

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: June 29, 2002                      Commission File Number: 1-10730  
-----

HAEMONETICS CORPORATION  
-----

(Exact name of registrant as specified in its charter)

Massachusetts

04-2882273

(State or other jurisdiction  
of incorporation or organization)

(I.R.S. Employer  
Identification No)

400 Wood Road, Braintree, 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

No

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

24,867,500 shares of Common Stock, \$ 01 par value, as of  
-----  
June 29, 2002

HAEMONETICS CORPORATION  
INDEX

	PAGE
	----
PART I. Financial Information	
Unaudited Consolidated Statements of Income- Three Months Ended June 29, 2002 and June 30, 2001	2
Unaudited Consolidated Balance Sheets - June 29, 2002 and March 30, 2002	3
Unaudited Consolidated Statement of Stockholders' Equity - Three Months Ended June 29, 2002	4
Unaudited Consolidated Statements of Cash Flows - Three Months Ended June 29, 2002 and June 30, 2001	5
Notes to Unaudited Consolidated Financial Statements	6-12
Management's Discussion and Analysis of Financial Condition and Results of Operations	13-19
Quantitative and Qualitative Disclosures about Market Risk	19-20
PART II. Other Information	21
Signatures	22

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

	Three Months Ended	
	June 29, 2002	June 30, 2001
	-----	-----
Net revenues	\$81,935	\$75,801
Cost of goods sold	43,288	39,490
Gross profit	38,647	36,311
Operating expenses:		
— Research and development	4,939	4,814
— Selling, general and administrative	24,016	21,965
Total operating expenses	28,955	26,779
Operating income	9,692	9,532
Interest expense	(877)	(982)
Interest income	441	1,088
Other income, net	563	973
Income before provision for income taxes	9,819	10,611
Provision for income taxes	3,044	2,971
Income before cumulative effect of change in accounting principle	6,775	7,640
Cumulative effect of change in accounting principle, net of tax		2,304
Net income	\$ 6,775	\$ 9,944
Basic income per common share		
— Income before cumulative effect of change in accounting principle	\$ 0.27	\$ 0.29
— Cumulative effect of change in accounting principle, net of tax		0.09
— Net income	0.27	0.38
Income per common share assuming dilution		
— Income before cumulative effect of change in accounting principle	\$ 0.26	\$ 0.28
— Cumulative effect of change in accounting principle, net of tax		0.09
— Net income	0.26	0.37
Weighted average shares outstanding		
— Basic	25,318	25,979
— Diluted	26,110	26,947

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)

	June 29, 2002	March 30, 2002
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and short term investments	\$ 42,006	\$ 34,913
Available for sale investments		32,636
Accounts receivable, less allowance of \$1,347 at June 29, 2002 and \$1,298 at March 30, 2002	69,417	63,743
Inventories	74,444	67,244
Current investment in sales type leases, net	2,700	2,783
Deferred tax asset	23,046	18,943
Other prepaid and current assets	10,342	12,573
<b>Total current assets</b>	<b>221,955</b>	<b>232,835</b>
Property, plant and equipment	229,286	218,819
Less accumulated depreciation	143,440	133,942
<b>Net property, plant and equipment</b>	<b>85,846</b>	<b>84,877</b>
<b>Other assets:</b>		
Investment in sales type leases, net (long term)	3,034	3,234
Other intangibles, less accumulated amortization of \$2,418 at June 29, 2002 and \$1,977 at March 30, 2002	23,853	24,204
Goodwill, net	15,021	14,168
Deferred tax asset	1,842	2,275
Other long term assets	3,521	3,328
<b>Total other assets</b>	<b>47,271</b>	<b>47,209</b>
<b>Total assets</b>	<b>\$355,072</b>	<b>\$364,021</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes payable and current maturities of long term debt	\$ 36,360	\$ 31,356
Accounts payable	12,309	12,536
Accrued payroll and related costs	10,684	12,696
Accrued income taxes	13,282	11,355
Other accrued liabilities	21,558	16,155
<b>Total current liabilities</b>	<b>94,202</b>	<b>84,098</b>
Long term debt, net of current maturities	38,430	40,787
Other long term liabilities	3,674	3,212
<b>Stockholders' equity:</b>		
Common stock, \$.01 par value; Authorized — 80,000,000 shares; Issued 31,535,811 shares at June 29, 2002; 31,453,511 shares at March 30, 2002	315	315
Additional paid in capital	106,282	104,261
Retained earnings	271,367	264,592
Accumulated other comprehensive loss	(17,473)	(16,395)
<b>Stockholders' equity before treasury stock</b>	<b>360,491</b>	<b>352,773</b>
Less: treasury stock 6,668,311 shares at cost at June 29, 2002 and 5,812,943 shares at cost at March 30, 2002	141,725	115,949
<b>Total stockholders' equity</b>	<b>218,766</b>	<b>236,824</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$355,072</b>	<b>\$364,021</b>
	=====	=====

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

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

	Common Stock		Additional	Treasury	Retained	Accumulated Other Comprehensive	Total	Compre-
	Shares	\$'s	Paid in Capital	Stock	Earnings	Loss	Stockholders' Equity	hensive Income
Balance, March 30, 2002	31,454	\$315	\$104,261	\$(115,049)	\$264,592	\$(16,305)	\$236,824	
Employee stock purchase plan			105	256			361	
Exercise of stock options and related tax benefit	82		1,916				1,916	
Purchase of treasury stock				(26,032)			(26,032)	
Net income					6,775		6,775	\$ 6,775
Foreign currency translation adjustment						5,400	5,400	5,400
Unrealized loss on derivatives						(6,487)	(6,487)	(6,487)
Comprehensive income								\$ 5,697
Balance, June 29, 2002	31,536	\$315	\$106,282	\$(141,725)	\$271,367	\$(17,473)	\$218,766	

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

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

	Three Months Ended	
	June 29, 2002	June 30, 2001
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 6,775	\$ 9,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	7,064	5,837
Deferred tax expense	134	1,868
Tax benefit related to the exercise of stock options	356	
Gain from exchange activities	(1,803)	(3,420)
Change in operating assets and liabilities:		
Increase in accounts receivable net	(907)	(2,167)
Increase in inventories	(7,394)	(4,556)
Decrease in sales type leases (current)	153	64
Increase in prepaid income taxes	(229)	(122)
(Increase) decrease in other assets	(1,117)	(3,447)
Decrease in accounts payable, accrued expenses and other current liabilities	(1,764)	(1,415)
Net cash provided by operating activities	1,268	2,586
<b>Cash Flows from Investing Activities:</b>		
Purchases of available for sale investments	(11,670)	(23,580)
Gross proceeds from sale of available for sale investments	44,306	11,167
Capital expenditures on property, plant and equipment, net of retirements and disposals	(2,762)	(3,999)
Net decrease in sales type leases (long term)	270	1,581
Net cash provided (used) by investing activities	30,144	(14,831)
<b>Cash Flows from Financing Activities:</b>		
Payments on long term real estate mortgage	(314)	(86)
Net increase in short term revolving credit agreements	2,107	5,844
Net (decrease) increase in long term credit agreements	(2,384)	89
Employee stock purchase plan purchases	361	250
Exercise of stock options	1,560	5,805
Purchase of treasury stock	(26,032)	
Net cash (used) provided by financing activities	(24,702)	11,902
Effect of exchange rates on cash and cash equivalents	383	(139)
Net increase (decrease) in cash and cash equivalents	7,093	(482)
Cash and cash equivalents at beginning of period	34,913	41,441
Cash and cash equivalents at end of period	\$ 42,006	\$ 40,959
<b>Non cash investing and financing activities:</b>		
Transfers from inventory to fixed assets for Haemonetics placement equipment	\$ 3,133	\$ 1,767
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	\$ 1,415	\$ 1,628
Income taxes paid	\$ 778	\$ 2,480

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

~~HAEMONETICS CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS~~

~~1. BASIS OF PRESENTATION~~

~~The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany transactions have been eliminated. For further information, refer to the audited consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the fiscal year ended March 30, 2002.~~

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

~~The Company's fiscal year ends on the Saturday closest to the last day of March. Both fiscal year 2003 and 2002 include 52 weeks with the first quarter of each fiscal year including 13 weeks.~~

~~2. ACCOUNTING FOR SHIPPING AND HANDLING COSTS~~

~~In accordance with Emerging Issues Task Force No. 00-10, ("EITF 00-10"), "Accounting for Shipping and Handling Fees and Costs," amounts billed to the Company's customers in sale transactions for shipping and handling are recorded as revenue. All other shipping and handling costs are included in costs of goods sold with the exception of \$1.3 million and \$1.0 million for three months ended June 29, 2002 and June 30, 2001, respectively that are included in selling, general and administrative expenses.~~

~~3. FOREIGN CURRENCY~~

~~The Company enters into forward exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues. 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 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.~~

~~On April 1, 2001, in accordance with SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133," the Company 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. These standards were adopted as a change in accounting principle and cannot be applied retroactively to financial statements of prior periods.~~

~~At adoption, the Company recorded the fair value of these contracts of \$0.2 million as an asset on the balance sheet. At adoption, the change in the fair value of the contracts associated with changes in the spot rate as of April 1, 2001 of \$4.6 million was recorded in other comprehensive income (\$6.4 million less taxes of \$1.8 million). At adoption, the change in the fair value of the points associated with forward contracts, which are excluded from the Company's assessment of hedge effectiveness, totaled \$2.3 million (\$3.2 million less taxes of \$0.9 million). This amount was recorded as a cumulative effect of a change in accounting principle.~~

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — continued

At June 29, 2002, the Company had 28 forward contracts outstanding, all maturing in less than twelve months, to exchange Euro and the Japanese yen primarily for U.S. dollars totaling \$116.1 million. Of these contracts, six, totaling \$35.3 million, represented contracts with zero fair value relating to inter company receivables established at quarter end, that settle within 35 days after quarter end. The Company has 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 the Company's assessment of hedge effectiveness.

At June 29, 2002, the fair value of the forward contract liability was \$5.6 million. For the three months ended June 29, 2002, a \$6.5 million loss was recorded in accumulated other comprehensive loss, (\$10.3 million loss less tax benefit of \$3.8 million.) The change in the fair value attributable to points on forward contracts totaled approximately \$0.5 million for the three months ended June 29, 2002. This \$0.5 of income was excluded from the assessment of hedge effectiveness and was recorded as part of other income, net for the three months ended June 29, 2002 in the Company's unaudited consolidated statement of income. For the three months ended June 30, 2001, income from points on forward contracts, included in other income, net was \$1.0 million.

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

		Accumulated Comprehensive	
(Income)/Expense	Asset (Liability)	(Income) Loss,	Other Income,
Cash Flow Hedges Debit	Forward Contracts	net of tax	net
(Credit)			
Balance as of March 30, 2002	\$ 3,983	\$(2,287)	
Change in fair value for the -3 months ended June 29, 2002	(9,554)	6,487	(463)
Total	\$(5,571)	\$ 4,200	\$(463)

4. NEW PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. Management believes the adoption of SFAS No. 143 will not have a material impact on the Company's results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets." This statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long Lived Assets and for Long Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB 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." SFAS No. 144 retains many of the fundamental provisions of SFAS No. 121 and establishes a single accounting model, based on the framework established in SFAS No. 121, for long lived assets to be disposed of by sale, whether previously held and used or

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — continued

newly acquired, and it broadens the presentation of discontinued operations to include more disposal transactions. SFAS No. 144 is not applicable to goodwill or intangible assets that are not being amortized, and certain other long lived assets. The provisions of SFAS No. 144 are effective for the Company on March 31, 2002, the beginning of its 2003 fiscal year. Upon adoption, this statement did not have a significant impact on the Company's financial position or results of operations.

