

SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1

TO FORM S-4
 ON FORM S-8
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

 THE HAIN CELESTIAL GROUP, INC.
 (formerly known as The Hain Food Group, Inc.)
 (Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) 50 Charles Lindbergh Boulevard Uniondale, New York (Address of principal executive offices)	22-3240619 (I.R.S. Employer Identification Number) 11553 (Zip Code)
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CELESTIAL SEASONINGS, INC.
 1993 Long-Term Incentive Plan
 1994 Non-Employee Director Compensation Plan
 Stock Option Agreement dated July 8, 1993
 Option Agreement dated June 13, 1997
 Stock Option Agreement dated June 16, 1997
 (Full titles of the plans)

Irwin D. Simon
 Chairman of the Board,
 President and Chief Executive Officer
 The Hain Celestial Group, Inc.
 50 Charles Lindbergh Boulevard
 Uniondale, New York 11553
 (Name and address of agent for service)
 (516) 237-6200
 (Telephone number, including area code, of agent for service)

 copy to:
 Roger Meltzer, Esq.
 Cahill Gordon & Reindel
 80 Pine Street
 New York, New York 10005
 (212) 701-3000

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee(2)
Common Stock, par value \$.01 per share	1,610,670 shares	N/A	N/A	N/A

(1) This Post-Effective Amendment No. 1 to Form S-4 on Form S-8 covers 1,610,670 shares of the Registrant's common stock, par value \$.01 per share, originally registered on the Registration Statement on Form S-4 to which this Post Effective Amendment relates. These 1,610,670 shares of common stock are issuable pursuant to options granted under Celestial Seasonings, Inc.'s 1993 Long-Term Incentive Plan, 1994 Non-Employee Director Compensation Plan, Stock Option Agreement dated July 8, 1993, Option Agreement dated June 13, 1997 and Stock Option Agreement dated June 16, 1997 (the "Plans"). See "Purpose of Amendment."

(2) The registrant previously paid \$84,242 upon the initial filing of the Registration Statement to register 12,272,914 shares of common stock issuable to the stockholders of Celestial Seasonings, Inc., including the 1,610,670 shares of common stock which may be issued pursuant to the Plans.

Purpose of Amendment

The purpose of this Post Effective Amendment No. 1 is to register on Form S-8 1,610,670 shares of common stock, par value \$.01 per share, of The Hain Celestial Group, Inc. (formerly The Hain Food Group, Inc.), a Delaware corporation ("Hain" or "Registrant") previously registered on Form S-4 (Registration No. 333-33830) for issuance pursuant to options granted under the Celestial Seasonings, Inc. ("Celestial") 1993 Long-Term Incentive Plan, 1994 Non-Employee Director Compensation Plan, Stock Option Agreement dated July 8, 1993 between Celestial and Ron Davis, Option Agreement dated June 13, 1997 between Celestial and Mo Siegel, and Stock Option Agreement dated June 16, 1997 between Celestial and Stephen B. Hughes (the "Plans"). The Plans have been assumed by Hain under the terms and conditions of the Agreement and Plan of Merger dated as of March 5, 2000 between the Registrant and Celestial which provided for the merger of a Hain subsidiary with and into Celestial. The merger was consummated on May 30, 2000.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. DOCUMENTS INCORPORATED BY REFERENCE.

The following documents have been filed by The Hain Celestial Group, Inc. (formerly The Hain Food Group, Inc.) ("Hain" or the "Registrant") with the Securities and Exchange Commission (the "Commission") and are hereby incorporated by reference in this Registration Statement:

- (1) The description of Hain's Common Stock contained in Hain's Registration Statement on Form 8-A/A dated November 12, 1993 and any amendment or report filed for the purpose of updating such description;
- (2) Hain's annual report on Form 10-K filed with the Commission for the fiscal year ended June 30, 1999;
- (3) Hain's quarterly reports on Form 10-Q filed with the Commission for the three-month period ended September 30, 1999, the six-month period ended December 31, 1999 and the nine-month period ended March 31, 2000; and
- (4) Hain's current report on Form 8-K dated April 27, 1999, as amended by Amendment No. 3 thereto dated June 18, 1999, and Hain's current reports on Form 8-K dated September 27, 1999 and March 13, 2000.

The following documents have been filed by Celestial Seasonings, Inc. ("Celestial") with the Commission and are hereby incorporated by reference in this Registration Statement:

- (1) Celestial's annual report on Form 10-K/A filed with the Commission for the fiscal year ended September 30, 1999;
- (2) Celestial's quarterly report on Form 10-Q filed with the Commission for the three-month period ended December 31, 1999 and the six-month period ended March 31, 2000; and
- (3) Celestial's current report on Form 8-K dated March 14, 2000.

