudent action steps are being taken; and the development of a contingency plan.

State of Readiness

Haemonetics has developed a comprehensive plan to reduce the probability of operational difficulties due to Year 2000 related failures. While there is still a significant amount of work to do, the Company believes that it is on track towards a timely completion. Overall Haemonetics believes that it has completed the inventory of systems and non-systems related Year 2000 exposures. The Company continues to make progress in remediating known Year 2000 exposures. The Company will develop additional remediation approaches as issues are identified.

Internal Systems (IT)

The process Haemonetics is following to achieve Year 2000 compliance for internal IT systems is as follows:

1. Develop an inventory of all IT components (hardware, software)
2. Determine the Year 2000 compliance status of each
3. Determine the importance of Year 2000 compliance for each component (implications of failure)
4. Prioritize non-compliant components based on importance
5. Determine method to be used to achieve compliance for each component (modify, replace, cease use)
6. Complete the planned action
7. Test the component

The inventory of all IT components in use throughout the Company has been completed. The assessment of Year 2000 status for all components has been completed. Fifteen systems, all commercial packages, are used company-wide for business transaction processing and accounting. All fifteen systems are Year 2000 compliant. The Company has identified 326 other business applications in use by the Company that are less critical. Of these systems 323 are currently compliant. Year 2000 compliance of the remaining three applications is expected by August 31, 1999. The Company has completed an assessment of its 1,019 pieces of IT infrastructure (servers, networks, phone systems, system software). Currently 1,016 pieces are Year 2000 compliant. The Company intends to have the remaining three systems, which are phone systems, Year 2000 compliant by August 31, 1999. In addition, the Company is in the process of a second round of testing for critical components of infrastructure and applications that have been assessed as compliant.

Suppliers

The Company is in the process of communicating with its external vendors of goods and services to gain an understanding of their state of Year 2000 readiness and their ability to maintain an uninterrupted supply to Haemonetics. The Company has sent letters to over 1,000 vendors outlining its approach towards the Year 2000 issue and asking for the vendors' commitment to resolve any issues they may have. They have also been asked to complete a short questionnaire and to inform us of any known compliance issues. The Company has received many responses to the questionnaire and is in the process of reviewing them. The Company has sent a detailed questionnaire to vendors it views as critical to its business. A critical vendor is one whose inability to continue to provide goods and services would have a serious adverse impact on the Company's ability to produce, deliver, and collect payment for Haemonetics goods and/or services. Senior management members are coordinating the identification of these vendors for their respective business units. Many of these vendors have been contacted and requested to complete the detailed questionnaire on Year 2000. The Company anticipates contacting the remaining critical vendors as part of its contingency planning process. Haemonetics will visit and/or audit one or more of these critical vendors to validate their statements regarding Year 2000 readiness.

Production Equipment

The Company has completed an inventory of production equipment currently used at Haemonetics. The Year 2000 readiness of this equipment is being determined through communication with the equipment manufacturers and testing where appropriate. Through this inventory and assessment process the Company has identified fewer than 10 pieces of equipment with Year 2000 issues. All production equipment, which has been identified as not Year 2000 compliant has either been repaired, replaced, or is scheduled for such action. At this time the Company is not aware of any production equipment whose current or anticipated use is affected by the Year 2000 issue and which is not expected to be made compliant. In the event that any Year 2000 issues are identified in the future, it is the Company's intention to continue to repair or replace non-compliant production equipment prior to operating difficulties, or develop alternative means of operation. Haemonetics remains aware of the potential for imbedded logic within microchips to cause equipment failure. The Company believes that its action plan provides a sound approach towards evaluating production equipment, however, it may be impracticable or impossible to test certain items of production equipment for Year 2000 readiness. To the extent such untested equipment is not Year 2000 ready, it may fail to operate on January 1, 2000, resulting in possible production delays.

Facility Related Issues

The Company is in the process of completing an inventory and evaluating facilities related equipment such as security, heating, elevator, telephone and other service equipment with the potential for Year 2000 related failures. The Year 2000 readiness of this equipment will be determined through communication with the equipment manufacturers and testing where appropriate. At this time the Company is not aware of any facilities related equipment which is affected by the Year 2000 issue. The Company's objective is to complete its inventory and evaluation of facilities related equipment in conjunction with its contingency planning program. The Company intends to repair or replace non-compliant facilities related equipment prior to operating difficulties. Haemonetics remains aware of the potential for imbedded logic within microchips to cause equipment failure. The Company believes that its action plan provides a thorough approach towards evaluating facilities related equipment, however, it may be impracticable or impossible to test certain items of facilities related equipment for Year 2000 readiness. To the extent such untested equipment is not Year 2000 ready, it may fail to operate on or after January 1, 2000, resulting in possible interruptions of security, heating, elevator, telephone and other services.