5. Acquired Other Intangible Assets

A breakdown of the Company's intangible assets by asset class is as follows:

As of June 29, 2002

	Gross Carrying Amount (in thousands)	Accumulated Amortization (in thousands)	Weighted Average Useful Life (in years)
<u>Amortized Intangibles</u>			
Patents	\$ 6,370	\$ 762	14
Developed technology	7,994	874	17
Customer contracts and related relationships	11,432	781	15
Subtotal	\$25,797	\$2,418	15
<u>Indefinite Life Intangibles</u>			
Trade name	474		Indefinite
Total Intangibles	\$26,271	\$2,418	

~~HAEMONETICS CORPORATION AND SUBSIDIARIES~~  
~~NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS~~ continued

As of March 30, 2002

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

~~The only change to the net carrying value of the Company's intangible assets from March 30, 2002 to June 29, 2002 was amortization expense and the effect of rate changes in the translation of the intangibles contained in the financial statement of the Company's Canadian subsidiary.~~

~~Aggregate amortization expense for amortized other intangible assets for the three months ended June 29, 2002 and for the twelve months ended March 30, 2002 is \$0.4 million and \$1.4 million, respectively. Additionally, the anticipated annual amortization expense on other intangible assets approximates \$1.8 million for fiscal years 2003 through 2007 and \$1.7 million for fiscal year 2008.~~

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

6. GOODWILL

~~During the three months ended June 29, 2002, no event or circumstance change occurred to impair the Company's goodwill or indefinite life assets. The change in the carrying value of goodwill during the three months ended June 29, 2002 is attributable solely to the effects of rate changes in the translation of the goodwill contained in the financial statements of foreign subsidiaries.~~

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

The changes in the carrying amount of the Company's goodwill during the three months ended June 29, 2002 are as follows (in thousands):

Carrying amount as of March 30, 2002	\$14,168
Effect of change in rates used for translation	853
<hr/>	
Carrying amount as of June 29, 2002	\$15,021
	=====

7. 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:

	June 29, 2002	March 30, 2002
	(in thousands)	
Raw materials	\$20,037	\$16,808
Work in process	4,971	4,700
Finished goods	49,436	45,736
	<hr/>	<hr/>
	\$74,444	\$67,244
	=====	=====

8. 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 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 potential dilutive common shares.

	For the three months ended	
	June 29, 2002	June 30, 2001
Basic EPS		
Net income	\$ 6,775	\$ 9,944
Weighted average shares	25,318	25,979
	<hr/>	<hr/>
Basic income per share	\$ 0.27	\$ 0.38
	=====	=====

HAEMONETICS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

Diluted EPS		
Net income	\$ 6,775	\$ 9,944
Basic weighted average shares	25,318	25,979
Effect of stock options	792	968
	<hr/>	<hr/>
Diluted weighted average shares	26,110	26,947
Diluted income per share	\$ 0.26	\$ 0.37

9. COMMITMENTS AND CONTINGENCIES

The Company is presently engaged in various legal actions, and although ultimate liability cannot be determined at the present time, the

Company believes, based on consultation with counsel, that any such liability will not materially affect the consolidated financial position of the Company or its results of operations.

Through its acquisition of Fifth Dimension Information Systems, Inc. (Fifth Dimension), as well as its agreement with Baxter Healthcare Corporation (Baxter) related to pathogen inactivation technology, the Company is 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 2006. The Baxter agreement calls for the Company to make additional milestone payments of up to \$14.5 million over the next several years as regulatory approvals are received in various markets.

#### ~~10. SEGMENT 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, 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(TM) 215 automated cell processing system.

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

~~HAEMONETICS CORPORATION AND SUBSIDIARIES~~

~~NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued~~

~~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) System, and a full line of Cell Saver(R) autologous blood recovery systems.~~

~~Plasma collection products are machines, disposables, solutions and software that 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 plasma collection system.~~

~~Three months ended (in thousands)~~

~~June 29, 2002~~

	<del>Blood Bank</del>	<del>Red Cells</del>	<del>Surgical</del>	<del>Plasma</del>	<del>Other</del>	<del>Total</del>
<del>Revenues from external customers</del>	<del>\$26,741</del>	<del>3,624</del>	<del>18,332</del>	<del>29,495</del>	<del>3,743</del>	<del>81,935</del>

~~June 30, 2001~~

<del>Revenues from external customers</del>	<del>\$26,038</del>	<del>2,431</del>	<del>17,467</del>	<del>27,023</del>	<del>2,842</del>	<del>75,801</del>
---	---------------------	------------------	-------------------	-------------------	------------------	-------------------

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 income from operations as a percentage of net revenues:

	Percentage of Net Revenues		Percentage Increase/(Decrease)
	Three Months Ended		Three Months Ended
	June 29, 2002	June 30, 2001	(in actual dollars) 2001/2000
Net revenues	100.0%	100.0%	8.1%
Cost of goods sold	52.9	52.1	9.6
Gross Profit	47.1	47.9	6.4
Operating Expenses:			
Research and development	6.0	6.3	2.6
Selling, general and administrative	29.3	29.0	9.3
Total operating expenses	35.3	35.3	8.1
Operating income	11.8	12.6	1.7
Interest expense	(1.1)	(1.3)	(10.7)
Interest income	0.6	1.4	(59.5)
Other income, net	0.7	1.3	(42.1)
Income before provision for income taxes	12.0	14.0	(7.5)
Provision for income taxes	3.7	3.9	2.5
Income before cumulative effect of change in accounting principle, net of tax	8.3	10.1	(11.3)
Cumulative effect of change in accounting principle, net of tax		3.0	(100.0)
Net income	8.3%	13.1%	(31.9)%

Three Months Ended June 29, 2002 Compared to  
Three Months Ended June 30, 2001

			Percent Increase / (Decrease)	
			Actual dollars as reported	At constant currency
By geography:	2002	2001		
United States	\$30,935	\$28,888	7.1%	7.1%
International	51,000	46,913	8.7	13.7
Net revenues	81,935	\$75,801	8.1%	11.1%

	Percent Increase / (Decrease)			
	2002	2001	Actual dollars as reported	At constant currency
By product type:				
Disposables	\$73,433	\$70,525	4.1%	7.2%
Misc. & service	3,743	2,842	31.7	32.5
Equipment	4,759	2,434	95.5	93.4
Net revenues	\$81,935	\$75,801	8.1%	11.1

	Percent Increase / (Decrease)			
	2002	2001	Actual dollars as reported	At constant currency
By product line:				
Surgical	\$17,200	\$16,505	4.2%	5.5%
Blood bank	24,185	24,731	(2.2)	3.1
Red cells	3,381	2,403	40.7	39.6
Plasma	28,667	26,886	6.6	8.9
Disposable revenues	\$73,433	\$70,525	4.1	7.2

Three months ended June 29, 2002(fiscal 2003) compared  
to three months ended June 30, 2001 (fiscal 2002)

#### Net Revenues

Net revenues in fiscal 2003 increased 8.1% to \$81.0 million from \$75.8 million in fiscal 2002. With currency rates held constant, net revenues increased 11.1%. The increase in revenues was partially offset by a reduction in the spot rate gains realized on forward contracts recorded in revenues.

Disposable sales increased 4.1% year over year at actual rates and with currency rates held constant, disposable sales increased 7.2%. Year over year constant currency disposable sales growth was a result of growth in worldwide Surgical (up 5.5%), worldwide Bloodbank (up 3.1%) worldwide Red Cell (up 39.6%), and worldwide Plasma sales (up 8.9%). The constant currency growth in the worldwide Surgical disposable sales is mainly attributed to volume increases of existing products and from the Company's OrthoPAT(R) product in the U.S. orthopedic market. Worldwide Bloodbank disposable sales increased as compared to 2002 as a result of volume increases in platelet disposable sales in Japan and Asia. The growth in worldwide Red Cell sales is attributed to volume increases in the U.S. as the supply of red cells continues to tighten due to blood shortages and recently adopted donor deferral regulations mandated by the U.S. Food and Drug Administration. The growth in worldwide Plasma disposables sales is attributed to volume increases of products sold in Japan, Asia and Europe. In the U.S., plasma disposable sales decreased 4.4% due to declining sales to one customer as a result of industry consolidation while industry collection continued to grow.

At actual rates, sales of disposable products, excluding service and other miscellaneous revenue, accounted for approximately 89.6% and 93.0% of net revenues for fiscal 2003 and 2002, respectively. Constant currency sales of disposable products, excluding service and other miscellaneous revenue, accounted for approximately 89.5% and 92.8 % of net revenues for fiscal 2003 and 2002, respectively.

Service revenue generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous revenues, including software revenue from the Company's newly

acquired software company, Fifth Dimension, accounted for 4.6% and 3.7% of the Company's net revenues, at actual rates, for fiscal year 2003 and 2002, respectively. At constant currency, these sales accounted for 4.6% and 3.9% of the Company's net revenues for fiscal 2003 and 2002, respectively. This increase is due to the software revenues of Fifth Dimension in 2003.

Equipment revenues increased 95.5% from \$2.4 million in fiscal 2002 at actual rates and increased 93.4% year over year with currency rates held constant. The 93.4% constant currency increase is primarily attributable to sales of platelet and plasma machines in Japan and Europe and the new ACP 215 system domestically. Most of our equipment sales occur in our international markets, as in the U.S. we generally place equipment with a customer, in exchange for an agreement by the customer to purchase our disposables. Due to the variable nature of equipment sales, the Company gives no assurance as to whether or not these significant increases will continue in the foreseeable future.

At actual rates, international sales as reported accounted for approximately 62% of net revenues for both fiscal 2003 and 2002. As in the U.S., sales outside the U.S. are susceptible to risks and uncertainties from regulatory changes, the Company's ability to forecast product demand and market acceptance of the Company's products, changes in economic conditions, the impact of competitive products and pricing and changes in health care policy.

#### Gross profit

Gross profit of \$38.6 million for fiscal 2003 increased \$2.3 million from \$36.3 million for fiscal 2002. With currency rates held constant, gross profit increased by 16.1%, or \$5.3 million, and increased as a percentage of sales by 2.0%. The \$5.3 million constant currency gross profit increase from fiscal 2002 was a result of the 11.1% or \$8.1 million increase in constant currency revenues and cost reductions.

In 1998, the Company initiated the Customer Oriented Redesign for Excellence ("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 the first three months of fiscal 2003, the CORE program generated \$1.3 million of cost savings benefiting the Company's gross profit from initiatives to lower product costs by automating and redesigning the way certain products are made and by negotiating reduced raw material prices from suppliers.

#### Expenses

The Company expended \$4.9 million, 6.0% of net revenues, on research and development for fiscal 2003 and \$4.8 million, 6.2% of net revenues, for fiscal 2002. At constant currency rates, research and development as a percentage of sales decreased 0.3% from fiscal 2002 to fiscal 2003 remaining relatively flat in dollars.