All documents subsequently filed by the Registrant with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such state-

ment. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Certain legal matters with respect to the issuance of the securities offered hereby will be passed upon for the Registrant by Cahill Gordon & Reindel, 80 Pine Street, New York, New York 10005.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article Tenth of the certificate of incorporation of the Registrant eliminates the personal liability of directors or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such elimination of the personal liability of a director of the Registrant does not apply to (a) any breach of the director's duty of loyalty to the Registrant or its stockholders, (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) actions prohibited under Section 174 of the Delaware General Corporation Law (the "DGCL") (i.e., liabilities imposed upon directors who vote for or assent to the unlawful payment of dividends, unlawful repurchase or redemption of stock, unlawful distribution of assets of the Registrant to the stockholders without the prior payment or discharge of the Registrant's debts or obligations, or unlawful making or guaranteeing of loans to directors), or (d) any transaction from which the director derived an improper personal benefit.

Section 145 of the DGCL provides, in summary, that directors and officers of Delaware corporations such as the Registrant are entitled, under certain circumstances, to be indemnified against all expenses and liabilities (including attorneys' fees) incurred by them as a result of suits brought against them in their capacity as a director or officer, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful; provided, that no indemnification may be made against expenses in respect of any claim, issue or matter as to which they shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, in view of all the circumstances of the case, they are fairly and reasonably entitled to indemnification for such expenses which such court shall deem proper. Any such indemnification may be made by the corporation only as authorized in each specific case upon a determination by stockholders or disinterested directors that indemnification is proper because the indemnitee has met the applicable standard of conduct. In addition, Article Eleventh of the Registrant's certificate of incorporation and Article VI of the Registrant's by-laws provide for the Registrant to indemnify its corporate personnel, directors and officers to the full extent permitted by Section 145 of the DGCL, as the same may be supplemented or amended from time to time.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

The following exhibits are filed as part of this Registration Statement:

Exhibit No.	Description
4.1	Celestial Seasonings, Inc. 1993 Long Term Incentive Plan.
4.2	Celestial Seasonings, Inc. 1994 Non-Employee Director Compensation Plan.
4.3	Stock Option Agreement dated July 8, 1993 between Celestial and Ron Davis.
4.4	Option Agreement dated June 13, 1997 between Celestial and Mo Siegel.
4.5	Stock Option Agreement dated June 16, 1997 between Celestial and Stephen B. Hughes.
5	Opinion of Cahill Gordon & Reindel regarding the legality of the securities being registered.
15	Letter of Deloitte & Touche LLP regarding unaudited interim financial information.
23.1	Consent of Ernst & Young LLP, Independent Auditors.
23.2	Consent of Deloitte & Touche LLP, Independent Auditors.
23.3	Consent of Deloitte & Touche LLP, Independent Auditors.
23.4	Consent of Cahill Gordon & Reindel (included in Exhibit 5).
24*	Powers of Attorney authorizing execution of this Registration Statement on Form S-8 on behalf of certain directors of Registrant (included on signature pages to the Registration Statement).

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* Previously filed.

ITEM 9. UNDERTAKINGS.

The undersigned hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any Prospectus required by Section 10 (a) (3) of the Securities Act;

(ii) To reflect in the Prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a) (1) (i) and (a) (1) (ii) do not apply if the Registration Statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(b) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13 (a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this Post-Effective Amendment No. 1 to Form S-4 on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Uniondale, State of New York, on this 2nd day of June 2000.

THE HAIN CELESTIAL GROUP, INC.
(REGISTRANT)

By: /s/ Gary M. Jacobs

Name: Gary M. Jacobs
Title: Chief Financial Officer, Treasurer
and Secretary

Pursuant to the requirements of the Securities Act of 1933, as amended, this Post-Effective Amendment No. 1 to Form S-4 Registration Statement on Form S-8 has been signed by the following persons in the capacities and on the date indicated.

/s/ Irwin D. Simon*	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	June 2, 2000
----- Irwin D. Simon		
----- Mo Siegel	Vice Chairman of the Board of Directors	June 2, 2000
/s/ Andrew R. Heyer*	Director	June 2, 2000
----- Andrew R. Heyer		
/s/ Gary M. Jacobs	Chief Financial Officer, Treasurer and Secretary (Principal Financial and Accounting Officer)	June 2, 2000
----- Gary M. Jacobs		
/s/ Beth L. Bronner*	Director	June 2, 2000
----- Beth L. Bronner		
/s/ Jack Futterman*	Director	June 2, 2000
----- Jack Futterman		
/s/ James S. Gold*	Director	June 2, 2000
----- James S. Gold		
/s/ Kenneth J. Daley*	Director	June 2, 2000
----- Kenneth J. Daley		
/s/ Joseph Jimenez*	Director	June 2, 2000
----- Joseph Jimenez		
/s/ A.G. Malcolm Ritchie*	Director	June 2, 2000
----- A.G. Malcolm Ritchie		
----- Marina Hahn	Director	June 2, 2000
----- Gregg A. Ostrander	Director	June 2, 2000
*By:/s/ Gary M. Jacobs Gary M. Jacobs Attorney-in-Fact		

INDEX TO EXHIBITS

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24*	Powers of Attorney authorizing execution of this registration statement on Form S-8 on behalf of certain directors of the registrant (included on signature pages of this Registration Statement).

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* Previously filed.

CELESTIAL SEASONINGS, INC.

