FORM 10-Q

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

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

For the quarter ended: December 27, 1997   Commission File Number: 1-10730

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of incorporation or organization)

04-2882273
(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 X   No _____

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

26,512,979 shares of Common Stock, $ .01 par value, as of
December 27, 1997

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HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	December 27, 1997 (unaudited)	March 29, 1997

Current assets:		
Cash and cash equivalents	$ 7,330	$ 8,302
Accounts receivable, less allowance of $926 at December 27, 1997 and $961 at March 29, 1997	78,407	72,199
Inventories	60,781	55,090
Current investment in sales-type leases, net	14,311	13,559
Deferred tax asset	12,811	14,290
Other prepaid and current assets	14,165	4,229
Total current assets	187,805	167,669
Property, plant and equipment	200,408	190,758
Less accumulated depreciation	92,688	87,148
Net property, plant and equipment	107,720	103,610
Other assets:		
Investment in sales-type leases, net	38,132	30,954
Distribution rights, net	10,925	10,266
Other assets, net	14,849	11,047
Total other assets	63,906	52,267
Total assets	$359,431	$323,546

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	$ 22,576	$ 19,511
Accounts payable	21,658	27,885
Accrued payroll and related costs	9,405	6,814
Accrued income taxes	0	10,478
Other accrued expenses	20,285	8,936
Total current liabilities	73,924	73,624
Deferred income taxes	12,580	12,770
Long-term debt, net of current maturities	50,143	10,015
Other long-term liabilities	3,721	1,863
Stockholders' equity:		
Common stock, $.01 par value; Authorized - 80,000,000 shares; Issued - 29,294,736 at December 27, 1997; 29,238,350 shares at March 29, 1997	293	292
Additional paid-in capital	58,403	56,547
Retained earnings	214,479	215,657
Cumulative translation adjustments	(7,750)	(6,162)
Stockholders' equity before treasury stock	265,425	266,334
Less: treasury stock - 2,781,757 shares at cost at December 27, 1997 and 2,478,888 shares at cost at March 29, 1997	46,362	41,060
Total stockholders' equity	219,063	225,274
Total liabilities and stockholders' equity	$359,431	$323,546

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

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

	Three Months Ended		Nine Months Ended	
	December 27, 1997	December 28, 1996	December 27, 1997	December 28, 1996
Net revenues	$ 75,782	$76,550	$234,723	$226,482
Cost of goods sold	40,285	38,468	127,628	106,174
Gross profit	35,497	38,082	107,095	120,308
Operating expenses:				
Research and development	4,324	4,620	14,073	14,338
Selling, general and administrative	23,831	23,121	69,964	68,584
Total operating expenses	28,155	27,741	84,037	82,922
Non-Recurring Restructuring Expense	(25,200)	0	(25,200)	0
Operating income (loss)	(17,858)	10,341	(2,142)	37,386
Interest expense	(1,088)	(396)	(2,556)	(1,281)
Interest income	933	678	2,958	2,099
Other income (expense), net	48	178	(53)	383

Income (loss) before provision for income taxes	(17,965)	10,801	(1,793)	38,587
Provision (benefit) for income taxes	(6,288)	3,781	(628)	13,496
Net income (loss)	$(11,677)	$ 7,020	$ (1,165)	$ 25,091
NET INCOME (LOSS) PER SHARE	$ (0.44)	$ 0.26	$ (0.04)	$ 0.91
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	26,528	27,361	26,598	27,580

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited - in thousands)

	Common Stock Shares	Common Stock $'s	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Total Stockholders' Equity
Balance March 29, 1997	29,238	$292	$56,547	$215,657	$(41,060)	$(6,162)	$225,274
Exercise of stock options and related tax benefit	57	1	1,856	---	---	---	1,857
Employee stock purchase plan	---	---	---	(13)	264	---	251
Treasury stock	---	---	---	---	(5,566)	---	(5,566)
Net income (loss)	---	---	---	(1,165)	---	---	(1,165)
Translation adjustment	---	---	---	---	---	(1,588)	(1,588)
Balance December 27, 1997	29,295	$293	$58,403	$214,479	$(46,362)	$(7,750)	$219,063

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

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

	Nine Months Ended Dec. 27, 1997	Nine Months Ended Dec. 28, 1996
Cash flows from operating activities:		
Net income (loss)	$ (1,165)	$ 25,091
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,676	10,340
(Increase) decrease in deferred income taxes	(146)	140
Increase in accounts receivable, net	(7,216)	(8,811)
(Increase) decrease in inventories	(5,926)	9,249
Increase in sales-type leases	(878)	(2,292)
Increase in other assets	(7,797)	(2,622)
Decrease in accounts payable, accrued expenses and deferred revenues	(911)	502
Total adjustments	(18,198)	6,506
Net cash (used in) provided by operating activities	(19,363)	31,597
Cash flows from investing activities:		
Capital expenditures on property, plant and equipment, net	(3,914)	(26,688)
Increase in distribution rights	(659)	---
Acquisitions in Blood Bank Management Services Business	(10,508)	---
Net increase in long-term sales contracts	(7,341)	(5,888)
Net cash used in investing activities	(22,422)	(32,576)
Cash flows from financing activities:		
Payments on long-term real estate mortgage	(137)	(142)
Net increase in short-term revolving credit agreements	4,318	9,462
Net increase (decrease) in long-term revolving credit agreements	(75)	(741)
Borrowings under long term senior note purchases agreements	40,000	
Exercise of stock options and related tax benefit	1,857	2,802
Employee stock purchase plan	251	275
Purchase of treasury stock	(5,566)	(6,338)
Net cash provided by financing activities	40,648	5,318

Effect of exchange rates on cash	165	(1,202)
Net decrease in cash	(972)	3,137
Cash at beginning of period	8,302	13,434
Cash at end of period	$ 7,330	$ 16,571
Supplemental disclosures of cash flow information:		
Interest paid	$ 2,253	$ 1,841
Income taxes paid, net of refunds	$ 13,030	$ 4,395

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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

2. FOREIGN CURRENCY

The Company enters into forward exchange contracts to hedge certain firm sales commitments to customers which are denominated in foreign currencies. The purpose of the Company's foreign hedging activities is to reduce uncertainty associated with currency movement in future periods. Gains and losses realized on these contracts are recorded in operations, offsetting the related foreign currency transactions. The cash flows related to the gains and losses on these foreign currency hedges are classified in the statements of cash flows as part of cash flows from operating activities.