Selling, general and administrative expenses increased \$2.0 million in fiscal 2003 to \$24.0 million from \$22.0 million in fiscal 2002. At constant currency rates, selling, general and administrative expenses increased \$2.1 million, however decreased as a percent of net revenues by 0.4% to 29.6% due to the Company's higher sales. The increased spending behind the Company's new product sales and marketing activities contributed to the dollar increase in selling, general and administrative dollars.

#### Operating Income

Operating income for the first quarter of fiscal 2003, as a percentage of net revenues, decreased 0.8 percentage points to 11.8% in fiscal 2003 from 12.6% in fiscal 2002. At constant currency rates, operating income increased by \$3.1 million. The \$3.1 million increase in operating income resulted largely from the constant currency improvements in gross profit year over year partially offset by the increases in selling, general and administrative expenses.

#### Foreign Exchange

The Company generates 62% of its revenues outside the U.S. in foreign currencies. As such, the Company uses a combination of business and financial tools comprised of various natural hedges (offsetting exposures from local production costs and operating expenses) and forward contracts to hedge its balance sheet and P&L exposures. Hedging through the use of forward contracts does not eliminate the volatility of foreign exchange rates, but

because the Company generally enters into forward contracts one year out, rates are fixed for a one year period, thereby facilitating financial planning and resource allocation.

The Company computes 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 corresponds to the value of sales in those currencies. The composite was set at 1.00 based upon the weighted rates at March 31, 1997.

For the first quarter of fiscal 2003, the indexed hedge spot rates depreciated 8.9% and for the first quarter of fiscal 2004, the indexed hedge spot rates depreciated 3.6% over the corresponding quarter of the preceding years. These indexed hedge rates represent the change in spot value (value on the day the hedge contract is undertaken) of the Haemonetics specific hedge rate index. These indexed hedge rates impact sales in the Company's 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 Hedge Spot Rates	Favorable / (Unfavorable) Change vs Prior Year
FY2001	Q1	1.04	5.4%
	Q2	1.00	8.2%
	Q3	0.92	12.9%
	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	1.00	(8.9%)
	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%)
	2004 Total	1.13	(1.5%)

Other Income, Net

Interest expense for fiscal 2003 was relatively flat as compared to fiscal 2002 as nearly 100% of the Company's long term debt is at fixed rates. Interest income decreased \$0.7 million from 2002 to 2003, due primarily to lower average balances of cash available to invest and lower investment yields. Other income, net decreased \$0.4 million from fiscal 2002 to fiscal 2003 due to decreases in income earned from points on forward contracts, which was partially offset by an increase in foreign exchange transaction gains. Points on forward contracts are amounts, either paid or earned, based on the interest rate differential between two foreign currencies in a forward hedge contract.

Taxes

The income tax provision, as a percentage of pretax income, was 31.0% for the first quarter of fiscal 2003 and 28.0% for the first quarter of fiscal 2002. The increase in the effective tax rate is primarily attributable to reduced export tax benefits.

~~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," the Company 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 the Company's 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 three months ended June 30, 2001.~~

~~Liquidity and Capital Resources~~

~~The Company's primary sources of capital include cash and short term investments, internally generated cash flows and bank borrowings. The Company believes these sources to be sufficient to fund its requirements, which are derived primarily from capital expenditures, acquisitions, new business development, share repurchase and working capital.~~

~~During the first quarter of fiscal 2003, the Company funded its activities primarily with \$1.3 million of cash flows generated by operations, \$44.3 million of gross proceeds from the sale of available for sale securities and \$1.6 million in stock option proceeds.~~

~~Working capital for the first quarter of fiscal 2003 was \$127.8 million. This reflects a decrease of \$30.2 million in working capital from the first quarter of fiscal 2002, largely due to increases in short term borrowings and accrued expenses and decreases in available for sale investments, offset by an increase in inventories and accounts receivable.~~

~~The increase of \$6.7 million in cash and short term investments during the first quarter of fiscal 2003 from operating, investing and financing activities before the effect of exchange rates represents an increase in cash flow of \$7.0 million compared to the \$0.3 million in cash generated during the first quarter of fiscal 2002. The \$7.0 million increase was a result of more cash generated from the net proceeds of available for sale investments offset by purchases of treasury stock.~~

~~Operating Activities:~~

~~The Company generated \$1.3 million in cash from operating activities during the first quarter of fiscal 2003 as compared to \$2.6 million generated during the first quarter of fiscal 2002. The \$1.3 million decrease in operating cash flow from fiscal 2003 to fiscal 2002 was a result of a \$2.8 million increase in inventories due to higher raw material, work in process and finished good levels needed to support new product sales, a \$2.3 million increase in other assets, a \$0.3 million decrease in accounts payable, accrued expenses and other current liabilities in 2003 offset by \$1.3 million less cash utilized by accounts receivable increases and a \$1.7 million increase in net income adjusted for depreciation, amortization and other non-cash items.~~

~~The Company measures its performance using an operating cash flow metric defined as net income adjusted for depreciation, amortization and other non-cash items; capital expenditures for property, plant and equipment together with the investment in Haemonetics equipment at customer sites, including sales type leases; and the change in operating working capital, including change in accounts receivable, inventory, accounts payable and accrued expenses, excluding tax accounts and the effects of currency translation. This alternative measure of operating cash flows is a non-GAAP measure that may not be comparable to similarly titled measures reported by other companies. It is intended to assist readers of the report who employ "free cash flow" and similar measures that do not include tax assets and liabilities, equity investments and other sources and uses that are outside the day to day activities of a company.~~

~~As measured by the Company's operating cash flow metric, the Company generated \$0.7 million and \$4.8 million of operating cash during the first quarter of fiscal 2003 and fiscal 2002, respectively. The \$0.7 million of operating cash flow for the first quarter of fiscal 2003 resulted from \$7.6 million of net income adjusted for non-cash items and \$3.9 million from the reduction of the Company's net investment in property, plant and equipment and sales type leases. Offsetting these was \$10.8 million from increased working capital investment, primarily an increase in inventories of \$7.4 million, a \$0.9 million increase in accounts receivable and a decrease in accounts payable and accrued expenses of \$2.5 million. The \$4.7 million of operating cash flow generated for first quarter of fiscal 2002 resulted from \$11.0 million of net income adjusted for non-cash items and \$3.3 million from the reduction of the Company's net investment in property, plant and equipment and sales type leases offset by \$0.6 million from increased working capital investment, primarily due to higher inventories, higher accounts receivable and lower accrued payables and payroll. The working capital and capital investment components of the Company's operating cash flow metric have been adjusted by non-cash transfers (transfers from inventory to property, plant and equipment), which amounted to approximately \$3.1 million and \$1.8 million for the first quarter of fiscal 2003 and 2002, respectively.~~

~~Investing Activities:~~

~~Net cash provided by investing activities totaled \$30.1 million for the first quarter of fiscal 2003, as compared to net cash utilized of \$13.8 million during the first quarter of fiscal 2002. This change of \$43.9 million was primarily due to the liquidation of the Company's available for sale investments. The Company sold its available for sale investments due to changes in the interest rate environment.~~

~~Financing Activities:~~

~~Net cash used for financing activities totaled \$24.7 million for the first quarter of fiscal 2003 as compared to net cash provided of \$11.9 million for the first quarter of fiscal 2002. The \$36.6 million decrease in cash from financing activities was a result of an additional \$26.0 million spent in the first quarter of fiscal 2003 to repurchase Company stock, \$6.2 million from changes in debt and \$4.2 million from fewer stock option exercises in fiscal 2003 than in fiscal 2002. In the first quarter of fiscal 2003, the Company repurchased 868,200 shares of outstanding common stock for approximately \$26.0 million, which is an average market price of \$29.98 per share. The Company expects any repurchased shares to be made available for issuance pursuant to its employee benefit and incentive plans and for other corporate purposes. The \$6.2 million change in cash from 2002 to 2003 associated with debt was a result of significant changes in foreign exchange rates in fiscal 2003 and fiscal year 2002 increases in Japan debt.~~

~~Inflation~~

~~The Company does not believe that inflation has had a significant impact on the Company's results of operations for the periods presented. Historically, the Company believes it has been able to minimize the effects of inflation by improving its manufacturing and purchasing efficiency, by increasing employee productivity and by reflecting the effects of inflation in the selling prices of new products it introduces each year.~~

~~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 anticipated. 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 and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which the Company operates. The foregoing list should not be construed as exhaustive.~~

~~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~~

~~Approximately 62% 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 weakens 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 anticipated cash flows from forecasted foreign currency denominated revenues. The Company enters into forward contracts that mature one month prior to the anticipated timing of the forecasted foreign currency denominated revenues. These contracts are designated as cash flow hedges intended to lock in the expected cash flows of forecasted foreign currency denominated revenues at the available spot rate. Actual spot rate gains and losses on these contracts are recorded in revenues, at the same time the offsetting gains and losses on the underlying transactions being hedged are recorded. The fair value of these contracts associated with the change in forward points is recorded in other income. The Company also enters into forward contracts that settle within 35 days to hedge certain intercompany receivables denominated in foreign currencies. 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.~~

~~At June 29, 2002, the Company had the following significant foreign exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues outstanding:~~

<del>Hedged</del>	<del>(BUY) / SELL</del>	<del>Weighted Spot</del>	<del>Weighted Forward</del>	<del>Fair Value</del>	<del>Maturity</del>
<del>Currency</del>	<del>Local Currency</del>	<del>Contract Rate</del>	<del>Contract Rate</del>		
<del>Euro</del>	<del>7,600,000</del>	<del>\$0.890</del>	<del>\$0.885</del>	<del>(769,426)</del>	<del>Jul Sept 2002</del>
<del>Euro</del>	<del>9,250,000</del>	<del>\$0.879</del>	<del>\$0.871</del>	<del>(903,235)</del>	<del>Oct Dec 2002</del>
<del>Euro</del>	<del>8,450,000</del>	<del>\$0.880</del>	<del>\$0.870</del>	<del>(892,796)</del>	<del>Jan Mar 2003</del>
<del>Euro</del>	<del>5,850,000</del>	<del>\$0.900</del>	<del>\$0.890</del>	<del>(482,947)</del>	<del>Apr Jun 2003</del>
<del>Japanese Yen</del>	<del>1,850,000,000</del>	<del>122.3 per US\$</del>	<del>118.7 per US\$</del>	<del>14,709</del>	<del>Jul Sept 2002</del>
<del>Japanese Yen</del>	<del>1,825,000,000</del>	<del>125.6 per US\$</del>	<del>123.0 per US\$</del>	<del>(578,600)</del>	<del>Oct Dec 2002</del>
<del>Japanese Yen</del>	<del>1,850,000,000</del>	<del>131.8 per US\$</del>	<del>128.8 per US\$</del>	<del>(1,319,101)</del>	<del>Jan Mar 2003</del>
<del>Japanese Yen</del>	<del>1,200,000,000</del>	<del>128.6 per US\$</del>	<del>125.2 per US\$</del>	<del>(639,889)</del>	<del>Apr Jun 2003</del>
<del>Total:</del>				<del>(5,571,285)</del>	

~~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 change in fair value of all forward contracts would result in a \$10.4 million increase in the fair value of the forward contracts; whereas a 10% weakening of the U.S. dollar would result in a \$11.8 million decrease in the fair value of the forward contracts.~~

