HAEMONETICS® ANNUAL REPORT 2003

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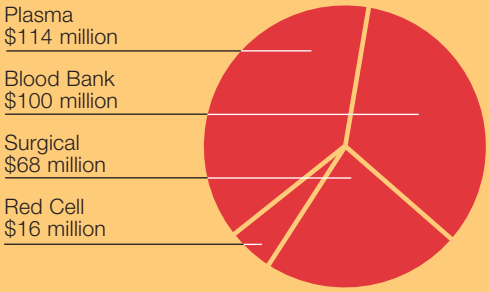
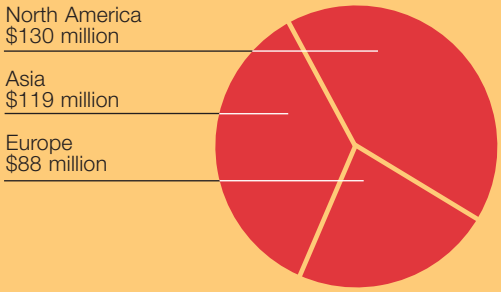
GLOBAL MARKET

Disposable Sales By Product Line

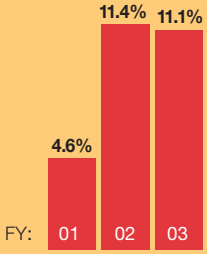


Total Sales By Geography

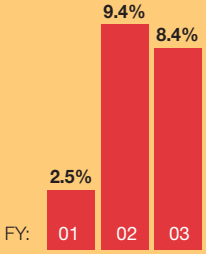


FINANCIAL HIGHLIGHTS

Operating Income % of Sales

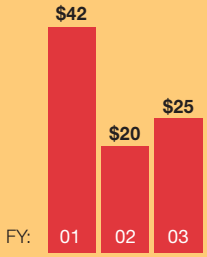


Net Income % of Sales



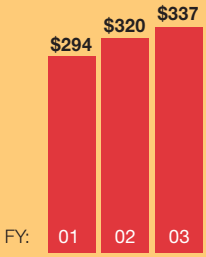
Internal Operating Cash Flow*

Dollars in millions



Revenues

Dollars in millions



**Under newly released guidance issued by the SEC any financial results not calculated in accordance with U.S. GAAP are reconciled to U.S. GAAP on the Company's website, at www.haemonetics.com*

For over three decades, our energy and expertise have been **singularly** focused on developing automated blood processing systems.

We are **first** to market, every time, with systems that improve the safety, quality, and availability of life-saving blood.

Premier quality has earned us a reputation for excellence that is recognized around the globe.

Our innovative marketing approach **unifies** us with the customer in partnership toward mutual goals.

One company helping thousands of people every day…in all corners of the world… one individual at a time.

Haemonetics.

To our shareholders

RONALD A. MATRICARIA
Chairman of the Board

We are witnessing a global environment that has combined three years of financial turmoil and market volatility with issues of broad corporate misconduct and quality of management. While we at Haemonetics are not satisfied with the financial results of this last year, I am pleased to report that we have made important progress in putting in place the building blocks necessary for the next phase of our growth.

- As demand for blood components grows and supply tightens, Haemonetics remains the leader in providing solutions to the growing problem. Our product platform is robust and we remain committed to realizing its full potential while at the same time deepening the product pipeline and identifying growth opportunities.
- While our corporate governance philosophy and practices have always been an area of focus and aligned with industry best practices, we have conducted a thorough review and enhancement of our policies and have made our Principles of Corporate Governance and Code of Conduct available on our website. We are committed to maintaining the highest governance standards.