At December 27, 1997 the Company had forward exchange contracts, all having maturities of less than one year, to exchange foreign currencies (major European currencies and Japanese yen) for US dollars totaling $75.7 million. Of that balance, $27.2 million represented contracts for terms of 30 days or less. Gross unrealized gains from hedging firm sales commitments, based on current spot rates, were $4.2 million at December 27, 1997. Deferred gains and losses are recognized in earnings when the transactions being hedged are recognized. Management anticipates that the deferred amounts will be offset by the foreign exchange effect on sales of product in future periods.

3. 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:

	December 27, 1997	March 29, 1997
	(in thousands)	
Raw materials	$ 9,358	$12,501
Work-in-process	6,650	5,628
Finished goods	44,773	36,961
	$60,781	$55,090

4. NET INCOME (LOSS) PER SHARE

In February 1997, the Financial Accounting Standards board issued SFAS NO. 128, "Earnings per Share," which is effective for financial statements issued for periods ending after December 15, 1997. SFAS 128 supersedes Accounting Principles Board Opinion No. 15 (APB 15) and establishes new standards for the presentation of earnings per share under SFAS 128, "Basic Earnings Per Share" excludes dilution and is computed by dividing income available to common stockholders by weighted average shares outstanding. "Diluted Earnings Per Share" reflects the effect of all other diluted outstanding common stock equivalents and is computed similarly to primary earnings per share according to AFB 15. The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations, as required by SFAS 128:

	For the three months ended December 27, 1997		
	Income/(Loss) (in thousands) (Numerators)	Shares (in thousands) (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$11,677	$26,513	$ (.44)
Effect of dilutive securities			
Stock options	-	15	-
Diluted EPS			
Income available to common stockholders, including assumed conversions	$11,677	$26,528	$ (.44)

	For the nine months ended December 27, 1997		
	Income/(Loss) (in thousands) (Numerator)	Shares (in thousands) (Denominator)	Per-share Amount
Basic EPS			
Income available to common stockholders	$(1,165)	$26,530	$(0.04)
Effect of dilutive securities			
Stock options	-	68	-
Diluted EPS			
Income available to common stockholders including assumed conversions	$(1,165)	$26,598	$(0.04)

5. ACQUISITION OF BLOOD CENTERS BY BLOOD BANK MANAGEMENT SERVICES

During the nine months ended December 27, 1997, the Company purchased substantially all of the assets of three blood centers. Each of these acquisitions was accounted for using the purchase method of accounting, and accordingly, the results of operations for each acquisition have been included in the consolidated results of the Company from the respective acquisition dates. The purchase price for the 1997 acquisitions exceeded the underlying fair value of the net assets acquired by $4.9 million which has been assigned to goodwill. Goodwill is included in other assets in the accompanying consolidated Balance Sheet. The purchase price allocation is preliminary and subject to adjustment. To finance the 1997 acquisitions, the Company paid approximately $10.5 million in cash which was provided through the Company's long-term revolving credit agreements.

6. RESTRUCURING CHARGE

The Company recorded a restructuring charge of $25.2 million related to the restructuring plans announced by the Company on November 12, 1997. From a manufacturing perspective, the Company made a decision to terminate their rework program and no longer manufacture certain products. Additionally, certain products, which would have required additional investments to continue their useful lives, will no longer be supported. The Company has also identified certain operations, which they intend to close or partially close, resulting in losses associated with the abandonment of certain leases and fixed assets, and the termination of certain employees.

The $25.2 million charge consists of $8.6 million related to the write-off of certain disposable and equipment inventories. These inventories and equipment were scrapped or abandoned in conjunction with decisions to discontinue a disposable rework program, and to exit certain product lines. The Company also recorded charges of $3.8 million related to the cost of exiting certain long term supply commitments for products which the company no longer plans to resell or use in its operations. Other assets totaling $2.9 million were written off. These included certain strategic investments in non-core businesses which the Company no longer intends to pursue. The Company charged $3.4 million which was related to reserves for severance and other contractual obligations. These reserves and other restructuring costs discussed above were provided in accordance with Emerging Issues Task Force Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". Finally, an additional $6.5 million relates to the write down of certain property, plant and equipment, principally older generation commercial plasma equipment, which the Company no longer intends to support. This write down was computed using management's estimate of future cash flows to be provided by the equipment, and the costs to service the equipment, consistent with Statement of Financial Accounting Standards No. 121, "Impairment of Long Lived Assets".

Management's Discussion and Analysis of
Financial Condition and Results of Operations

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Three Months Ended December 27, 1997 Compared to Three Months Ended December 28, 1996

Net revenues in 1997 decreased 1 % to $75.8 million from $76.6 million in 1996. Without the effects of currency, net revenues increased 5%. Worldwide disposable sales increased 1%. Without the effects of currency, the increase in disposable sales was approximately 7% driven by the international markets. Disposable sales in the US were adversely effected during the quarter due to discontinued plasma business with one customer and lower surgical shipments due to continued inventory reduction initiatives by our US distributor. Sales of disposables products accounted for approximately 90% and 89% of net revenues for the three months ended December 27, 1997 and December 28, 1996, respectively. Disposable revenue includes $5.3 million and $2.3 million in service revenue earned for the collection of blood products through the Company's Blood Bank Management Services ("BBMS") for 1997 and 1996, respectively. Worldwide equipment sales in 1997 decreased 14% to $7.5 million from $8.8 million in 1996. Without the effects of currency, the decrease in equipment sales was approximately 10% driven by a shortfall in the domestic market. International sales accounted for approximately 64% and 61% of net revenues for 1997 and 1996, respectively.

Gross profit for the three months ended December 27, 1997 decreased to $35.5 million from $38.1 million for the three months ended December 28, 1996. As a percentage of net revenues, gross profit decreased 2.9% to 46.8% from 49.7%. The decline in margin is due largely to higher manufacturing costs incurred at BBMS. The negative effect of currency was fully offset by improvements in the base margin of the Company as a result of favorable improvements in the Company's core manufacturing.