~~Interest Rate Risk~~

~~All 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 June 29, 2002, the fair value of the Company's long term debt was approximately \$3.0 million higher than the value of the debt reflected on the Company's financial statements. This higher fair market is entirely related to the Company's \$28.6 million, 7.05% fixed rate senior notes and the \$9.1 million, 8.41% fixed rate mortgage.~~

~~Using scenario analysis, the Company changed the interest rate on all long term maturities by 10% from the rate levels, which existed at June 29, 2002. The effect was a change in the fair value of the Company's long term debt, of approximately \$0.7 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~~

~~10.1 Employment Agreement between the Company and James L. Peterson.~~

~~10.2 Employment Agreement between the Company and Ronald J. Ryan.~~

~~10.3 Employment Agreement between the Company and Stephen C. Swenson.~~

~~10.4 Employment Agreement between the Company and Timothy Surgener.~~

~~10.5 Employment Agreement between the Company and Thomas D. Headley.~~

~~(b) Reports on Form 8-K~~

~~Registrant filed a Report on Form 8-K dated June 18, 2002 reporting a change in the Company's certifying accountant.~~

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. Pursuant to Section 1350 of Chapter 62 of Title 18, United States Code, the undersigned hereby certify that this report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.~~

~~HAEMONETICS CORPORATION~~

~~Date: August 7, 2002 By: s/James L. Peterson~~

~~James L. Peterson, President  
and Chief Executive Officer~~

~~Date: August 7, 2002 By: s/Ronald J. Ryan~~

~~Ronald J. Ryan, Senior Vice  
President and Chief Financial  
Officer~~



~~EXECUTIVE EMPLOYMENT AGREEMENT, AS AMENDED~~

~~This Executive Employment Agreement (the "Agreement") is entered into effective as of January 30, 1998 (the "Effective Date"), amended as of October 26, 2001, between James L. Peterson (the "Executive") residing at 20 Rowes Wharf #409 Boston, MA 02110, and Maemonetics Corporation (the "Company"), a Delaware corporation with its principal executive offices at 400 Wood Road, Braintree, Massachusetts 02184 0114.~~

~~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 of the Company and to perform such specific duties 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. 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. The Company shall pay to Executive a base salary at the rate of Three Hundred Sixty Six Thousand Dollars (\$366,000) per annum until May 1, 1998 and at the rate of Four Hundred Thousand Dollars (\$400,000) per annum commencing May 1, 1998, prorated and payable in substantially equal monthly installments.~~

~~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. Without limiting the foregoing, the Company shall provide the Executive with such benefits as are generally made available by the Company to its other full time executive employees under its expatriate policy, with Executive's residence being in the United States and Switzerland being Executive's reference point.~~

~~It is specifically acknowledged that the provisions for Tax Reimbursement under the Company's Temporary International Assignment Policy, a copy of which is attached hereto as Exhibit A, shall apply to incentive bonuses paid to the Executive as well as to the other items of compensation set forth in such policy. It is further acknowledged that the limitations set forth in Paragraph 3 of Section C of the Temporary International Assignment Policy (i) shall not apply to tax reimbursement payments made in connection with taxable income realized by virtue of the exercise of Maemonetics stock options exercised while the Executive is an employee of the Company, and (ii) shall apply to tax reimbursement payments made in connection with capital gain realized by virtue of the sale, while the Executive is an employee of the Company, of stock acquired upon exercise of Maemonetics stock options~~

~~(capital gain realized upon the sale of stock acquired upon the exercise of Maemonetics Stock Options being deemed "outside income" under such policy).~~

~~2.4. Participation in Share Option Plan. Executive shall be entitled to participate in the Company's Non Qualified Stock Option Plan (the "Plan"). Pursuant to the Plan, Executive has received, concurrently herewith, an option to acquire Three Hundred Thousand (300,000) shares of Common Stock in the Company~~

~~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, 2000. 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 the 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 actions 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 be 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 or the Company.~~

~~3.4. Change in Control. In the event of a "Change in Control" (as defined below), either the Company or the Executive may elect to terminate the Executive's employment. Regardless of whether or not his employment terminates, in the event of a Change in Control the Executive shall be entitled to the lump sum payment set forth in Section 4.1.2 below. 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(c) 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 more than 50% 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 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; CHANGE IN CONTROL~~

~~4.1.1 Termination Events Resulting in Severance Payments. In the event of the termination~~

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

~~(ii) under Section 3.3,~~

~~of the Executive's employment under circumstances not involving a Change in Control, the Company shall:~~

~~(a) pay Executive, as a severance payment, an amount equal to~~

~~Executive's annual base salary as set forth in Section 2.1, 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"),~~

~~(b) 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,~~

~~(c) 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 benefits described in clause (b) above during the Severance Period, provide to Executive at the Company's expense substantially equivalent benefits or, at the Executive's election, the cash value of equivalent benefits; and~~

~~(d) furnish Executive, during the Severance Period, with office space, secretarial assistance and such other facilities and services at least of the level and nature as were provided by the Company prior to the Termination Date.~~

~~4.1.2 Change in Control. In the event that a Change in Control occurs while the Executive is in the employ of the Company:~~

~~(i) The Company shall pay to the Executive immediately following such Change in Control a lump sum payment, in an amount equal to 2.99 times the amount which is the average of the base salary plus incentive bonus paid to the Executive in each of the five calendar years preceding the calendar year in which the Change in Control occurs.~~

~~(ii) If either the Company or Executive shall terminate the Executive's employment within one year following such Change in Control, the Executive shall not be entitled to any severance payments related to base salary, but the~~

~~Company shall provide to the Executive, at the Company's expense, during the Severance Period (which shall be the one year period commencing on the date such termination occurs):~~

~~(a) such benefits as are in effect and applicable to Executive as of the date of such Change in Control, except to the extent expressly prohibited by the terms of such benefits,~~

~~(b) 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 benefits described in the foregoing clause~~

~~(a) during the Severance Period, substantially equivalent benefits or, at Executive's election, the cash value of equivalent benefits, and~~

~~(c) office space, secretarial assistance and such other facilities and services at least of the level and nature as were provided by the Company prior to the Change in Control.~~

~~provided, however, that in the case of all payments and benefits under this Section 4.1.2 (x) no amount of gross up shall be paid on account of any taxes and (y) no tax reimbursement payments under the Company's Temporary International Assignment Policy shall be made with respect to any payments or benefits received by the Executive on account of a Change in Control, including without limitation the payments and benefits set forth in this Section 4.1.2; 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 (within the meaning of the proposed regulations promulgated under Section 280G of the Internal Revenue Code (the "Code")) on a Change in Control, including without limitation the payments and benefits set forth in this Section 4.1.2,~~

~~exceed 2.00 times the "base amount" described in Section 280G(b)(3) of the Internal Revenue Code (the "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 the 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.~~

~~—— 4.1.3 Tax Reimbursement. Notwithstanding any other provisions of this Agreement, no tax reimbursement payments under the Company's Temporary International Assignment Policy shall be made with respect to any income realized (within the meaning of the statutes and regulations of the applicable taxing authority) by the Executive after termination of employment. In the event that the Executive returns to his home abroad immediately following a termination of employment to which Section 4.1.1 applies, the provisions for tax reimbursement under the Company's Temporary International Assignment Policy shall be applied to the payments and benefits set forth under Section 4.1.1 above if taxes are levied in the United States on such payments and benefits. If the Executive does not return to his home abroad immediately following a termination of employment to which Section 4.1.1 applies, the provisions for tax reimbursement under the Company's Temporary International Assignment Policy shall not apply to the payments and benefits set forth under Section 4.1.1 above.~~

~~—— 4.1.4 Other Termination. In the event that the Employee dies or retires or this agreement expires not having been renewed, the Executive shall not be entitled to any severance pay, nor to~~

~~any benefits for any period following termination of employment except for such COBRA benefits as may be required by law.~~

~~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 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 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, 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 & Development of any such Inventions and Concepts and Ideas. Further, the Executive will, at the Company's cost 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, 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 9114  
Attention: [ ]~~

~~If to Executive, to:~~

~~James L. Peterson  
20 Rowes Wharf #400  
Boston, MA 02110~~

~~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 this 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 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 enforceable 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 cancelled 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.~~

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

~~s/ James L. Peterson~~

~~JAMES L. PETERSON~~

~~HAEMONETICS CORPORATION~~

~~By: s/ Stuart Burgess~~

~~Name: Stuart Burgess~~

~~Title: Chairman~~

TEMPORARY INTERNATIONAL ASSIGNMENT POLICY

APPROVED: \_\_\_\_\_ REVISED: \_\_\_\_\_

POLICY

~~It is the policy of Haemonetics to encourage employees to accept international assignments for career development, or to satisfy business needs of the Host Country organization. Haemonetics will provide assistance to the employee and his/her family as required and appropriate to facilitate transition to a different country, culture and business organization. Haemonetics' policy is designed to maintain an employees living standard, avoiding both a material financial windfall or disadvantage to the employee.~~

~~It is Haemonetics' policy to return an employee who completes a Temporary International Assignment to a position of at least comparable responsibility, compensation and status to the position held immediately prior to the assignment, provided the employee is not the object of significant disciplinary or job performance measures~~

PROCEDURE

1. APPLICATION OF POLICY

~~A. The provisions of this policy will be applied consistently and equitably to all employees who accept a Temporary International Assignment to any international location.~~

~~B. Hiring Managers or Personnel Departments will not alter these provisions in any of the following ways, except with the prior written approval of the President:~~

- ~~\_\_\_\_\_ reduce the level of benefits stated in the Policy and/or Procedures,~~
- ~~\_\_\_\_\_ deny any provisions to which the employee is entitled,~~
- ~~\_\_\_\_\_ increase the level of benefits stated in the Policy and/or Procedures,~~
- ~~\_\_\_\_\_ offer a provision which is not stated in the Policy~~

~~C. The provisions of the policy are non negotiable; additionally, an employee may neither receive reimbursement in lieu of a specified benefit not used or only partially used nor may a specified benefit be traded for one not included in the policy.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~~~2. GENERAL~~

~~A. Temporary International Assignments are normally for a period of two-three years. Employees are expected to return to their Home Country at the completion of the Temporary International Assignment.~~

~~B. Employees that accept an offer of Temporary International Assignment will remain employees of their Home country, although their compensation, allowances, and any other approved business expenses will be paid by the Host Country.~~

~~C. The Home Method of Compensation is defined as compensation, including the amount and timing of base salary, bonus plans, and salary increases determined and administered in accordance with the policies and practices of the Home Country. All adjustments, including housing and cost of living, will be calculated from this compensation amount. The Host Method of Compensation is defined as compensation, including the amount and timing of base salary, bonus plans, and salary increases, determined and administered in accordance with the policies and practices of the Host Country.~~

~~D. Temporary Assignments to the United States or Switzerland will administer compensation based on the Host Method of Compensation. All other international assignments will be administered based on the Home Method of Compensation.~~

~~E. The net compensation of the employee on a Home Country salary program (inclusive of allowances) will not be less than a comparable net Host Country base salary.~~

~~F. A Letter of Temporary International Assignment detailing the salary, allowances and any local provisions will be prepared for all employees accepting an international assignment.~~

~~The Letter of Temporary International Assignment will normally be generated by the Host Country Manager.~~

~~3. APPROVAL PROCESS~~

~~In order for an International Assignment to take place, appropriate approvals must be obtained prior to the initiation of any relocation activity, including that of the Vice Presidents of the employee's current organization and proposed organization, and of the President.~~

TEMPORARY INTERNATIONAL ASSIGNMENT POLICY

4. SELECTION FOR ASSIGNMENT

Incoming Organization

The formal job offer to an employee being considered for a Temporary International Assignment can be made only after all approvals have been obtained including that of The hiring manager, the Vice Presidents of the employee's current organization and proposed organization, the General Counsel (if the assignment is to or from the United States) and of the President.