Technical and Advisory Expertise

Haemonetics has engaged a leading professional services and consulting firm experienced in Year 2000 compliance to assist in project planning, testing methodologies, and evaluating its Year 2000 remediation activities. This firm will also contribute to the development and documentation of the contingency plan.

Haemonetics Products

The Company makes products in two major categories: blood processing equipment and the single use disposables that are used in this equipment for each procedure. The disposables have no date related functions aside from lot numbering and expiry dating printed on the packaging. The equipment itself does not rely on date related data for its mechanical function. There is no calendar-related logic in the Haemonetics software that controls the function of the machine. The Company has undertaken a detailed review of hardware components and software code for the current revisions of all products. The Company is continuing to test its equipment to evaluate any potential for issues related to logic embedded within microchips. At this time the Company is not aware of any issues related to equipment it sells which would prevent its customers from continuing their operations or which would impact the safety of patients or donors in any way.

Costs

At this time the Company estimates that the total cost of completing Year 2000 related activities would be between $2.5 million and $3.3 million. This amount includes both IT and non-IT related expenses. Of this amount, approximately 85% has already been spent representing 30% of the total IT budget during the spending period. Approximately 30% of the spending to date has been on capital investments. The Company anticipates capital expenditures to total between $1 million and $1.3 million and expense to total $1.5 million to $2 million. This amount includes the replacement of hardware and applications that are outdated and were due for replacement regardless of Year 2000 issues.

Contingency Plan

Although the Company believes it is taking appropriate action related to the identification and resolution of issues related to the Year 2000, its assessment is still in progress. The Company may never know with certainty whether third parties in the Company's supply chain are compliant. Failure of such third parties to achieve Year 2000 compliance could result in delayed deliveries to or shipments by the Company. If such delays are extended, they could have a material adverse effect on the Company's business, financial condition, and results of operations.

As the Company continues to assess the state of readiness within its unique set of business partners, production processes, and internal systems, the Company will develop its formal contingency plan in an effort to alleviate high potential or serious failures. The framework for this contingency plan has been completed and includes a matrix of factors which will permit the Company to identify key portions of its supply chain and consider the potential impact of Year 2000 failures and amount of time the Company's operations could be subjected to a potential failure. The Company is integrating the ongoing critical vendor identification and communication process with the development of its contingency plan. At this time, the Company plans to increase its inventory of raw materials and finished goods by increasing production through the third quarter of 1999. The company recognizes the importance of an appropriate contingency plan and is working closely with external consultants in its development.

Risks

The Company continues to evaluate the risks associated with potential Year 2000 related failures. The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's business, financial condition, and results of operations. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-parties, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Company's business, financial condition, and results of operations. The Company's Year 2000 project is expected to significantly reduce the Company's level of uncertainty about the Year 2000 problem and, in particular, about the Year 2000 compliance and readiness of its critical vendors. The Company believes that, with the implementation of new business systems and completion of the Company's Year 2000 project as scheduled, the possibility of significant interruptions of normal operations should be reduced.

EURO CURRENCY

Effective January 1, 1999, 11 of the 15 countries in the European Union or EU (Austria, Belgium, Finland, France, Germany, Holland, Ireland, Italy, Luxembourg, Portugal and Spain) adopted a single currency known as the Euro. For the next three years, these 11 countries which participate in the European Monetary Union or EMU will be allowed to transact business in both the Euro and in their own currencies at fixed exchange rates. Beginning on July 1, 2002, the Euro will become the only currency for these 11 countries of the EMU.

Operations in Europe

The introduction of the Euro may have a significant impact on the Company's operations. The Company has 10 subsidiaries located throughout Europe that generate one-third of its sales.

State of Readiness

The Company has formed a Euro Steering Committee (the "Committee") to address all issues related to the Euro. This Committee is now preparing a detailed action plan which will cover all areas of concern including information systems, finance, tax, treasury, legal, marketing and human resources. The plan is expected to be finalized during fiscal year 2000 and subsequently submitted to the Board of Directors for approval. Accordingly, all components of this disclosure noted below are subject to change.

Date of conversion

The target date for conversion of the Company's local and corporate information systems to the Euro is April 2, 2001, which is the first day of the Company's fiscal year 2002.

Business activities

Although the introduction of the Euro will likely result in greater transparency of pricing throughout Europe, it is anticipated that these changes will have little impact on Haemonetics. The Company's products are heavily regulated by organizations specific to each country and as a result, transactions between countries are infrequent.

Information systems

The Company is aware that the Euro conversion will create technical challenges to adapt information technology and other systems to accommodate Euro-denominated transactions. The Committee is in the process of identifying all systems and determining their state of Euro readiness. The cost of adapting these systems is not yet known, but the Company does not believe it to be significant.