The Company expended $4.3 million in 1997 on research and development (5.7% of net revenues) and $4.6 million in 1996 (6.0% of net revenues in 1996.) The decrease is a result of management's targeted effort to control spending as well as from staff reductions associated with discontinued operations of Haemonentics Plasma Product Services under taken as part of the restructuring.

Selling, general and administrative expenses increased to $23.8 million in 1997 from $23.1 million in 1996 and increased as a percentage of net revenues to 31.4% from 30.2%. This increase is attributed to increased costs of $1.5 million incurred by BBMS offset by lower expenses for the core business.

During the quarter, the Company recorded a restructuring charge of $25.2 million (or $16.4 million net of income taxes) related to the restructuring plans announced by the Company on November 12, 1997. From a manufacturing perspective, the Company made a decision to terminate their rework program and no longer manufacture certain products. Additionally, certain products, which would have required additional investments to continue their useful lives, will no longer be supported The Company has also identified certain operations, which they intend to close or partially close, resulting in losses associated with the abandonment of certain leases and fixed assets, and the termination of certain employees.

The $25.2 million charge consists of $8.6 million related to the write-off of certain disposable and equipment inventories. These inventories and equipment were scrapped or abandoned in conjunction with decisions to discontinue a disposable rework program, and to exit certain product lines. An additional $6.5 million relates to the write down of certain property, plant and equipment, principally older generation commercial plasma equipment, which the Company no longer intends to support. The Company also recorded charges of $3.6 million related to the cost of exiting certain long term supply commitments for products which the Company no longer plans to sell. Other assets totaling $2.9 million were also written off. These included certain strategic investments in non-core businesses which the Company no longer intends to pursue. Finally, $3.4 million relates to reserves for severance and other contractual obligations with respect to the employee terminations.

Operating income, as a percentage of net revenues, decreased in 1997 to (23.6)% from 13.5% during the same period in 1996. Without the restructure charge of $25.2 million taken during the current quarter, the operating income, as a percentage of net revenues, decreased 3.8% to 9.7% from 13.5% in 1996. This 3.8% decrease was driven by the strengthening of the dollar and start up costs from BBMS which accounted for a combined reduction in operating margin, as a percentage of revenues of approximately 6.0%. This 6.0% decrease was partially offset by improvements in both base business operating expenses and gross margin before the effects of currency.

Interest expense increased $0.7 million in 1997 to $1.1 million from $0.4 million for the same period in 1996 due to an increased level of borrowing.

Interest income increased $0.2 million in 1997 to $0.9 million from $0.7 million for the same period in 1996. The increase was due to the increase in the balance of sales-type leases.

The provision for income taxes remained at approximately 35% as a percentage of pretax income. The annualized rate for the full 12 months of fiscal 1998 is expected to be approximately 35%.

Nine Months Ended December 27, 1997 Compared to Nine Months Ended December 28, 1996

Net revenues in 1997 increased 4% to $234.7 million from $226.5 million in 1996. Without the effects of currency, the increase was 9%. Worldwide disposable sales increased 5%. Without the effects of currency, the increase in disposable sales was approximately 11% driven approximately 30% by the domestic market and 70% by the international market. Sales of disposable products accounted for approximately 89% and 88% of revenues for the nine months ended December 27, 1997 and December 28, 1996 respectively. Disposable revenue includes $12.2 million and $4.0 million in service revenue earned for the collection of blood products through BBMS for 1997 and 1996 respectively. Worldwide equipment sales were approximately $26.7 million in 1997 and $27.8 million in 1996. Without the effects of currency, equipment revenue was unchanged. International sales accounted for approximately 64% of net revenues for 1997 and 63% in 1996.

Gross profit for the nine months ended December 27, 1997 decreased to $107.1 million from $120.3 million for the nine months ended December 28, 1996. As a percentage of net revenues, gross profit decreased to 45.6% from 53.1%. Approximately 40% of the decrease was a result of the unfavorable effects of the strengthening of the dollar and 10% was due to the mix shift in product sales from the higher margin surgical disposable products to the lower margin plasma disposable products. The remaining 50% of the decrease is shared equally between the investment cost in BBMS and higher manufacturing costs.

The Company expended $14.1 million in 1997 and $14.3 in 1996 on research and development (6.0% of net revenues in 1997 and 6.3% of net revenues in 1996.)

Selling, general and administrative expenses increased to $70.0 million in 1997 from $68.6 million in 1996 and decreased as a percentage of net revenues to 29.8% from 30.3%. A majority of the dollar increase is attributed to BBMS.

Operating income, as a percentage of net revenues, decreased in 1997 to (.9)% from 16.5% during the same period in 1996. Without the restructure charge of $25.2 million taken during the third quarter, the operating income, as a percentage of net revenues, decreased 6.7% to 9.8% from 16.5% in 1996. The decrease was due to higher manufacturing costs, the stronger dollar and the costs associated with BBMS. This decrease was partially offset by the decrease in selling, general and administrative expenses as a percentage of net revenues.

Interest expense increased $1.3 million in 1997 to $2.6 million from $1.3 million for the same period in 1996 due to an increased level of borrowing.

Interest income increased $0.9 million in 1997 to $3.0 million from $2.1 million for the same period in 1996, due to the increase in the balance of sales-type leases.

The provision for income taxes remained at approximately 35% as a percentage of pretax income.

Liquidity and Capital Resources

The Company historically has satisfied its cash requirements principally from internally generated cash flow and bank borrowings. During the nine months ended December 27, 1997, the Company utilized $19.4 million in cash flow from operating activities compared to generating $31.6 million in cash flow from operating activities for the nine months ended December 28, 1996. The Company's need for funds is derived primarily from capital expenditures, long-term sales contracts, acquisitions, treasury stock purchases and working capital. During the nine months ended December 27, 1997, net cash used for investing activities totaled $22.4 million consisting of $3.9 million (net of $14.0 million in gross write-offs due to the restructure) related primarily to equipment utilized in the manufacturing operations and the worldwide plasma business, $10.5 million for acquisitions in BBMS and $7.3 million from the increase in long-term sales contracts attributable to growth in the plasma business worldwide. During the nine months ended December 27, 1997, the need for funds not satisfied by the internally generated cash flow was satisfied by an increase in committed borrowings of $44.2 million. Effective October 28, 1997 the Company completed a private placement of $40.0 million in unsecured senior notes. The notes have a coupon rate of 7.05% and a ten year term. The company also amended it's Revolving Credit Agreement to reduce it's committed line of credit from $40.0 million to $20.0 million.