Prior to the formal job offer, the hiring manager shall:

1. coordinate the compensation and relocation details with the appropriate personnel in the Staffing Departments of the Home and Host locations, the significant terms of which must be reflected in the offer letter and/or relocation agreement,
2. assure that the tax laws pertinent to the assignment duration have been defined through a tax consultant with whom Haemonetics has an agreement.
3. insure that the employee and family have received an international relocation orientation to develop realistic expectations about living at the location of assignment.

5. EMPLOYEE RESPONSIBILITIES

- A. Each employee is expected to base the decision regarding acceptance of an offered international assignment on the total opportunities.
- B. To assist in the decision making process, Haemonetics will provide employees with an orientation designed to promote realistic expectations about the prospective international location and job opportunity.
- C. Honesty and personal responsibility are the foundation of Haemonetics' operating principles. Each employee of Haemonetics that accepts an international assignment represents the Corporation and is expected to conform to these principles.
- D. Among the specifics, Haemonetics expects that employees on international assignment will:
  - comply with local laws,
  - comply with all regulations regarding visa, work and residency permits,
  - transfer funds or currency in strict accordance with the requirements of any country,

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~file timely personal tax returns which accurately reflect the  
frill and proper amount of tax liability to the employee's Home  
Country and/or the country of assignment,~~

~~declare material imported into any country honestly and correctly.~~

~~6. HOME COUNTRY CAREER MANAGER RESPONSIBILITIES~~

~~Each employee who accepts a Temporary International Assignment will have a  
designated Home Country Career Manager. This Manager should be a Vice  
President or a direct report of a Vice President in the employee's Home  
Country organization, as selected by the employee with the consent of the  
Manager selected. The Career Manager will have the following  
responsibilities:~~

~~1. Meet with the employee prior to the employee's actual transfer  
to discuss the assignment and future plans, including the repatriation plan  
and act as a career mentor to provide on-going support to the assignee  
throughout the assignment and assist in identifying a position for the  
assignee's return.~~

~~2. Assure that there is continuing Home Country organizational  
commitment to the employee during and at the time of the employee's return  
from the international assignment.~~

~~3. Assure that a Repatriation Plan is completed and maintained in  
the Home Country organization. The Repatriation Plan must include:~~

~~A. Potential positions for the assignee at the conclusion of  
the assignment, and~~

~~B. Activities intended to ensure the transfer of learnings,  
both professional and cultural, from the assignee to the returning  
organization.~~

~~4. Assure that the Host Country organization administers scheduled  
employee salary plans/reviews based on the provisions of the Home Country  
Salary Program.~~

~~5. Assure that there are regular meetings and communications with  
the employee during business trips and/or home leaves while the employee is  
internationally assigned.~~

~~6. Assure that there are opportunities for technical training as  
required to maintain the employee's skills.~~

~~7. Notify the employee if the Career Manager is unable to continue  
in the designated role, AND assist in identifying a new Career Manager.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~8. Initiate communications with the employee, at a minimum, nine (9) months prior to the employee's scheduled return. These communications should include:~~

~~A. Information pertaining to the positions which are being considered for the employee upon his/her return to the Home Country.~~

~~B. Activities which are being planned to facilitate the learning transfer from the assignee to the returning organization.~~

~~9. Communicate to the Host Country Vice President and employee the final details of a job offer (with required approvals, stated above); This communication should be completed within three (3) to six (6) months of the assignee's scheduled date of return.~~

~~7. IMMIGRATION~~

~~Most countries require a work permit and/or visa for non citizens to enter or be employed in the country. The Host Country (or organization with operational control, if different, with assistance of the Host Country) shall be responsible for securing all arrangements for the legal immigration of the employee and employee's family. The international relocation of an employee will take place only when the employee has received the necessary approval and documentation from the government at the Host location.~~

~~8. BENEFITS~~

~~A. Where legal, administratively feasible and practical, Haemonetics will retain the employee in the Home Country benefit programs under:~~

~~Life Insurance  
Disability  
Social Security  
Savings Plus [or other retirement vehicle]~~

~~If not feasible for legal or financial reasons, Haemonetics will provide the employee with comparable benefits at the Host location.~~

~~It is expected that the employee will participate in the Host Country medical plan on the same terms and conditions as other employees at the Host Country. An employee who participates in the Host Country medical plan may choose to also participate on their Home Country medical plan, if legally permitted, provided the employee continues to pay the full applicable premium for the Home Country plan, if any.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~B. Service Recognition Awards~~

~~Employees will participate in the Service Recognition Program in effect at the assignment location, unless the assignment location has no program. In that case, the employee will continue to be eligible to participate in the Home Country program.~~

~~C. Employee Stock Purchase Plan (ESPP)~~

~~Employees will be eligible to participate in the Employee Stock Purchase Plan of the Host Country, where service requirements include any service performed at the Home Country.~~

~~D. Vacations and Holidays~~

~~1. The employees on Temporary International Assignment will participate in the vacation accrual and holiday schedules in effect at the Host Country.~~

~~2. Employee's vacation days which have been accrued prior to the international assignment will be transferred with the employee upon international assignment, up to the maximum accrual amount of vacation days allowed in the Host Country. Any balance between the total accrued vacation the employee has earned prior to the assignment, and the amount to be transferred will be frozen in the Home Country, and may be used by the employee at the termination of the international assignment after return to the Home Country. At the termination of the international assignment, the employee may transfer vacation hours accrued while on assignment in accordance with the Host Country schedule, only to the extent that the total accrual to be transferred plus the balance remaining in the Home Country does not exceed the maximum allowable accrual for the employee in the Home Country.~~

~~3. Employees are encouraged to take all earned vacation each year while on Temporary International Assignment.~~

~~4. Upon return from assignment, any unused vacation time while on international assignment up to the maximum accrual amount of vacation days allowed in the Home Country, will be transferred with the employee back to the Home Country. In no event shall the total of the number of vacation hours "frozen" at the commencement of the international assignment plus the number of unused vacation hours transferred back to the Home Country with the employee who has completed an international assignment exceed the maximum vacation accrual allowed by the Home Country.~~

TEMPORARY INTERNATIONAL ASSIGNMENT POLICY

9. RELOCATION PROVISIONS

A. Familiarization Visit

1. Prior to a formal offer being made a Familiarization Visit for the anticipated final candidate to the proposed location is required. Coordination for this trip is the responsibility of the Incoming Manager.

2. Haemonetics will reimburse expenses for round trip air or ground transportation, lodging, meals and a rental car, including gas, for the employee and accompanying spouse for up to five (5) days, excluding travel time, in accordance with Haemonetics' expense account policy. These days will be taken as Company time for the employee, and also for the spouse if the spouse is a Haemonetics employee.

3. If the Familiarization Visit is combined with the house hunting trip, Haemonetics will reimburse expenses as detailed in the previous paragraph for a total of ten (10) days, excluding travel time.

4. The employee and accompanying spouse using international air travel are entitled to Business Class consistent with the guidelines in the Corporate Travel Policy.

Reimbursement will also be provided for overnight lodging, meals and necessary en-route expenses for one night if air travel time exceeds nine (9) hours.

5. Employees traveling by personal automobile will be reimbursed for mileage at the Company rate prevailing at the Host location.

6. Employees are discouraged from having children accompany them and their spouse on the Familiarization Visit. Approval for accompanying children will be granted by the Manager who is paying for the relocation expenses on an exception basis only, for special circumstances.

7. If children do not accompany the parents on the Familiarization Visit, reimbursement will be provided for expenses associated with providing child care in the Home location during the Familiarization Visit.

B. Physicals

1. Employees and accompanying spouse and children are encouraged to have a physical provided by the medical plan in effect at the Home Country location to assist in the decision making process.

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~2. If the medical plan in the Home location provides no reimbursement or only partial reimbursement for a physical, the Company will reimburse for the portion of the cost of a normal, routine physical that is not covered by the medical plan.~~

~~C. House Hunting Visit~~

~~1. The employee and spouse will receive a separate House Hunting Visit in addition to the Familiarization Visit. The Manager at the location of assignment will coordinate this visit.~~

~~2. Haemonetics will reimburse expenses for round trip air travel or ground transportation, meals, lodging, and a rental car, including gas, for the employee and accompanying spouse for up to five (5) days, excluding travel time, in accordance with Haemonetics' expense account policy. These days will be taken as Company time for the employee and also for the spouse, if the spouse is a Haemonetics employee.~~

~~3. The employee and accompanying spouse using international air travel are entitled to Business Class consistent with the guidelines in the Corporate Travel Policy.~~

~~Reimbursement will also be provided for overnight lodging, meals and necessary en route expenses for one night if air travel time exceeds nine (9) hours.~~

~~4. Employees traveling by personal automobile will be reimbursed for mileage at the Company rate prevailing at the Host Location.~~

~~5. Children are not eligible to accompany parents on the House Hunting Trip.~~

~~6. Reimbursement will be provided for expenses associated with providing child care for the children in the Home location during the House Hunting Trip.~~

~~D. Shipment of Household Goods and Personal Effects~~

~~1. Haemonetics will pay the normal and reasonable costs of moving the employee's personal effects to the international location. Payment for the shipment of household goods will be made only in circumstances where furnished accommodations are not available.~~

~~2. Items such as boats, heavy equipment, pianos, art objects, collectibles etc. requiring special handling will not be moved at Company expense.~~

~~3. Haemonetics will not reimburse duty expenses for luxury items, liquor and wine, perfumes or newly purchased items related to moving household goods or personal effects of the employee.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~4. Employees (whether single or married) going on Temporary International Assignment are eligible to ship up to 1,000 pounds (450 kilograms) of household goods/personal effects by air; any remaining household goods/personal effects will be shipped by surface shipment. Management paying for the relocation may elect to ship all of the household goods by air when this is the most cost effective method for the Company.~~

~~5. Storage of Goods~~

~~A. Storage of goods not shipped by the employee, including transportation to and from storage, is paid by the Company for the duration of the Temporary International Assignment~~

~~B. Temporary Storage of goods during the move is also reimbursed by the Company when necessary.~~

~~6. Appliances~~

~~Haemonetics will not ship heavy appliances (such as stove, refrigerator, clothes washer, clothes dryer, and television), unless it is more cost effective for the Company. Haemonetics will either provide these appliances or reimburse employees for the cost of purchasing these appliances in the Host Country. Reimbursement will be provided up to a reasonable amount established by Host Country Personnel with appropriate documentation submitted by employee, provided these appliances are not included as part of the rental housing.~~

~~7. Household Pets~~

~~1. Haemonetics defines household pets as those that normally reside in the employee's home and will reimburse reasonable costs associated with the following:~~