Accounting, Finance & Treasury

At the point the Company adopts the Euro, it expects to experience the benefits of simplified hedging, banking and financial transaction systems.

Tax

It is expected that some of the European countries will allow costs related to the introduction of the Euro to be fully deductible. Additionally, it is anticipated that most countries will allow tax relief by means of a one time depreciation or amortization charge related to assets utilized in the Euro conversion.

Legal

The EU has adopted regulations precluding a party from using the Euro conversion as the reason for breaching or changing its contractual obligations, unless the other parties to the contract are in agreement. The Company is now in the process of identifying any contracts between the Company and parties outside the USA which fall under these regulations. At this point, the Company is not aware of substantial risk related to such contracts.

The conversion to Euro on April 2, 2001 will result in the conversion of the share capital of the 6 subsidiaries within the EMU. The amount of the converted share capital must be modified in order to eliminate uneven amounts and decimals resulting from the conversion. The Committee is in the process of identifying the new amounts of the share capital, the requested minimum capital requirements issued by the EU, the number of shares and all activities related to these changes such as meetings of the Board of Directors, shareholder meetings, and changes in by-laws. The Company anticipates that all required changes will be completed during fiscal year 2001. The Company does not anticipate material exposure resulting from the share capital conversion.

Human Resources

All employee contracts in subsidiaries located in the EMU, will be rewritten during fiscal year 2001 using Euro. The effective date of all contracts will be changed to April 2, 2001. Salaries will be paid in Euro beginning in April 2001.

Costs

Although the total cost of the Euro conversion has not yet been quantified, the Company does not believe that the total cost will be significant or have a material impact on its business, results of operations, financial position or cash flows.

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

Over two-thirds of the Company's revenues are generated outside the U.S. yet the Company's reporting currency is the U.S. dollar. Foreign exchange risk arises because the Company engages in business in foreign countries in local currency. Exposure is partially mitigated by producing and sourcing product in local currency. Accordingly, whenever the US dollar strengthens relative to the other major currencies, there is an adverse affect on the Company's results of operations and alternatively, whenever the U.S. dollar weakness relative to the other major currencies, there is a positive effect on the Company's results of operations.

It is the Company's policy to minimize for a period of time, the unforeseen impact on its results of operations of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge the majority of its firm sales commitments to customers that are denominated in foreign currencies. The Company also enters into forward contracts that settle within 35 days to hedge certain intercompany receivables denominated in foreign currencies. Actual gains and losses on all forward contracts are recorded in operations, offsetting the gains and losses on the underlying transactions being hedged. These derivative financial instruments are not used for trading purposes. The Company's primary foreign currency exposures in relation to the U.S. dollar are the Japanese Yen and the Euro equivalent of the French Franc, Deutsche Mark and Italian Lire.

At July 3, 1999, the Company had the following significant foreign exchange contracts to hedge certain firm sales commitments denominated in foreign currency outstanding:

Hedged Currency	(BUY) / SELL Local Currency	Weighted Forward Contract Rate	US$ @ Forward Rate	Unrealized Gain / (Loss)	Maturity
Euro Equivalent	7,943,508	$1.205	$ 8,149,022	$ 1,419,104	Jul-Sep 1999
Euro Equivalent	8,620,513	$1.213	$ 8,901,889	$ 1,553,509	Oct-Dec 1999
Euro Equivalent	7,500,000	$1.146	$ 7,802,500	$ 788,750	Jan-Mar 2000
Euro Equivalent	7,500,000	$1.054	$ 7,858,750	$ 47,400	Apr-Jun 2000
Japanese Yen	1,750,000,000	137.9 per US$	$14,554,048	$(1,861,413)	Jul-Sep 1999
Japanese Yen	1,970,000,000	126.9 per US$	$16,591,041	$(1,063,262)	Oct-Dec 1999
Japanese Yen	1,670,000,000	125.4 per US$	$14,260,651	$ (946,837)	Jan-Mar 2000
Japanese Yen	1,850,000,000	117.3 per US$	$16,023,746	$ (249,266)	Apr-Jun 2000

The Company estimated 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 fair value of all forward contracts would increase by $8.8 million. Assuming a 10% weakening of the U.S. dollar relative to all other major currencies, the fair value of all forward contracts would decrease by $10.5 million.

Interest Rate Risk

Approximately 94%, of the Company's long-term debt is at fixed rates. Accordingly, a change in interest rates has an insignificant effect on the Company's interest expense amounts. The fair value of the Company's long-term debt however would change in response to interest rates movements due to its fixed rate nature. At July 3, 1999, the fair value of the Company's long-term debt was approximately $1.6 million higher than the value of the debt reflected on the Company's financial statements. This higher fair market is primarily related to the $40 million, 7.05% fixed rate senior notes the Company holds. These notes represent approximately 76% of the Company's outstanding long-term borrowings at April 3, 1999.