From a financial perspective, fiscal 2003 revenues grew 5.3%. Earnings per share declined to $1.13 from $1.37 in fiscal 2002, but included a $0.34 negative impact from the effects of foreign exchange. Operating cash flow was $25 million, and the Company repurchased 1.85 million shares of stock. Net debt stands at $21 million.[1]

Our goals for fiscal 2004 include high single digit revenue growth and earnings per share flat with fiscal 2003. Beyond these financial goals, however, we are committed to continuing to provide the highest quality, most cost effective solutions to healthcare providers and patients affected by the pressing problems surrounding blood safety, quality, and availability.

Market trends continue to favor adoption of automation

Blood shortages, safety issues, and regulatory scrutiny continue to drive the industry. In June 2002 and January 2003 we saw unprecedented joint pleas for blood donation from the major organizations in U.S. blood collection, including the American Association of Blood Banks, American Red Cross, and America's Blood Centers. Contributing to shortages was the implementation of regulations to limit the theoretical transfusion risk of transmitting variant Creutzfeldt-Jakob disease ("mad cow" disease), which decreased the number of eligible donors in the U.S. Despite increased awareness of the need for blood, the number of willing and able donors continues to decline. Automation provides the only solution to collect more blood from fewer donors.

Despite having the safest blood supply ever, safety issues, including the transmission through transfusion of West Nile Virus and HIV during the past year, have shaken the confidence of the public and increased regulatory scrutiny on the collection, handling, and transfusion of blood. Of course, at the core of our business is our belief that automating previously manual functions will increase blood component availability and safety. In addition to advocating the use of automation and other measures to improve blood safety, Haemonetics is participating in new efforts to enhance safety, including pathogen reduction and data management.

The Company's alliance with Baxter International allows Haemonetics to offer its platelet collection customers seamless integration of platelet pathogen reduction into their operations. This system is commercially available in Europe and undergoing late-stage clinical trials in the U.S. Haemonetics has also partnered with V.I. Technologies to facilitate pathogen reduction of red cells. This system is also undergoing late-stage clinical trials in the U.S. Pathogen reduction will provide perhaps the ultimate safety check on blood components for transfusion. Haemonetics will play a role in these advancements.

The Company's acquisition of Fifth Dimension Information Systems in December 2001 has already proven to be a good strategic fit of information technology and automated collection. While Fifth Dimension has been successful in automating the operations of plasma collection centers, from donor management through to testing labs and fractionation plants, we also have made progress in adapting the software for use in not-for-profit blood banks. By removing manual, error-prone data input and recordkeeping from human control, the Fifth Dimension division is helping plasma and blood collectors to improve the documentation, traceability, and safety of their products.

Product portfolio provides solid foundation for future growth

For the past 30 years Haemonetics has been the worldwide market leader in each of the segments in which we operate. We were the industry's technology pioneers, inventing surgical blood salvage, automated platelet collection, automated plasma collection, automated cell processing, and recently, automated red cell collection and orthopedic surgical blood salvage, and we have made these processes the industry's gold standard. We are confident in the capacity of our product portfolio to drive growth for years to come and we intend to remain the leader in our markets. We remain especially excited about automating the operations of blood banks as well as future applications for our Dynamic Disk™ platform.

Automated red cell collection has become the standard of practice for many blood banks, with some even implementing "Total Automation™" programs, in which blood components are collected

[1] Under newly released guidance issued by the SEC any financial results not calculated in accordance with U.S. GAAP are reconciled to U.S. GAAP on the Company's website.

solely through technology, eliminating whole blood donations. Blood banks using automated technology can minimize the need for after-collection processing and can automate many previously manual functions, providing consistent regulatory compliance and safety as well as donor satisfaction. Blood banks will continue to adopt automation as a best practice to most effectively utilize their donor bases, satisfy growing hospital demand for blood, improve regulatory compliance, and maximize their efficiency of operations.

Our Dynamic Disk technology, on which the lightweight, portable, easy-to-operate OrthoPAT® system is based, will drive future product enhancements. Products using the technology will be smaller, lighter, more portable, and capable of processing varied volumes of blood. Our next generation double red cell technology, the Red Cell Collector™, is based on the Dynamic Disk and will further enhance blood banks' abilities to quickly, easily, and safely collect red cells on mobile drives.