~~Health Certification~~

~~Travel and Travel Containers~~

~~Quarantine~~

~~Boarding during Temporary Living, if necessary~~

~~2. It will be the employee's responsibility to identify regulations and requirements necessary for the importation of their household pets to the international location.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~3. It will also be the employee's responsibility to make all the necessary travel arrangements for the importation of household pets.~~

~~E. Automobiles~~

~~All of the provisions for automobiles (Shipment, Storage, Sale and Lease Cancellation) apply to one (1) automobile for employees relocating alone and for up to two (2) automobiles for employees accompanied by family.~~

~~1. Shipment of Automobiles~~

~~a. Haemonetics will not normally ship automobiles from one country to another unless it is cost effective for the Company.~~

~~b. If automobiles are authorized by the Company to be shipped, Haemonetics will pay for the shipment of up to two automobiles, including freight, handling, and insurance, as required, but will not pay shipping charges in excess of the estimated Loss on Sale and/or Storage costs for the qualifying vehicle(s).~~

~~2. Storage of Automobiles~~

~~If an employee elects to store an automobile during an international assignment, reasonable and ordinary storage costs will be paid for the duration of the employee's international assignment.~~

~~3. Sale of Automobile~~

~~a. If an employee sells an automobile and is forced to take a loss on the sale, Haemonetics will reimburse any loss up to a maximum of 20% of the Blue Book value of the automobile. The loss is the difference between retail value and actual selling price.~~

~~b. Loss on Sale provisions apply at the Home location at the start of the assignment and at the foreign location at the end of the assignment.~~

~~c. The automobile's retail value is determined by an authorized automobile valuation service operating in the country where the automobile is sold. If such a service is unavailable, an authorized automobile dealer can provide a quote of the automobile's value in writing.~~

TEMPORARY INTERNATIONAL ASSIGNMENT POLICY

4. Lease Automobiles

If an employee elects to break a lease on their automobile in the Home Country at the start of assignment or in the Host Country at the conclusion of assignment and there are lease breaking penalties involved, reimbursement of these costs will be provided up to the Blue Book value of the leased car.

10. PERSONAL INVESTMENT

Haemonetics does not assume responsibility for losses of funds on personal investments or losses arising from currency exchange rate fluctuations affecting Temporary International Assignees' personal investments. Personal investments include purchase and sale of real estate.

A. Sale of Home Prior to Relocation

Employees are eligible for the provisions of the Sale of Home Policy consistent with the Relocation Policy in their Home Country when accepting a Temporary International Assignment as long as the sale is completed within the first year of assignment.

B. Lease Cancellation of Apartment/House Prior to Relocation

If the employee is required to terminate a lease on their primary residence prior to moving internationally, Haemonetics will reimburse the employee for charges up to an amount which equals three months rental.

C. Leasing Assistance for Home in the Home Country

Employees may wish to lease their home in their Home Country rather than sell when accepting a Temporary International Assignment. If so, reimbursement will be provided for:

- broker's fee, if any, or reasonable cost if no broker's fee is involved, for securing a tenant.
- legal fees for drawing up a lease agreement.
- a reasonable fee for a management company to manage the property during the employee's absence.
- the cost of mortgage interest on the first mortgage only, real estate taxes, homeowner's insurance and reasonable maintenance for each month that the property is not rented, up to a maximum of three months per calendar year of assignment.
- the difference between the rental rate and the monthly carrying costs (mortgage interest, real estate taxes and insurance), to a reasonable figure.

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~the additional insurance cost of renter's insurance over the employee's previous homeowner's policy, if any.~~

~~11. OTHER REIMBURSEMENTS~~

~~A. Language Lessons~~

~~Employees and family members relocating to a country whose language they neither speak nor understand well are eligible to be reimbursed for the cost of a reasonable amount of language instruction for each relocating family member. Reimbursement amounts will be determined by Host Country Manager.~~

~~B. Travel to New Location~~

~~1. Haemonetics will pay travel expenses for the employee and accompanying spouse and children. Reasonable en route expenses for meals, lodging, tips, and other necessary items are reimbursed.~~

~~2. Employees and accompanying spouse and children using international air travel are entitled to Business Class consistent with the guidelines in the Corporate Travel Policy. Reimbursement will also be provided for overnight lodging, meals and necessary en route expenses for one night if air travel time exceeds nine (9) hours.~~

~~3. Employees traveling by personal automobile will be reimbursed for mileage at the Company rate prevailing at the Host location.~~

~~4. Employees who travel by means other than air travel or ground transportation will be reimbursed only up to the cost of air travel from the old location to the new location and any additional time taken en route is considered vacation time.~~

~~C. Travel for Children~~

~~If the employee has dependent, unmarried children (who are under 19 years of age unless a fulltime student, and then under 23 years of age) who do not accompany the employee on the Temporary International Assignment, Haemonetics will pay for round trip Economy Class air fares for each child up to two visits per year to the international location.~~

~~This policy provision applies to children who are full time students and/or to children who are fully dependent on their parents for financial support.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~D. Temporary Living~~

~~1. All employees and accompanying family members are permitted up to a total of thirty (30) days of temporary living in the Home and/or Host location, if necessary. Any extension due to non-availability of housing, delays in shipment of household goods, etc., must be approved by the Manager paying for the employee's relocation.~~

~~2. The following items are considered reimbursable for the employee and accompanying family members during temporary living, if supported by receipts:~~

~~\_\_\_\_\_ Lodging — hotel/motel rates approved by the Company for the area, or furnished apartments~~

~~\_\_\_\_\_ Auto Rental, excluding gas, (one automobile) — the size of the automobile should be reasonable for the family size.~~

~~\_\_\_\_\_ Meals~~

~~3. Employees who elect to stay with family or friends during temporary living will be eligible for reimbursement of auto rental expenses (one automobile) if supported by receipts, and \$25 per day if the employee is alone or \$50 per day if the employee is traveling with his/her family (regardless of size).~~

~~E. Miscellaneous Relocation Reimbursement~~

~~1. Upon arrival at the location of assignment, employees will receive a one-time payment to assist in defraying miscellaneous costs incurred in the relocation which are not specifically reimbursable under other provisions of this policy.~~

~~This payment will be made in local currency at the location of international assignment and will be consistent with the amount in effect at the incoming location on the date the assignee begins the International Assignment.~~

~~2. Two levels of payment will be administered based on the number of accompanying family members:~~

~~\_\_\_\_\_ Unaccompanied employees or employees with one family member~~

~~\_\_\_\_\_ Employees accompanied by two or more family members~~

~~3. The amounts of the miscellaneous payment are reviewed by the Corporation each year and adjusted, as appropriate.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~4. The specific amount for each employee on international assignment will be stated in the Letter of Assignment~~

~~F. Reimbursement for Transferring Funds Internationally~~

~~Haemonetics recognizes that employees who are on a Temporary International Assignment have financial obligations in both the Home and Host Country. In order to facilitate the transfer of funds from one country to another, Haemonetics will reimburse employees who are on international assignment for the bank/wire transfer charges involved in making monetary transfers from one country to another for one such transfer per month.~~

~~G. Reimbursement for Mail Forwarding Services~~

~~At the employee's election, the Home Country business address will be the forwarding address for all personal mail and the Home Country will take responsibility for forwarding it to the employee in the Host Country, or the employee will be reimbursed for reasonable and ordinary expenses associated with a formal mail forwarding service to the Host Country.~~

~~H. Housing Allowance at the Host Location~~

~~Employees on Temporary International Assignment are expected to reside in rental properties. A Housing Allowance will be paid to employees at locations where the cost of rental housing requires a larger percentage of the employee's income than the average percentage spent on housing in the Home Country. This average cost represents the employee's Housing Contribution and will be calculated according to Home Country norms provided by a third party consultant.~~

~~Haemonetics will pay the difference between this norm and a reasonable rent at the location of assignment. Reasonable rent figures are determined and maintained by Host personnel and are to be communicated to the employee during the Familiarization Visit or House hunting Trip.~~

~~I. Purchase/Sale of Home (Host Country)~~

~~1. Employees on Temporary International Assignment are not encouraged to purchase a home at the international location. Haemonetics will NOT provide any assistance with the purchase/sale of a home at the Host location.~~

~~2. Employees who purchase a home at the Host location will NOT receive any Housing Allowance.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~~~J. Cost of Living Allowance~~

~~1. A cost of Living Allowance will be paid to employees at international locations using the Home Compensation Method where the costs of normally purchased goods and services exceed those which the employee would be expected to pay in the Home Country. This allowance will begin when the employee moves out of temporary living.~~

~~2. Cost of Living Allowances are determined by a third party consultant and will vary based on family size, salary, exchange rates, and cost of living surveys.~~

~~K. Educational Reimbursement~~

~~1. Certain costs for private schooling are paid for children of employees on international assignment when the public schooling available at the international location is incompatible (due to language or curriculum or culture) with public schooling provided in the Home Country.~~

~~2. The general standard used to determine curriculum adequacy is that a child who completes a grade in an international school must be able to enter the next higher grade in the Home Country school.~~

~~3. Actual and reasonable costs for registration, tuition, books and transportation are reimbursed. All other costs associated with private schooling including, but not limited to, athletic fees, lab fees, music fees, extra curricular activities, etc. are not reimbursed.~~

~~4. If the decision is made to send a child to school outside the country of assignment and private schooling is available at the location of assignment, the reimbursement will not exceed the amount which would have been payable at the location of assignment.~~

~~If the decision is made to send a child to school away from the location of assignment by reason of private schooling not being available at the location of assignment, reimbursement will be provided for room, board, registration, tuition, books and up to two round trips per year to the family's location of assignment~~

~~5. Reimbursement of these expenses is limited to elementary (including kindergarten) and secondary school children who normally and customarily attend public schools in their Home Country and/or who meet the minimum age for public education at the location of assignment.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~12. LEAVES~~

~~A. Home Leave~~

~~1. Haemonetics grants home leave to each employee who is on Temporary International Assignment.~~

~~2. One (1) home leave is granted for each twelve (12) months of international assignment completed. In unusual situations, or to coincide with holiday periods in the Home Country, the Host Manager may authorize the first home leave after the employee has completed less than twelve months at the international location.~~

~~3. There are two purposes for the home leave.~~

~~a. For the employee to maintain communication with the Home Country Career Manager and conduct any other business that is necessary. The employee is required to meet with his/her Career Manager during home leave to discuss the international assignment and the employee's future return to the Home Country.~~

~~b. For the employee and family to maintain their identity with the Home Country.~~

~~4. Employees and accompanying spouse and children using international air travel are entitled to travel International Business Class consistent with the guidelines in the Corporate Travel Policy. Reimbursement will also be provided for overnight lodging, meals and necessary en route expenses for one night if air travel exceeds nine (9) hours.~~

~~5. Haemonetics encourages employees and family members to stay with relatives or friends when possible during home leave. Employees staying with friends or relatives will be reimbursed for a rental car, including gas, for five (5) days and will receive \$25 per day if traveling alone and \$50 per day if traveling with a family (regardless of size).~~

~~When it is not possible for employees to stay with relatives or friends, a total of ten (10) days in the home work location will be reimbursed for the employee and accompanying family members for reasonable lodging expenses as well as a reimbursement for a rental car, including gas, and meals.~~