Using scenario analysis, the Company changed the interest rate on all long-term maturates by 10% from the rate levels, which existed at July 3, 1999. The effect was a change in the fair value of the Company's long-term debt, of approximately $1.6 million.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

(a). Exhibits

The following exhibits will be filed as part of this form 10-Q:

Exhibit 10A Third Amendment, dated April 21, 1999 to the Revolving Credit Agreement dated June 25, 1997, among Haemonetics corporation and Mellon Bank N.A.

Exhibit 27 Financial Data Schedule

(b). Reports on Form 8-K.

none

SIGNATURES

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

HAEMONETICS CORPORATION

Date: August , 1999	By: /s/ James L. Peterson James L. Peterson, President and Chief Executive Officer
Date: August , 1999	By: /s/ Ronald J. Ryan Ronald J. Ryan, Sr. Vice President and Chief Financial Officer, (Principal Accounting Officer)

EXHBIT 10A

THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

This Third Amendment to Revolving Credit Agreement ("Third Amendment") is made as of April 21, 1999, among HAEMONETICS CORPORATION (the "Borrower"), MELLON BANK, N.A. (the "Bank"), and MELLON BANK, N.A., as Agent (the "Agent").

Preliminary Statements

WHEREAS, the Borrower, the Bank and the Agent are parties to that certain Revolving Credit Agreement dated and effective as of June 25, 1997 (as amended by that certain First Amendment to Revolving Credit Agreement dated as of December 26, 1997 (the "First Amendment"), and that certain Second Amendment to Revolving Credit Agreement dated as of April 30, 1998 (the "Second Amendment"; the Credit Agreement as so amended, together with any and all subsequent amendments, the "Credit Agreement"), pursuant to which the Bank has made available to the Borrower a $20,000,000 line of credit;

WHEREAS, the Borrower has requested that the Bank and the Agent amend the Credit Agreement to correct an error in the Second Amendment; and

WHEREAS, the Bank and the Agent are willing to amend the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree that the Credit Agreement shall be amended as follows:

ARTICLE I
AMENDMENT TO CREDIT AGREEMENT

1.1. The last two paragraphs of Section 6.11(a), being clauses (i) and (ii) of such Section, are deleted and replaced with the following:

(x) $25,000,000; plus

(y) 50% of Consolidated Net Income (or if such Consolidated Net Income is a deficit figure, then minus 100% of such deficit) for such period determined on a cumulative basis for said entire period; plus

(z) an amount equal to the aggregate net cash proceeds received by the Borrower from the sale on or after the date of this Agreement of shares of its common stock or other securities convertible into common stock of the Borrower."

ARTICLE II
REPRESENTATIONS AND WARRANTIES

2.1. In order to induce the Bank and the Agent to enter into this Third Amendment, the Borrower represents and warrants that, at the time of entering into this Third Amendment and after giving effect hereto:

(a) No Potential Default or Event of Default has occurred and is continuing;

(b) The representations and warranties set forth in Article III of the Credit Agreement are true and correct on and as of the date hereof as if made on the date hereof;

(c) The Borrower is in compliance in all material respects with all of the terms and provisions set forth in the Credit Agreement and the Note and the Credit Agreement and the Note are hereby ratified in all respects;

(d) There are no defenses, offsets or counterclaims against obligations owed to the Bank evidenced by the Note and/or the Credit Agreement and, to the extent any such defenses, offsets or counterclaims do exist, they are hereby waived; and

(e) The Borrower has taken all necessary action to authorize the execution and delivery hereof and the performance of its obligations hereunder, and the Credit Agreement, as amended by this Third Amendment, is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with the terms thereof.

ARTICLE III
EFFECTIVENESS

3.1. This Third Amendment shall be effective as of the date first written above upon receipt by the Agent of a fully executed copy of this Third Amendment.

ARTICLE IV
MISCELLANEOUS PROVISIONS

4.1. Except as expressly amended hereby, the Credit Agreement shall be and remain in full force and effect.

4.2. All capitalized terms used herein and not otherwise defined herein shall have the meanings given them in the Credit Agreement.

4.3. This Third Amendment constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings about such subject matter, both written and oral.

4.4. This Third Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

4.5. This Third Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Revolving Credit Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

HAEMONETICS CORPORATION

By: /s/ Ronald J. Ryan

Signature
Name: Ronald J. Ryan
Title Senior Vice President and CFO

MELLON BANK, N.A.,
individually and as Agent

By: /s/ R. Jane Westrich

Signature
Name: R. Jane Westrich
Title: Vice President

3-MOS
APR-01-2000
JUL-03-1999
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