During fiscal 2003 we experienced an unusual confluence of issues that affected the market introductions of our OrthoPAT orthopedic surgical blood salvage system and ACP® 215 automated cell processing systems as well as the rollout of our MCS®+ red cell collection technology. We have invested a significant amount of time in determining the root causes for these issues to ensure high quality solutions and clear pathways going forward:

- We addressed OrthoPAT product enhancement issues and will be back on track with the rollout in fiscal 2004. Zimmer Holdings, our U.S. marketing partner for the OrthoPAT system, remains extremely enthusiastic about the product and has seen strong increases in end-user demand over the past year.
- We have determined the regulatory route for additional clinical trials that will facilitate expanded use of the ACP 215 system by blood banks. We have initiated these trials and believe that the system will play a role in helping blood banks to establish strategic frozen red cell inventories in the future.
- Customer adoption of red cell technology has been strong and steady; however, it has been at a rate slower than previously forecasted. While we have learned the difficulties in predicting the timing of new technology adoption by blood banks, we remain convinced that automation is the most efficient, cost effective way to collect blood.

Technology pipeline and expansion of platforms will drive growth

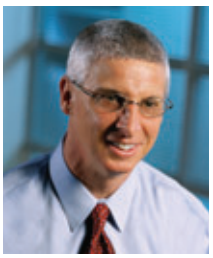
Haemonetics has built strong core competencies and technologies that will continue to drive the Company forward. Our people, products, market opportunities, and technology pipeline are all strong and will support growth in the depth and breadth of our traditional businesses. We also see expansion opportunities beyond our traditional businesses and are interested in establishing additional technology platforms. We will be evaluating these opportunities over the coming quarters and advise you to stay tuned! In all, the combination of our past successes, core competencies, dedicated employee base, leadership strength, and management philosophy and mission will drive Haemonetics forward for years to come.

New management team to provide leadership continuity

Jim Peterson, the Company's President and CEO for the past five years, and Sir Stuart Burgess, the Company's Board Chairman also for the past five years, announced their retirements as of March 2003. Jim and Sir Stuart have fostered an environment of continual learning and improvement through the use of Total Quality of Management and Six Sigma® principles and have raised Haemonetics to a new level of quality. Their accomplishments provide a solid foundation for the long term health and growth of the Company. Jim will assist the new CEO in his transition over the next six months and Sir Stuart will remain on the Board until July 22, 2003.

Additionally, Colin Lind, a longtime Director who is also Managing Partner of Blum Capital Partners, will retire from the Board as of July 22, 2003, though Blum Capital Partners will remain a significant investor. We thank Colin for his contributions to Haemonetics.

Our vision for the Board is for directors to continue to be independent, highly qualified, and have experience and skills targeted to Company needs. We are shaping the Board to fit that vision.



BRAD NUTTER
President and CEO

Brad Nutter, the new President and CEO, and I look forward to leading Haemonetics to new heights. Brad has more than 25 years of experience in running healthcare businesses and was a leader, most recently at Gambro AB, Syncor International, and Baxter International. My background also includes driving growth at St. Jude Medical and Eli Lilly. We are extremely enthusiastic about the future of Haemonetics and are confident that the building blocks that Jim and Sir Stuart put into place will allow us to successfully address pressing problems in healthcare and reach new levels of quality, growth, and achievement.

We thank our shareholders for their patience and confidence in these challenging financial times as we continue to build Haemonetics. I also offer my most sincere thanks to our employees, customers, and vendors for their commitment and support.

Yours truly,

Ronald A. Matricaria
Chairman of the Board

One focus: Ensure blood supply is safe and adequate

Haemonetics is a worldwide supplier of medical devices used by blood donors *(including our red cell, blood bank, and plasma product lines, pictured right)* and by patients *(in our surgical blood salvage product lines, pictured far right)*. For more than 30 years, the Company has had an unparalleled reputation for product innovation, technical expertise, superior quality, and operational excellence.