~~6. If the Home Country Career Manager works in a different location from where the employee worked immediately prior to assignment, the employee (not the family) will be reimbursed for air fare to return to the location of the Home Country Career Manager.~~

~~7. If the family wants to return to a place in the Home Country other than where the employee worked immediately prior to the assignment they may do so, but travel costs will be reimbursed only up to the air fare amount for return to the home work location.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~8. If an employee elects alternative means of transportation or non-direct routing, Haemonetics will reimburse reasonable and actual expenses not to exceed the cost of direct air fare between the location of assignment and the home work location.~~

~~9. Home leave will be taken as vacation time for the employee, excluding travel time and days spent by the employee conducting Haemonetics business and meeting with the Home Country Career Manager.~~

~~B. Emergency Leave~~

~~1. Emergency Leave will be granted to the employee and/or spouse for five days of company time, excluding travel time, in cases of serious illness of the following:~~

~~parent/stepparent  
child/stepchild living in the Home Country  
employee's spouse~~

~~2. This leave will also be granted in cases of death of the employee's or spouse's:~~

~~parent/stepparent      employee's spouse      sister/stepsister  
child/stepchild      brother/stepbrother      grandparents~~

~~3. Haemonetics will reimburse reasonable and customary expenses for round trip air travel or ground transportation, lodging, a rental car, including gas, and meals if the employee and accompanying family members need to stay in a hotel during the Emergency Leave.~~

~~4. If children do not accompany the parents on the Emergency Leave, reimbursement will be provided for expenses associated with child care at the location of assignment.~~

~~C. Death in the Foreign Location~~

~~1. In the event of death of an employee while on international assignment, or of a dependent, at the foreign location, Haemonetics will pay the expenses in the Host Country associated with returning home for burial/cremation, whichever the employee or spouse wishes, provided local laws permit.~~

~~2. If the remains are to be returned to the Home Country or to another location designated by the family, the Company will assume the costs of shipment, the required documentation and transportation by regular sea or air service to an undertaking establishment designated by the family.~~

~~3. In the case of the employee's death, the family will be relocated to the Home Country under the repatriation plan of the International Relocation Policy.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~~~13. TAXES~~

~~A. Haemonetics has an agreement with an international tax consulting firm to provide specified tax services to internationally assigned employees.~~

~~B. Haemonetics will pay for the costs of these specified services if provided by the international tax consulting firm with whom Haemonetics has an agreement.~~

~~A. Tax Orientation~~

~~Employees who are transferring internationally are eligible for, and must receive, a tax orientation prior to the start of the assignment in their Home Country and at the Host location to ensure that they are aware of their tax responsibilities in both locations.~~

~~B. Tax Preparation~~

~~Employees on a Temporary International Assignment are eligible to have income tax forms for both the Home and Host locations prepared annually by the international tax consulting firm with whom Haemonetics has an agreement during the years that they are on assignment.~~

~~C. Tax Reimbursement~~

~~1. Employees accepting a Temporary International Assignment may experience an increase in personal tax liability by reason of their receiving additional taxable expenses, or allowances, and/or by reason of their compensation being subject to the tax laws of two locations.~~

~~2. Haemonetics will reimburse employees on a Temporary International Assignment with a Home Country Method of Compensation for the difference between:~~

~~a. hypothetical Home Country income tax calculated on Company based salary, the taxable income element on Haemonetics stock options, and outside income; and~~

~~b. actual total income tax calculated on the same Company base salary, the taxable income element on Haemonetics stock options, and outside income plus relocation allowances and taxable relocation reimbursements related to the international assignment.~~

~~3. The amount of personal/outside income eligible to be included in the tax reimbursement calculation is \$10,000.00 or 15% of base salary, whichever is greater. Capital gains from sale of home are subject to these limits.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~4. The intent is that the employee pay neither more nor less income taxes on base salary, the taxable income element on Haemonetics stock options, and outside income than would have been paid by the employee if the employee had remained in the Home Country (subject to the \$10,000 or 15% of pay limit for outside/personal income stated in the previous paragraph).~~

~~5. Haemonetics' intent is to also provide relocation allowances and taxable relocation reimbursements to the employee net of tax liability.~~

~~6. Reimbursement of excess taxes, if any, will be paid to the employee only if the calculation of tax reimbursement is performed by the international tax consulting firm with whom Haemonetics has an agreement.~~

~~14. REPATRIATION~~

~~A. Employees will normally return to their Home Country at the conclusion of the Temporary International Assignment consistent with their Repatriation plan. The Home Country Career Manager will coordinate the return through the Staffing Department of the Home Country.~~

~~B. The Host Manager will be responsible for providing employees with a reasonable amount of time to meet with their Career Manager and to interview in the Home Country prior to the planned date of return.~~

~~C. Employees paid using the Home Country Compensation Method will return to the Home Country at their current base salary (net of housing or cost of living allowances) at the time of repatriation.~~

~~15. CONCLUSION OF ASSIGNMENT~~~~A. Return to Home Country~~

~~At the conclusion of the Temporary International Assignment the employee will return to the Home Country under the provisions of the Repatriation Policy.~~

~~B. Early Return from Temporary International Assignment~~

~~1. The Corporation may deem it appropriate to return an employee to the Home Country prior to the planned date of return based on changing business needs or uncorrected performance issues occurring during the term of the assignment. In addition, early return may be initiated by the employee based on personal or family concerns of a serious or imperative nature.~~

~~TEMPORARY INTERNATIONAL ASSIGNMENT POLICY~~

~~2. An employee who returns early from an international assignment will receive the relocation provisions listed in the Repatriation Policy.~~

~~C. Voluntary Resignation~~

~~If an employee voluntarily resigns from Haemonetics while on Temporary International Assignment, Haemonetics provides no relocation assistance.~~

~~D. Termination~~

~~1. Employees on Temporary International Assignment may be terminated from the Corporation at the Host location as a result of violations of Company rules or illegal acts in the Host Country.~~

~~2. In the event of termination of employment for these reasons, the employee and any accompanying family members will be relocated back to the Home Country and will receive only the following relocation provisions:~~

- ~~Travel to the Home Location~~
- ~~Household Goods/Personal Effect Shipment~~
- ~~Tax Consultation, Tax Preparation, Tax Equalization~~

~~3. The expense for the relocation provisions will be paid by the Host Country Manager.~~

~~ATTACHMENT A~~

~~BALANCE SHEET COMPENSATION HYPOTHETICAL~~

~~EMPLOYEE EARNING \$100K PER YEAR IS RELOCATED FROM US TO FRANCE; EMPLOYEE HAS SPOUSE AND TWO CHILDREN~~

~~EMPLOYEE RECEIVES:~~

~~BASE PAY \$8,333 PER MONTH \*~~

~~COST OF LIVING DIFFERENTIAL \$2,603 PER MONTH~~

~~HOUSING DIFFERENTIAL \$2,663 PER MONTH (\*Unless employee receives reimbursement of actual costs of temporary living)~~

~~MONTHLY PAY \$13,599~~

~~PLUS TAX GROSS UP (?) To maintain employee tax obligation as if at home.~~

~~\* NOTE. ALL BENEFITS COVERAGES, AND MERIT INCREASES ARE BASED ON BASE COMPENSATION, NOT INCLUDING ALLOWANCES.~~

~~EXECUTIVE EMPLOYMENT AGREEMENT, AS AMENDED~~

~~This Executive Employment Agreement (the "Agreement") is entered into effective as of October 23, 1998 (the "Effective Date"), as amended October 7, 2000 between Ronald J. Ryan (the "Executive") residing at 19 Suffolk Road, Sudbury, MA 01776 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 Senior Vice President and CFO of the Company and to perform such specific duties as may reasonably be assigned to Executive from time to time by the Company's President and Chief Executive Officer 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.~~

~~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 \$250,000 per annum until February 9, 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 \$125,000. 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 25,000 non qualified stock options for common stock of the Company at the price which is the NYSE 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 February 9, 1998 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 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.~~

~~(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 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 be 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 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 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 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 iii 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 two (2) 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(c) of Schedule I 4A 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 stockholder 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 a 70% 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,~~

~~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"), together with any earned quarterly bonus.~~

~~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 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 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, 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 & 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 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 02184~~

~~If to Executive, to: 19 Suffolk Road  
Sudbury, MA 01776~~

~~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 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 this 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 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.~~

~~6.9 Withholding. Any payments provided for hereunder shall be paid after deducting any applicable withholding required under federal, state or local law.~~

~~6.10 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, with the exception of the offer letter dated January 27, 1998, points 5 (providing for four weeks of annual vacation) and 7 (providing for a company leased automobile). A copy of this letter is attached. 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.~~

s/ Ronald J. Ryan \_\_\_\_\_ s/ James L. Peterson \_\_\_\_\_

Ronald J. Ryan \_\_\_\_\_ James L. Peterson \_\_\_\_\_



~~EXECUTIVE EMPLOYMENT AGREEMENT, AS AMENDED~~

~~This Executive Agreement (the "Agreement") is entered into effective as of December 5, 2000 (the "Effective Date"), as amended November 10, 2001 between Stephen C. Swenson (the "Executive") a resident at 119 Falcon Drive, Charlottesville, Va. 22901 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 Executive Vice President of the Company, based at the Company's corporate offices in Braintree, Massachusetts, and to perform such specific duties as may reasonably be assigned to Executive from time to time by the Company's President and Chief Executive Officer for the period commencing on the Effective Date and continuing until terminated as herein provided. Executive hereby accepts such employment for the term hereof. Executive agrees to complete his physical relocation to Massachusetts area by September 1, 2002, unless otherwise mutually agreed.~~

~~1.2 Full Time Commitment. During the period of Executive's 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. The Company shall pay to Executive a base salary at the rate of \$260,000 per annum. Annually the, Executive's base salary will be reviewed for a potential change. In addition, the Executive will be eligible to receive bonus payments, paid twice per year, beginning Q4 of FY01, based on performance against agreed quarterly objectives. For 100% performance the bonus payout is set at \$100,000 annually (up to \$25,000 per quarter) Annually the, Executive's target bonus will be reviewed for a potential change.~~

~~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 Option Plan. Executive shall be entitled to participate further 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. Subject to approval by the Board of Directors, Executive shall be granted 100,000 non qualified stock options for common stock of the Company at the NYSE average daily price on the date on which the Board of Director's Compensation Committee approves the grant, to be no later than the date of the next regularly scheduled meeting of the Compensation Committee. 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.~~

~~2.5 Forgivable Loan. To assist Executive's relocation to the Massachusetts area, the Company shall make a loan to Executive in the amount of \$500,000, to be used for Executive's~~

~~purchase of a principal residence, such loan to be forgiven or repaid in accordance with the terms of a Promissory Note between Executive and the Company dated within next 60 days.~~

~~ARTICLE 3. TERMINATION~~

~~3.1 Term. Unless earlier terminated as herein provided, Executive's employment pursuant to this Employment Agreement shall commence on (date), 2000 and continue for an initial period ending on (date), 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 in writing 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 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.~~

~~(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 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; or~~

~~(iv) a materially adverse change in Executive's title shall have occurred. 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 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.~~

~~If, prior to a Change in Control, Executive shall have received the whole or any part of a Forgivable Loan as described in his Offer Letter dated December 1, 2000, then following a Change in Control in which severance payments and benefits are payable in accordance with Article 4 below, forgiveness of any indebtedness outstanding under said Loan shall be~~