The Company used $5.6 million to repurchase 318,700 shares of treasury stock during the nine months ended December 27, 1997. Under the stock repurchase program approved by the Board at the July 19, 1996 Board of Directors Meeting there remain approximately 271,000 shares available to repurchase by the Company at prevailing prices as market conditions warrant. No shares were purchased during the second quarter.

To date, approximately $300,000 of cash has been used in connection with the restructuring charge. it is expected that approximately $3.8 million of cash will be utilized in connection with the total restructuring charge.

At December 27, 1997 and March 29, 1997, the Company had working capital of $113.8 million and $94.0 million respectively. The Company believes its sources of cash are adequate to meet projected needs.

Year 2000 Compliance

Based upon information currently available, management does not anticipate that the Company will incur material costs to update its computer software programs and applications to be "Year 2000 compliant." The "Year 2000 problem" which is common to most corporations concerns the inability of information systems, primarily computer software programs, to properly recognize and process date sensitive information as the year 2000 approaches. The Company has completed an assessment of its internal systems, has developed a workplan to address this issue and is in the process of modifying and identifying actions to address affected systems in time to minimize any detrimental effects on operations. The Company expects that the costs to ensure its systems are Year 2000 compliant will not be material to the Company's results of operations, liquidity, or consolidated financial position.

In addition the Company relies on third party providers for some of its systems support. To the extent that the Company will be relying on its outside software vendors, Year 2000 compliance matters will not be entirely within the Company's direct control. In addition, the Company has relationships with vendors, customers and other third parties that rely on computer software that may not be Year 2000 compliant. There can be no assurance that Year 2000 compliance failures by such third parties will not have a material adverse effect on the Company.

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

Not applicable.

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

(a). Exhibits

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

Exhibit 10A	First Amendment, dated December 26, 1997, to the Revolving credit Agreement, dated June 25, 1997, among Haemonetics Corporation and Mellon Bank N.A.
Exhibit 27	Financial Data Schedule

(b). Reports on Form 8-K.

The Company filed Form 8-K on February 3, 1998 to report under Item 5 that Sir Stuart Burgess has become Chairman of the Board and that James L. Peterson has been elected as President and Chief Executive Office on January 30, 1998. John F. White stepped down as Chairman, Director, President and Chief Executive Officer on that date.

SIGNATURES

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

HAEMONETICS CORPORATION

Date: February 9, 1998	By: /s/ JAMES L. PETERSON ---------------------------- James L. Peterson, President and Chief Executive Officer
Date: February 9, 1998	By: /s/ BRIGID A. MAKES ---------------------------- Brigid A. Makes, Chief Financial Officer, (Principal Financial Officer)

Exhibit 10A

FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT
(HAEMONETICS CORPORATION)

This First Amendment to Revolving Credit Agreement (the or this "First Amendment") is dated as of December 26, 1997 by and among HAEMONETICS CORPORATION (the "Borrower"), a Massachusetts corporation, and banks from time to time a party hereto (each a "Bank" and, collectively, the "Banks") and MELLON BANK, N.A., a national banking association (hereinafter "Mellon"), and as contract representative for the Banks (in such capacity, the "Agent").

NOW, THEREFORE, for the promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Background

As of June 25, 1997, the Borrower and the Banks entered into a revolving loan arrangement of up to Forty Million Dollars ($40,000,000) (the "Original Loan"). The Original Loan was evidenced by three promissory notes: a $20,000.000 note dated June 25, 1997 made by the Borrower to the order of Mellon Bank, N.A., a $10,000,000 note dated June 25, 1997 made by the Borrower to the order of BankBoston, N.A. and a $10,000,000 note dated June 25, 1997 made by the Borrower to the order of The Sanwa Bank, Limited (collectively, the "Notes"). The Borrower and the Banks entered into a revolving credit agreement dated as of June 25, 1997 (the "Original Credit Agreement").

The Borrower and the Banks have agreed to amend the Original Credit Agreement to provide for certain revised pricing options and to exclude certain non-cash charges from the covenant calculations.

The Borrower has agreed to pay an amendment fee upon the execution of this Amendment in connection with the execution and delivery of this First Amendment.

Capitalized terms used in this First Amendment and not defined herein shall have the meaning given such terms in the original Loan Agreement. This First Amendment, together with the Original Loan Agreement and such other amendments, modifications, supplements or restatements, as may be made from time to time, is referred to herein as the "Loan Agreement").

II. Amendment to Article I. Section 1.01 "Certain Definitions" is hereby amended as follows:

A. The following definition is hereby added: "Federal Funds Effective Rate" shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Prime Rate.

B. The definition of "Money Market Rate" and "Money Market Rate Options" is hereby deleted.

C. In the term "Option" the term "the Money Market Rate Option" is hereby deleted and the term "Federal Funds Rate Option" is hereby inserted in lieu thereof.

D. The following definition is hereby added. The term "Applicable Margin" shall mean:

(a) 0.45 of one percent (1%) per annum if Consolidated Total Indebtedness shall be less than or equal to thirty percent (30%) of Consolidated Tangible Net Worth;

(b) 0.55 of one percent (1%) per annum if Consolidated Total Indebtedness shall be greater than thirty percent (30%) of Consolidated Tangible Net Worth but less than or equal to forty-two percent (42%) of consolidated Tangible Net Worth;

(c) 0.65 of one percent (1%) per annum if Consolidated Total Indebtedness shall be greater than forty-two percent (42%) of Consolidated Tangible Net Worth.

The Applicable Margin shall be determined based upon the Borrower's Compliance Certificate and the covenant calculations for the fiscal quarter immediately preceding the date for which the calculation of the Applicable Margin shall apply. The Applicable Margin, once determined, shall apply for the entire fiscal quarter.

E. The term "Additional Interest Event" is hereby deleted.

F. In the term "Standard Notice" the term "the Money Market Rate Loan" is hereby deleted and the term "Federal Funds Rate Loan" is hereby inserted in lieu thereof.