Red Cell Collection

Haemonetics has pioneered the development and widespread usage of automated technology that addresses blood shortages worldwide. Red cell products include machines, single use disposables, and intravenous solutions used in the automated separation of blood into its components and the subsequent collection of red blood cells. The device used in red cell collection is the MCS®+ system.

In the U.S., demand for red cells continues to outpace supply causing shortages and frequent urgent pleas for blood donations. Red cell shortages in the U.S. result primarily from a lack of willing or able donors as well as from recently adopted blood donor deferral regulations mandated by the Food and Drug Administration. These new restrictions reduce further the number of eligible donors.

Automation is the only way to increase the amount of blood collected from a stagnant to declining number of donors as it allows for the collection of two units of red cells from one donor. We expect significant ongoing growth in this product line as blood collectors continue to implement automated technology as part of their routine operations.

Blood Bank Collection

Blood bank products include systems to automate the collection of platelets as well as to further process blood. Devices in the blood bank line include the MCS®+ system for automated platelet collection and the ACP® 215 system for red cell freezing, thawing, and washing. The blood bank product line includes machines, single use disposables, and intravenous solutions.

Demand for platelets, generally for transfusion to cancer patients, is increasing. At the same time, efficiency of platelet collection is improving as up to two units of platelets can now be collected from a single donor, resulting, for us, in relatively flat collection disposable growth.

Platelet transfusion safety is an important issue in blood banking. Haemonetics has partnered with Baxter International, Inc. to offer our blood bank customers seamless integration of pathogen reduction technology into their platelet collection operations. We believe that pathogen reduction is a significant safety advancement, and we will play an important role in offering increased safety to our customers.

Our technologies automate the collection of blood components and simplify the separation of platelets, red cells, and plasma for collectors. This is significant because patients today are transfused with only the clinically necessary blood components, rather than with whole blood.

Products for blood donors

Products for patients

Plasma Collection

Automated plasma collection enables the collection of only the plasma component from a donor's blood. Our plasma product line includes the PCS®2 and Superlite™ systems as well as single use disposables and intravenous solutions. Our Fifth Dimension division also provides software systems to plasma collectors that allow the automation of functions, improving plasma collector and fractionators' efficiency and improving regulatory compliance.

Plasma collected with automated technology is primarily used by pharmaceutical "fractionators" to make drugs. Demand for "source" plasma used in the manufacturing process varies depending on demand for protein-based pharmaceuticals as well as inventory held by manufacturers. Long term growth in plasma collections has been in the low- to mid-single digits with year-to-year variability. There has been a slowdown in the plasma collection market recently; we expect our plasma revenues to reflect this slowdown.

Our Fifth Dimension business continues to expand as its reach into U.S. and European plasma collectors broadens, and Fifth Dimension begins to penetrate the not-for-profit blood banking market.

Surgical Blood Salvage

Surgical blood salvage allows surgeons to conserve a patient's own blood by "recycling" blood shed during and after surgery. Using our technology, shed blood is collected, cleansed, and made available for transfusion back to a patient. The surgical product line includes machines and single use disposables. Devices used in the surgical business include the Cell Saver® and OrthoPAT® systems.

While surgical blood salvage in cardiovascular surgery is a mature, moderate growth market, and Haemonetics' sales have mirrored market trends, we have identified two key growth opportunities. First, as more elective surgeries are cancelled due to lack of blood availability, we believe surgeons will adopt blood salvage as a cost efficient alternative to transfusions of donor blood.

Second, the orthopedic surgical blood salvage market is largely untapped and we have the only product to address this significant opportunity. Our OrthoPAT system uniquely addresses the special needs of orthopedic surgeons and patients, with ease of use and cost efficiency over current practices.