~~accelerated in full. If the acceleration of loan forgiveness is triggered, then Executive shall not be entitled to receive any part of the Forgivable Loan not already disbursed as of the Change of Control.~~

~~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 stockholder 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 designate 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,~~

~~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"), together with an amount equal to Executive's average bonus over the preceding 3 years, such payment to be made in twelve (12) equal monthly payments commencing on the date such termination occurs and ending one (1) year thereafter.~~

~~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 continued life insurance coverage, long term disability coverage or the Company's matching contribution, if any, under its 40 1(k) Plan, 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, 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 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 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 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 medical devices or solutions for use in 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.~~

~~6.2 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 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 02104  
Attention: James L. Peterson, CEO~~

~~If to Executive, to: 110 Falcon Drive  
Charlottesville, VA 22901~~

~~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 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.~~

~~6.7 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 Commercial 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 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 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, with the exception of the Offer Letter from Haemonetics to you dated December 1, 2000, providing for four weeks of annual vacation. A copy of this letter is attached. 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.~~

~~s/ Stephen C. Swenson \_\_\_\_\_ s/ James L. Peterson \_\_\_\_\_~~

~~Stephen C. Swenson \_\_\_\_\_ James L. Peterson \_\_\_\_\_~~

~~EXECUTIVE EMPLOYMENT AGREEMENT, AS AMENDED~~

~~This Executive Employment Agreement (the "Agreement") is entered into effective as of February 1, 2000 (the "Effective Date"), as amended October 16, 2000, between Timothy Surgenor (the "Executive") resident at 201 Claybrook Road, Dover, MA 02030 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 Executive Vice President 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 and Chief Executive Officer for the period commencing on the Effective Date and continuing until terminated as herein provided. Executive hereby accepts such employment for the term hereof. The parties acknowledge that Executive will be a candidate for the position of CEO of the Company, at a future date not yet known, and that the final decision regarding who to appoint as CEO as well as regarding all terms and conditions of employment as CEO shall be determined exclusively by the Haemonetics Board of Directors or its delegate.~~

~~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. The Company shall pay to Executive a base salary at the rate of \$260,000 per annum for one year, which will be reviewed for a potential change, as of April 1, 2001 and annually thereafter. In addition, the Executive will have a bonus plan, paid quarterly, based on the achievement of performance objectives. For Q4 of FY00, the bonus plan shall pay \$25,000 at 100% achievement of objectives. If Executive commences employment by at least February 1, 2000, Executive shall receive 100% of the Q4 bonus. For FY01, the bonus plan shall pay \$100,000 at 100% achievement of objectives, and for FY01 only Executive shall be guaranteed a minimum bonus pay out of \$75,000. Executive's bonus plan will be reviewed annually to correspond with the date of Executive's 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 250,000 non qualified stock options for common stock of the Company at the NYSE average daily price on the date on which the compensation committee executes the vote not to be later than the date of the next board meeting. All such options shall vest 25% per year over four years, with the first 25% to vest 12 months after the respective dates of grant, and additional 25% vesting to occur on each of the next three 12 month anniversaries of the respective dates of grant.~~

~~ARTICLE 3. TERMINATION~~

~~3.1 Term. Unless earlier terminated as herein provided, Executive's employment shall commence on February 1, 2000 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 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 of systems of the Company.~~

~~(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 remain uncured 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 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 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 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. "Materially adverse change" in responsibilities or title, as used in Sections 3.3 (iii) and (iv) hereof, shall not be construed to include Executive's failure to be promoted to the position of CEO 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 two (2) 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 stockholder 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 designed by the Company, one designated by Executive (or his personal representative) and one designate 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,~~

~~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"), together with a one time average bonus over the preceding 3 years, made in twelve (12) equal monthly payments commencing on the date such termination occurs and ending one (1) year thereafter.~~

~~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, 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; 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: These concepts and ideas known to the Executive relating to the Company's present 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, as to Inventions, if based on or related to Proprietary Information, "made" by the Executive within twelve (12) months after the termination of such employment) 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 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  
Attn: James L. Peterson, President~~

~~If to Executive, to: 201 Claybrook Road  
Dover, MA 02030~~

~~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 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.~~

~~6.7 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 this Agreement or the performance by the parties of its terms, shall be settled by; binding arbitration held in Boston, Massachusetts in accordance with the Commercial 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 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, with the exception of the offer letter dated December 10, 1999, points 5 (providing for four weeks of annual vacation) and 7 (providing for a Company leased automobile). A copy of the offer letter is attached hereto. 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.~~

~~[THIS PAGE INTENTIONALLY LEFT BLANK]~~





## EXECUTIVE EMPLOYMENT AGREEMENT AS AMENDED

~~This Executive Employment Agreement (the "Agreement") is entered into effective as of August 30, 2000 (the "Effective Date"), and amended as of August 31, 2001, between Thomas D. Headley (the "Executive") a resident at 83 Westgate Road, Wellesley, Massachusetts 02481, and Haemonetics Corporation (the "Company"), a Massachusetts corporation with its principal executive offices at 400 Wood Road, Braintree, Massachusetts 02194.~~

## ARTICLE 1. EMPLOYMENT OF EXECUTIVE

~~1.1 Approval by Stockholders of Transfusion Technologies Corporation. This Agreement shall be binding upon the parties hereto only upon approval of the payments and benefits to be provided hereunder by the stockholders of Transfusion Technologies Corporation by a vote satisfying the shareholder approval requirements of Section 280G(b)(5)(B) of the Internal Revenue Code of 1986, as amended (the "Shareholder Approval"), and upon the closing described in 1.2 below. Without such Shareholder Approval and closing, this Agreement shall be null and void and no payments hereunder shall be made.~~

~~1.2 Employment. Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive in a full time capacity to serve as Executive Vice President of the Company and to perform such specific duties as may reasonably be assigned to Executive from time to time by the Company's President and Chief Executive Officer for the period commencing upon the closing of the Agreement and Plan of Merger by and among Haemonetics Corporation, Transfusion Technologies Corporation, Transfusion Merger Co. and certain stockholders of Transfusion Technologies (the "Commencement Date") and continuing until two years from the Commencement Date as herein provided. Executive hereby accepts such employment for the term hereof.~~

~~1.3 Full Time Commitment. During the period of Executive's employment with the Company, Executive will, unless prevented by ill health, devote his 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. The Company shall pay to Executive a base salary at the rate of \$230,000 per annum. In addition, the Executive will have a target bonus based upon performance against agreed objectives. At 100% performance against objectives, payout is set at \$60,000 per year, paid quarterly. Executive's salary will be reviewed annually and may be adjusted at that time. Executive will also receive a sign on bonus of \$1,108,828.00, of which \$1,019,004.00 is to be paid within three (3) business days after the Commencement Date and \$179,824.00 to be paid at the end of the two year period of employment, provided Executive is an active employee at such time.~~

~~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 four weeks of vacation annually, and including reasonable travel expenses incurred while engaged in Company business. For purposes of certain Company benefits which are based upon date of hire, such as eligibility for health benefits, and calculation of vacation accrual and employee service awards, Executive's date of hire will be deemed to be his date of hire by Transfusion Technologies Corporation, which is May 10, 1993.~~

~~2.3 Participation In Share Option Plan. Subject to approval by the Board of Directors, Executive shall be granted 70,000 non-qualified stock options to purchase common stock of the Company, in accordance with the Company's stock option plan, at the then current market price as set forth in the grant. The Stock Option Agreement shall provide that said options shall vest as follows: 20,545 options shall vest immediately; 24,728 options shall vest twelve months from the Commencement Date; and the balance of 24,727 options shall vest twenty four months from the Commencement Date.~~

## ARTICLE 3. TERMINATION

~~3.1 Term. Unless earlier terminated as herein provided, Executive's employment pursuant to this Employment Agreement shall begin on the Commencement Date and shall continue until two years from that date.~~

~~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 material 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 knowing falsification of any books, records, documents of systems of the Company.~~



~~(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 material 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 remain uncured 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 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~~

~~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 1.5 times then current Base Salary and provided further that the balance of Executive's sign-on bonus provided in section 2.1 of the Agreement shall be accelerated and paid at the same time as the lump sum severance payment made under this new section 3.4. 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(c) 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 stockholder 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 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,~~

~~the Company shall pay Executive, as a severance payment, an amount equal to all of Executive's base salary remaining to be paid under this employment agreement. Such payment shall be made in monthly installments during the period commencing on the date such termination occurs and ending two years from the Commencement Date.~~

~~4.2 Benefits. If Section 4.1 is applicable, the Company shall also provide to Executive until two years from the Commencement Date, 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 benefit plan, program or policies.~~

~~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 payments or benefits described in the foregoing Section 4.2 during the Severance Period, then the Company may choose to provide to Executive substantially equivalent benefits or, at Executive's election, the cash value of equivalent benefits. By way of example, this provision shall apply to benefits or payments payable under the Company's medical, dental, life and long term disability programs, as well as the Company's matching contribution under the 401(k) plan. This provision shall not apply to group travel accident coverage or to the Company's Employee Stock Purchase Plan, which shall terminate upon termination of 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 of nature disclosed to Executive or known by Executive (whether or not invented, discovered or developed by Executive) as a consequence of or through 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 Executive prior to or after the date hereof.~~

~~5.1.2 Concepts and Ideas: Those concepts and ideas, in the area of blood processing, known to Executive relating to the Company's present and prospective activities and products.~~

~~5.1.3 Inventions: Discoveries and developments, in the area of blood processing, 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 Executive, acting alone or in conjunction with others, during or in connection with Executive's employment (or, if based on or related to Proprietary Information, "made" by Executive within twelve (12) months after the termination of such employment) and those Concepts and Ideas held by Executive shall be the property of the Company, free of any reserved or other rights of any kind on Executive's part in respect thereof.~~

~~5.3 Executive will promptly make full disclosure to the Company in writing to the Chief Executive Officer of any such Inventions and Concepts. Further, 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 Executive's duties hereunder, 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 Executive's possession or control by reasons of Executive's employment,~~

~~whether prepared by Executive or others, are the property of the Company, will not be used by Executive in any way adverse to the Company, will not be removed from the Company's premises except as Executive's normal duties require and, at the termination of Executive's employment with the Company, will be left with or forthwith returned by Executive to the Company.~~

~~5.6 During the time Executive is an employee of the Company and for a period of one (1) year thereafter, 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 Executive endeavor to entice away from the Company any employee whether on Executive's behalf or on the behalf of another while 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 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 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~~

~~\_\_\_\_\_ Attention: James L. Peterson, CEO~~

~~\_\_\_\_\_ If to Executive, to: \_\_\_\_\_ Thomas D. Headley  
\_\_\_\_\_ 83 Westgate Road  
\_\_\_\_\_ Wellseley, Massachusetts, 02481~~

~~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 such officer of the Company 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.~~

~~\_\_\_\_\_ 6.7 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 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.~~

~~\_\_\_\_\_ 6.9 Withholding. Any payments provided for hereunder shall be paid after deducting any applicable withholding required under federal, state or local law.~~

~~6.10 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/ Thomas D. Headley~~

~~s/ James L. Peterson~~

~~Thomas D. Headley~~

~~By: James L. Peterson  
President and CEO~~