III. Amendment to Article II. The Credits

Article II is hereby deleted and the following is hereby inserted in lieu thereof:

ARTICLE II
THE CREDITS

2.01. Revolving Credit Loans; Money Market Loans. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank agrees, severally and not jointly, to (such agreement being herein called the Bank's "Commitment") make Loans to the Borrower at any time or from time to time on or after the date hereof and to but not including the Expiration Date in an aggregate principal amount for each Bank not exceeding at any time the amount designated as the "Commitment" set opposite such Bank's signature to this Agreement, as such amount may have been reduced under Section 2.04 at such time (for each Bank, the "Commitment Amount"). Within such limits of time and amount and subject to the provisions of this Agreement, the Borrower may, subject to all of the terms and conditions hereof, borrow, repay and reborrow hereunder.

2.02. The Notes. The obligations of the Borrower to repay the aggregate unpaid principal amount of the Loan or Loans made by the Banks to the Borrower hereunder and to pay interest thereon shall be evidenced in part by promissory notes of the Borrower dated on or prior to the Closing Date in substantially the form attached hereto as Exhibit A, with the blanks appropriately filled and payable to the order of each respective Bank in the amount of the lesser of the applicable Bank's Commitment Amount or the unpaid principal amount of all Loans made to the Borrower by the Bank. The outstanding principal amount of each Loan, the unpaid interest accrued thereon, the interest rate or rates applicable and the duration of such applicability shall be determined from the Agent's records, which shall be conclusive on the Borrower absent manifest error. The executed Notes shall be delivered by the Borrower to each Bank on or prior to the Closing Date.

2.03 Making of Loans. (a) 1. Whenever the Borrower desires to request a Euro-Rate Loan or an AB Rate Loan hereunder it shall give Standard Notice thereof to the Agent at the Agent's Office setting forth the following information:

(i) The date, which shall be a Business Day and, in the case of Euro-Rate Loans, a London Business Day, on which such Loan is to be made;

(ii) The interest rate Option applicable to such Loan, selected in accordance with Section 2.05(a) hereof;

(iii) The Maturity Period to apply to such Loan, selected in accordance with Section 2.05(b) hereof;

(iv) The total principal amount of such Loan, selected in accordance with Section 2.05(c) hereof.

Standard Notice having been so given the Agent shall promptly notify each Bank of the information contained therein and of such Bank's proportionate share of the proposed borrowing. On the date for such Loan specified in such notice from the Agent and by the close of the applicable Bank's business on such date, each Bank shall make the proceeds of its Loan available to the Borrower at the Agent's Office, in funds immediately available at such office (ratably in proportion to its Commitment). The proceeds of each Loan may be applied by the Agent in whole or in part against amounts then due and payable by the Borrower hereunder.

2. Whenever the Borrower desires to request a Federal Funds Effective Rate Loan hereunder, it shall give Standard Notice thereof to the Agent at the Agent's Office setting forth the total principal amount of such Loan, selected in accordance with Section 2.05(c) hereof.

(b) Absent contrary notice from the Borrower by 12:00 o'clock Noon, Pittsburgh time, one Business Day prior to any Maturity Date (other than the Expiration Date) the Borrower shall, at the Agent's option (and without in any manner limiting the Borrower's ability to repay the Loan on its Maturity Date without premium or penalty), be deemed to have given the Agent notice at such time pursuant to Section 2.03(a) hereof to the effect that the Borrower requests that the Banks make a Loan to the Borrower on such Maturity Date under the AB Rate Option in an aggregate principal amount equal to the aggregate principal amount of the Loans becoming due and payable to such Bank on such Maturity Date.

2.04. Commitment Fees, etc. The Borrower agrees in consideration of the Commitment of each Bank hereunder, to pay to the Agent for the account of each Bank a fee ("Commitment Fees") for the period from the Closing Date to and including the Expiration Date calculated (based on a year of 365 or 366 days as the case may be) at a rate of .20 of 1% per annum of the aggregate unutilized Commitment Amount of each respective Bank in effect from time to time; provided, however, that if Consolidated Total Indebtedness shall be greater than or equal to thirty percent (30%) of Consolidated Tangible Net Worth, the Commitment Fees shall be calculated at the rate of .35 of 1% per annum likewise, at such time as Consolidated Total Indebtedness shall be less than thirty percent (30%) of Consolidated Tangible Net Worth, commencing with the next following fiscal quarter the Commitment Fee shall decrease to .20 of 1% per annum. Such fee shall be payable quarterly on the last day of each March, June, September and December after the Closing Date, and on the Expiration Date, for the preceding period for which such fee has not been paid. The Borrower may at any time upon at least ten (10) Business Days' notice to Agent terminate in whole or reduce in part the unused Commitments hereunder to an amount not less than the aggregate principal amount of all Loans then outstanding plus the principal amount of all Loans not yet made as to which notice has been given pursuant to Section 2.03 hereof; provided, however, that each partial reduction shall be in a minimum amount of $1,000,000 or an integral multiple thereof. The Agent shall promptly advise each Bank of the date of any such termination of the Commitments and of the date and amount of each such reduction of Commitments. Each such reduction shall be permanent and may not be reinstated and commencing on the date thereof the Commitment Fees shall be calculated upon the amount of the Commitments as so reduced.

2.05. Interest Rates: Maturity Periods; Transactional Amounts.

(a) Optional Basis of Borrowing. Each Loan and all Loans made by the Banks on the same day as part of one borrowing, if offered, shall bear interest for each day until due on a single basis selected by the Borrower from among the interest rate Options set forth below; but the Borrower may select different Options to apply simultaneously to different Loans, as follows:

(i) AB Rate Option: The "AB Rate Option" shall mean the Borrower's option to elect a rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be) (the "AB Rate") for each day equal to the Prime Rate for such day. "Prime Rate" as used in this Agreement shall mean the interest rate per annum announced from time to time by Mellon as its "prime rate". Changes in the AB Rate shall take effect on the date Agent announces a change in the Base Rate.