Plasma is the fluid portion of blood. It can be transfused to patients, but is most often used in the manufacture of protein-based pharmaceuticals.

Red Blood Cells carry oxygen to organs throughout the body. They are transfused to surgical or trauma patients to replace red cells they have lost.

Platelets aid in clotting. They are transfused to cancer patients whose bodies' ability to make platelets is limited by chemotherapy.

One team: Haemonetics rings the Opening Bell® at the NYSE

In celebration of National Volunteer Blood Donor Month in January, retiring Board Members Sir Stuart Burgess, Chairman, and James Peterson, President and CEO, rang the Opening Bell at the New York Stock Exchange.

Haemonetics Board Members pictured are:
Front left: Donna Williamson[1,2] and Dr. Yutaka Sakurada
Back right: N. Colin Lind, James Peterson, Ronald Gelbman[1,2] and Dr. Harvey Klein[1,3]
Front right: Sir Stuart Burgess, Benjamin Holmes,[2,3] Ronald A. Matricaria[2,3] and Alicia Lopez (Clerk)
Not pictured: Brad Nutter, President, CEO, and Board Member effective April 1, 2003

[1]Effective July 2003, Independent Director serving on the Management Development and Compensation Committee
[2]Effective July 2003, Independent Director serving on the Audit Committee
[3]Effective July 2003, Independent Director serving on the Nominating and Governance Committee

THE FOLLOWING IS A SUMMARY OF HAEMONETICS' CORPORATE GOVERNANCE PRINCIPLES ENACTED IN APRIL 2003:

I. DIRECTORS

- A majority of the Company's directors are independent
- The Company has three standing committees: Audit, Management Development & Compensation, and Nominating & Governance
- There are executive sessions of the independent directors
- The Board conducts an annual performance review of itself, its committees and the CEO
- The Board has an active role in Company strategy
- Retirement age for directors is 70
- Directors are encouraged to limit directorships to five
- Conflicts of interest are not allowed
- The Audit Committee reviews earnings releases, earnings guidance and MD&A
- The Chairman and CEO positions are separate

II. COMPENSATION

- The Company requires shareholder approval of stock plans
- The Company will not reprice stock options
- The Company will not make loans to officers or directors
- Stock ownership guidlines for directors and senior management

III. THE COMPANY HAS ADOPTED A CODE OF BUSINESS CONDUCT

IV. THE COMPANY HAS ADOPTED A SHAREHOLDER RIGHTS PLAN

A complete set of the Haemonetics Corporate Governance Principles is available on the Company's website at www.haemonetics.com.

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INVESTOR INFORMATION

Stock Listing
The Company's stock is traded on the New York Stock Exchange under the symbol HAE.

Transfer Agent and Registrar
Inquiries concerning the transfer of shares, lost stock certificates, duplicate mailings or change of address should be directed to:

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016 USA
800-368-5948

Auditors
Ernst & Young LLP
Boston, Massachusetts, USA

Annual Meeting
The Annual Meeting of the Stockholders will be held at the State Street Bank Building, Boston, MA, USA on July 22, 2003.

Investor Relations
Alicia Lopez
Clerk, Senior Vice President and
General Counsel
lopez@haemonetics.com
781-356-9517

Form 10-K
The Company files a form 10-K with the Securities and Exchange Commission. It is available on request from Investor Relations or at www.haemonetics.com.

Haemonetics' Trademarks
Haemonetics, Cell Saver, HaemoLite, MCS, PCS, Haemonetics PCS, Ultralite, Haemonetics Ultralite, Plasma Saver, Haemonetics Plasma Saver, R.I.S., CollectFirst, Haemonetics Cell Saver, Haemonetics MCS, Haemonet, Total Apheresis, Chairside Separator, OrthoPAT, ACP, MCS Pro, Dynamic Disk, and Fifth Dimension.

Design: MediaConcepts Corporation, Assonet, MA www.mediaconceptscorp.com

HAEMONETICS®

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