(ii) Euro-Rate Option: The "Euro-Rate Option" shall mean the Borrower's option to elect a rate per annum (based on a year of 360 days and actual days elapsed) for each day equal to the EuroRate for such day plus the Applicable Margin. "Euro-Rate" for any day, as used herein, shall mean for each Euro-Rate Loan corresponding to a proposed or existing Euro-Rate Maturity Period the rate per annum determined by Agent by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (x) the rate of interest (which shall be the same for each day in such Euro-Rate Maturity Period) determined in good faith by Agent (which determination shall be conclusive absent manifest error) to be the average of the rates per annum for deposits in Dollars offered to banks in the London interbank market at approximately 11:00 o'clock a.m., London time, two London Business Days prior to the first day of such Euro-Rate Maturity Period for delivery on the first day of such Euro-Rate Maturity Period in amounts comparable to such Euro-Rate Maturity Period by (y) a number equal to 1.00 minus the Euro-Rate Reserve Percentage.

The "Euro-Rate" described in this Section 2.05(a)(ii) may also be expressed by the following formula:

$$\text{Euro-Rate} = \frac{\begin{bmatrix}\text{average of the rates offered to} \\ \text{banks in the London interbank market} \\ \text{determined by Agent per subsection (ii)} \\ \text{of this Section 2.05(a)}\end{bmatrix}}{[1.00 - \text{Euro-Rate Reserve Percentage}]}$$

The "Euro-Rate Reserve Percentage" for any day is the maximum effective percentage (expressed as a decimal fraction, rounded upward to the nearest 1/100 of 1%), as determined in good faith by Agent (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") of a member bank in such System, but only to the extent actually incurred by the Agent, the Agent's determination thereof to be conclusive in the absence of manifest error. The Euro-Rate shall be adjusted automatically as of the effective date of each change in the Euro-Rate Reserve Percentage.

The Agent shall give prompt notice to the Borrower and the Banks of the Euro-Rate so offered or adjusted from time to time and Agent's determination thereof shall be conclusive in the absence of manifest error.

(iii) Federal Funds Effective Rate Option. The "Federal Funds Effective Rate Option" shall mean the Borrower's option to elect a rate per annum computed on the basis of 360 days, as the case may be, equal to the Federal Funds Effective Rate for such day plus the Applicable Margin.

(b) Maturity Periods. At any time when a Borrower shall request Agent to make a Loan, the Borrower shall specify the term of such Loan (the "Maturity Period" of each such Loan) within the limitations set forth in the chart below:

Type of Loan	Available Maturity Periods
AB Rate Loan	Any number of days as Agent may agree ("AB Rate Maturity Period")
Euro-Rate Loan	One Week, One, two, three, or six months ("Euro-Rate Maturity Period")
Federal Funds Effective Rate Loan	One day ("Federal Funds Rate Maturity Period")

(i) Each AB Rate Maturity Period or Euro-Rate Maturity Period which would otherwise end after the Expiration Date shall instead end on the Expiration Date;

(ii) Each AB Rate Maturity Period or Federal Funds Effective Rate Maturity Period or EuroRate Maturity Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day is after the Expiration Date in which event, such Maturity Period shall end on the immediately preceding Business Day;

(iii) Each Euro-Rate Maturity Period shall begin on a London Business Day, and the duration of each Euro-Rate Maturity Period shall be determined in accordance with the definition of the term "month" herein;

(iv) Notwithstanding any other provision of this Agreement, the Borrower may not fix a Maturity Period that would end after the Expiration Date.

The principal amount of each Loan shall be due and payable on the last day of the Maturity Period corresponding thereto (the "Maturity Date" therefor).

(c) Transactional Amounts. Every request for a Loan and every prepayment of a Loan shall be in a principal amount such that, after giving effect thereto, the principal amount of such Loan shall be as set forth in the table below:

Type of Loan	Allowable Principal Amounts
AB Rate Loan	$500,000 plus an integral multiple of $1,000
Euro-Rate Loan	$1,000,000 plus an integral multiple of $1,000
Federal Funds Effective Rate Loan	$200,000 plus an integral multiple of $1,000

(d) Interest After Maturity. After the principal amount of any Loan shall have become due (by acceleration or otherwise), such Loan shall bear interest for each day until paid (before and after judgment) at a rate per annum (based on a year of 365 or 366 days, as the case may be) which shall be 2% above the then-current Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in such Prime Rate.

(e) Euro-Rate Unascertainable; Impracticability. If

(i) on any date on which a Euro-Rate would otherwise be set the Agent shall have in good faith determined (which determination shall be conclusive) that adequate and reasonable means do not exist for ascertaining such Euro-Rate; or

(ii) on any date on which a Euro-Rate would otherwise be set the Required Banks shall have in good faith determined (which determination shall be conclusive absent manifest error) that the effective cost to each of such Required Banks of funding its Loan to which such rate would apply, will exceed the interest rate payable by the Borrower in respect thereof under this Agreement; or

(iii) at any time any Bank shall have determined in good faith (which determination shall be conclusive absent manifest error) that the making, maintenance or funding by such Bank of any Euro-Rate Loan has been made impracticable or unlawful by (A) the occurrence of a contingency which materially and adversely affects the interbank eurodollar market, or (B) compliance by such Bank or a Notional Euro Rate Funding Office of such Bank in good faith with any Law or guideline or interpretation or administration thereof by any Official Body charged with the interpretation or administration thereof or with any request or directive of any such Official Body (whether or not having the force of law);

then, and in any such event, such Bank or Banks shall forthwith so notify the Agent, and the Agent shall forthwith advise the other Banks and the Borrower thereof. A certificate as to the specific circumstances specified in such notice shall be promptly submitted by such Bank or Banks to the Agent (which shall promptly confirm the same to the Borrower and the other Banks).

Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given) the obligation of each of the Banks (in the case of clauses (i) and (ii) above) or of the Bank giving such notice (in the case of clause (iii) above) to allow the Borrower to select the Euro-Rate Option, shall be suspended until the Bank furnishing such notice shall have later notified the Agent of its determination in good faith (which determination shall be presumed correct) that the circumstances giving rise to such previous determination no longer exist.

If a Bank notifies the Agent of a determination under subsection (iii) of this Section 2.05(e), any Euro Rate Loans covered by such notice which are then outstanding shall be due and payable on the date specified in such notice. Absent contrary notice from the Borrower to the Agent by 12:00 o'clock Noon, Pittsburgh time, one Business Day prior to such date, the Borrower shall, at the option of the Agent, be deemed to have notified the Agent at such time pursuant to Section 2.05(a) to the effect that the Borrower requests the Banks to make AB Rate Loans to the Borrower on such date in an aggregate principal amount equal to the aggregate principal amount of the outstanding Loans covered by such notice.

If, at the time the Agent or the Required Banks, as the case may be, make a determination under subsection 2.05(e) in respect of the Euro-Rate Option, the Borrower has previously notified the Agent that it wishes to select that Option in respect of a proposed Loans, but such Option has not yet gone into effect, such notification shall be deemed to provide for selection of the AB Rate Loan instead of a Euro Rate Loan.

2.06. Prepayments. Subject to Section 2.09(b) hereof, the Borrower shall have the right at its option from time to time to prepay any Loan in whole or in part upon at least: (i) in the case of any AB Rate Loan, one Business Day's prior written notice to the Agent, and Borrower shall simultaneously with making any such prepayment provide a notice of prepayment to Agent, provided, however, that any prepayment of any AB Rate Loan shall be in a minimum principal amount of $500,000; and (ii) five Business Days' prior written notice to the Agent in the case of any Euro-Rate Loan; provided, however that any prepayment of any Loan referenced in this clause (ii) shall be in a minimum principal amount of $1,000,000. Whenever the Borrower desires to prepay any part of any Loan, it shall provide notice in writing to the Agent, setting forth the following information:

(a) The date, which shall be a Business Day, on which the proposed prepayment is to be made;

(b) The Maturity Date, principal amount of, and interest rate Option applicable to, the Loan to be prepaid; and

(c) The principal amount to be prepaid.

In the case of AB Rate Loans and Euro Rate Loans only, the Agent shall deliver prepayment notices received from the Borrower to the other Banks. Notice having been so provided, and on the date specified in such notice the principal amount of the Loan specified in such notice, together with interest on such principal amount to such date and any amounts due under Section 2.09(b), shall be due and payable.

2.07 Interest Payment Dates. Interest on each AB Rate Loan and each Federal Funds Effective Rate Loan shall be due and payable on the Maturity Date thereof. Interest on each Euro-Rate Loan shall be due and payable on the Maturity Date thereof and, if the corresponding Euro-Rate Maturity Period is longer than three months, also every third month during such Maturity Period. After maturity of any Loan (by acceleration or otherwise), interest on such Loan shall be due and payable on demand.

2.08. Payments. All payments and prepayments to be made in respect of principal, interest, Commitment Fees or other amounts due from the Borrower hereunder or under any Note shall be payable at 12:00 o'clock Noon, Pittsburgh time, on the day when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and an action therefore shall accrue on and as of the expiration of any grace period. Unless otherwise agreed by the Agent, such payments shall be made to the Agent at its respective Office in Dollars in funds immediately available at such Office. Such payments shall be made without setoff, counterclaim or other deduction of any nature, and shall be distributed by the Agent to each Bank pro-rata based upon the Commitments of each Bank, except as may be otherwise provided herein. The Borrower shall, at the time of making each prepayment under this Agreement, specify to the Agent the Loan or Loans or other amounts payable by the Borrower hereunder to which such payment is to be applied and, if the Borrower fails to so specify or if an Event of Default has occurred, the Agent may distribute such payment to the Banks in such manner as it or the Required Banks may determine to be appropriate. To the extent permitted by law, after there shall have become due (by acceleration or otherwise) interest, Commitment Fees or any other amounts due from the Borrower hereunder or under any Note (excluding overdue principal, which shall bear interest as described in Section 2.05(d) hereof, but including interest payable under this Section 2.08), such amounts shall bear interest for each day until paid (before and after judgment), payable on demand, at a rate per annum (based on a year of 365 or 366 days, as the case may be) which shall be 2% above the then-current Base Rate or Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate or Prime Rate.

2.09. Additional Compensation in Certain Circumstances.

(a) Increased Costs or Reduced Return Resulting From Taxes. Reserves; Capital Adequacy Requirements; Expenses. etc. If any now existing or hereafter adopted Law or guideline or interpretation or application thereof by any Official Body charged with the interpretation or administration thereof or compliance with any request or directive of any Official Body (whether or not having the force of law) hereafter:

(i) subjects a Bank or any Notional Euro-Rate Funding Office of any Bank to any tax or changes the basis of taxation with respect to this Agreement, the Notes, the Loans or payments by the Borrower of principal, interest, Commitment Fees or other amounts due from the Borrower hereunder or under the Notes (except for taxes on the overall net income of any Bank or such Notional Euro-Rate Funding Office imposed by the jurisdiction in which any Bank's respective principal office or Notional Euro-Rate Funding Office is located),

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement against assets held by, credit extended by, deposits with or for the account of, or other acquisition of funds by, a Bank or its respective Notional Euro-Rate Funding Office (other than requirements expressly included herein in the determination of the Euro-Rate hereunder),

(iii) imposes, modifies or deems applicable any capital adequacy or similar requirement (A) against assets (funded or contingent) of, or credits or Commitments to extend credit by, a Bank or its respective Notional Euro-Rate Funding Office or holding company, or (B) otherwise applicable to the obligations of a Bank or its respective Notional Euro-Rate Funding Office under this Agreement, or

(iv) imposes upon a Bank or its respective Notional Euro-Rate Funding Office any other condition or expense with respect to this Agreement, the Note held by any Bank or its making, maintenance or funding of any Loans,

and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon a Bank or its respective Notional Euro-Rate Funding Office with respect to this Agreement, its Note or the making, maintenance or funding of any part of any Loan or, in the case of any capital adequacy or similar requirement, to have the effect of reducing the return on such Bank's or holding company's capital, of such Bank or the Bank holding company which is the parent of such Bank (taking into account the Bank's policies with respect to capital adequacy) by an amount which such Bank deems to be material (such Bank being deemed for this purpose to have made, maintained or funded each Euro-Rate Loan from a Corresponding Source of Funds), such Bank shall from time to time notify the Agent, who will in turn notify the Borrower of the amount determined (using any averaging and attribution methods) by such Bank in good faith (which determination shall be conclusive) to be necessary to compensate such Bank or its Notional Euro-Rate Funding Office for such increase in cost, reduction in income or additional expense reasonably allocable to the making, maintenance or funding of Loans hereunder; provided that, if such Bank has withheld or delayed its issuance of such notice, such Bank shall not be entitled to receive additional amounts pursuant to this Section 2.09(a) for periods occurring prior to the 90th day before the Bank gave such notice, and provided further that each Bank agrees not to seek such compensation unless it seeks similar compensation from other borrowers of such Bank from which it is entitled to seek compensation. Such amount shall be due and payable by the Borrower to Agent for distribution to such Bank no later than ten (10) business days after such notice from Agent is given. A certificate by such Bank as to the amount due under this 2.09(a) from time to time describing in reasonable detail the determination of such amount shall be conclusive absent manifest error. Each Bank agrees that it will use good faith efforts promptly to notify the Agent of the occurrence of any event that would give rise to a payment under this Section 2.09(a).

(b) Indemnity. In addition to the compensation required by subsection (a) of this Section 2.09, the Borrower shall indemnify each Bank against any loss or expense (including loss of margin) which the applicable Bank has sustained or incurred as a consequence of any

(i) payment or prepayment of any part of any Euro-Rate Loan on a day other than the last day of the corresponding Maturity Period (whether or not such payment or prepayment is mandatory including, without limitation a prepayment required to be made under Section 2.03(c) hereof, and whether or not such payment or prepayment is then due),

(ii) attempt by the Borrower to revoke (expressly, by later inconsistent notices or otherwise) in whole or part any notice stated herein to be irrevocable (such Bank having in its discretion the options (A) to give effect to any such attempted revocation and obtain indemnity under this Section 2.09(b) or (B) to treat such attempted revocation as having no force or effect, as if never made), or

(iii) default by the Borrower in the performance or observance of any covenant or condition contained in this Agreement or the Notes, including without limitation any failure of the Borrower to pay when due (by acceleration or otherwise) any principal, interest, Commitment Fees or any other amount due hereunder or under the Notes, or

(iv) claims, demands, losses or expenses incurred by or asserted against any Bank or the Agent in connection with the Borrower's use of the proceeds of any Loan and/or any Bank's role as a lender hereunder except to the extent caused by such Bank's gross negligence or willful misconduct.

If a Bank sustains or incurs any such loss or expense it shall from time to time notify the Borrower of the amount determined by such Bank in good faith (which determination shall be conclusive) to be necessary to indemnify such Bank for such loss or expense (the Bank being deemed for this purpose to have made, maintained or funded each Euro-Rate Loan from a Corresponding Source of Funds). Such amount shall be due and payable by the Borrower to such Bank ten (10) Business Days after such notice is given. Notwithstanding the provisions of this Section 2.09(b), the Borrower shall not be required to indemnify such Bank as a consequence of any of the events specified in clauses (i) through (iv) of this Section 2.09(b) if the sole cause of such event is an act of God, civil commotion, governmental action, fire, explosion, strike or other industrial disturbance, equipment malfunction or any other cause that is beyond the Borrower's reasonable control.

2.10. Funding by Branch, Subsidiary or Affiliate.

(a) Notional Funding. Each Bank shall have the right from time to time, prospectively or retrospectively, without notice to the Borrower, to deem any branch, subsidiary or affiliate of such Bank to have made, maintained or funded any of the Bank's Euro-Rate Loans at any time. Any branch, subsidiary or affiliate so deemed shall be known as a "Notional Euro-Rate Funding Office."

Each Bank shall deem any of its Euro-Rate Loans or the funding therefor to have been transferred to a different Notional Euro-Rate Funding Office if such transfer would avoid or cure an event or condition described in Section 2.05(e)(ii) hereof or would lessen compensation payable by the Borrower under Section 2.09(a) hereof, and if such Bank determines in its sole discretion that such transfer would be practicable and would not have an adverse effect on such Bank or on such Loans, such Bank or its Notional Euro-Rate Funding Office (it being assumed for purposes of such determination that each such Euro-Rate Loan is actually made or maintained by or funded through the corresponding Notional Euro-Rate Funding Office). Notional Euro-Rate Funding Offices may be selected by each Bank respectively without regard to each Bank's actual methods of making, maintaining or funding Loans or any sources of funding actually used by or available to such Bank.

(b) Actual Funding. Each Bank shall have the right from time to time to make or maintain any Euro-Rate Loan by arranging for a branch, subsidiary or affiliate of such Bank to make or maintain such Loan. Each Bank shall have the right to hold any applicable Note payable to its order for the benefit and account of such branch, subsidiary or affiliate. If a Bank causes a branch, subsidiary or affiliate to make or maintain any Loan hereunder, all terms and conditions of this Agreement shall, except where the context clearly requires otherwise, be applicable to such Loan to the same extent as if such Loan were made or maintained by such Bank.

IV. Amendment Fee. The Borrower shall pay, upon the execution of this First Amendment by the Borrower and the Banks, an amendment facility fee in the amount of 1/8 of 1% of the Commitment. Such amount shall be deemed fully earned upon the execution of this First Amendment by the Borrower and the Banks and shall not be subject to rebate or return, in whole or in part.

V. Ratification and Consent

A. The loan documents shall otherwise remain unaltered, ratified, confirmed and in full force and effect. The Borrower hereby also ratifies and confirms the Notes.

B. The Borrower represents and warrants as follows: There are no defenses, offsets or counterclaims against obligations to the Banks evidenced by the Notes or the other loan documents, and to the extent there are any defenses, offsets or counterclaims, the same are hereby waived. All the representations and warranties contained in the Loan Agreement are true, correct and accurate in all material respects as of the date hereof.

C. The Banks hereby agree that up to $21.2 million in non-cash charges as outlined in the attached Schedule 1 to be taken by the Borrower in the fiscal third quarter of 1997 ending December 27, 1997, shall be excluded from the covenant calculations in Section 6.1 for which such quarter is used. In all other respects each of the covenant terms remains unmodified and unchanged.

[End of Page]

[Signature Page for First Amendment to Revolving Credit Agreement
(Haemonetics Corporation)]

IN WITNESS WHEREOF, the parties hereto have set their hand and seal as of the date first above written.

Dated as of December 26, 1997.

HAEMONETICS CORPORATION

By: John F. White

Its Chief Executive Officer

MELLON BANK

By: Rita C. Long

Its Vice President

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