1993 Long-Term Incentive Plan
as amended and restated effective August 15, 1996

1. Purpose. The purpose of the 1993 Long-Term Incentive Plan (the "Plan") is to advance the interests of Celestial Seasonings, Inc., a Delaware corporation (the "Company") and its stockholders by providing incentives to certain key employees of the Company and to certain other key individuals who perform services for the Company, including those who contribute significantly to the strategic and long-term performance objectives and growth of the Company.

2. Administration. The Plan shall be administered solely by the Board of Directors (the "Board") of the Company or, if the Board shall so designate, by a committee of the Board that shall be comprised of not fewer than two directors (the "Committee"); provided that if at any time Rule 16b-3 or any successor rule ("Rule 16b-3") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), so permits without adversely affecting the ability of awards under the Plan ("Awards") to comply with the conditions for exemption from Section 16 of the Exchange Act (or any successor provision) provided by Rule 16b-3, the Committee may delegate the administration of the Plan in whole or in part, on such terms and conditions, and to such person or persons as it may determine in its discretion. References to the Committee hereunder shall include the Board where appropriate. The membership of the Committee or such successor committee (i) shall consist of "nonemployee directors" (as defined in Rule 16b-3) and meet any other applicable requirements so as to comply at all times with the applicable requirements of Rule 16b-3, (ii) shall consist of "outside directors" (as defined in Treasury Regulation ss. 1.162-27(e)(3)(i) or any successor rule) and meet any other applicable requirements so as to comply at all times with the applicable requirements of ss. 162(m) of the Internal Revenue Code of 1986, as amended, or any successor statute, and (iii) shall meet any applicable requirements of the NASDAQ National Market or any stock exchange on which the Company's common stock is listed or quoted.

The Committee has all the powers vested in it by the terms of the Plan set forth herein, such powers to include exclusive authority (except as may be delegated as permitted herein) to select the employees and other key individuals to be granted Awards under the Plan, to determine the type, size and terms of the Award to be made to each individual selected, to modify the terms of any Award that has been granted, to determine the time when Awards will be granted, to establish performance objectives, to make any adjustments necessary or desirable as a result of the granting of Awards to eligible individuals located outside the United States and to prescribe the form of the instruments embodying Awards made under the Plan. The Committee is authorized to interpret the Plan and the Awards granted under the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations which it deems necessary or desirable for the administration of the Plan. The Committee (or its delegate as permitted herein) may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee (or its delegate as permitted herein) in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. The Committee may act only by a majority of its members in office, except that the members thereof may authorize any one or more of their members or any officer of the Company to execute and deliver documents or to take any other ministerial action on behalf of the

Committee with respect to Awards made or to be made to Plan participants. No member of the Committee and no officer of the Company shall be liable for anything done or omitted to be done by him, by any other member of the Committee or by any officer of the Company in connection with the performance of duties

under the Plan, except for his own willful misconduct or as expressly provided by statute. Determinations to be made by the Committee under the Plan may be made by its delegates.

3. Participation. Consistent with the purposes of the Plan, the Committee shall have exclusive power (except as may be delegated as permitted herein) to select the employees and other key individuals performing services for the Company who may participate in the Plan and be granted Awards under the Plan. Eligible individuals may be selected individually or by groups or categories, as determined by the Committee in its discretion.

4. Awards under the Plan.

(a) Types of Awards. Awards under the Plan may include, but need not be limited to, one or more of the following types, either alone or in any combination thereof: (i) "Stock Options," (ii) "Stock Appreciation Rights," (iii) "Restricted Stock," (iv) "Performance Grants" and (v) any other type of Award deemed by the Committee in its discretion to be consistent with the purposes of the Plan (including, but not limited to, Awards of or options or similar rights granted with respect to unbundled stock units or components thereof, and Awards to be made to participants who are foreign

nationals or are employed or performing services outside the United States). Stock Options, which include "Nonqualified Stock Options" (which may be sold at a price determined by the Committee ("Purchased Options") or awarded to participants) and "Incentive Stock Options" or combinations thereof, are rights to purchase common shares of the Company having a par value of \$.01 per share and stock of any other class into which such shares may thereafter be changed (the "Common Shares"). Nonqualified Stock Options and Incentive Stock Options are subject to the terms, conditions and restrictions specified in Paragraph 5. Stock Appreciation Rights are rights to receive (without payment to the Company) cash, Common Shares, other Company securities (which may include, but need not be limited to, unbundled stock units or components thereof, debentures, preferred stock, warrants, securities convertible into Common Shares or other property ("Other Company Securities")) or property, or other forms of payment, or any combination thereof, as determined by the Committee, based on the increase in the value of the number of Common Shares specified in the Stock Appreciation Right. Stock Appreciation Rights are subject to the terms, conditions and restrictions specified in Paragraph 6. Shares of Restricted Stock are Common Shares which are issued subject to certain restrictions pursuant to Paragraph 7. Performance Grants are contingent awards subject to the terms, conditions and restrictions described in Paragraph 8, pursuant to which the participant may become entitled to receive cash, Common Shares, Other Company Securities or property, or other forms of payment, or any combination thereof, as determined by the Committee.

(b) Maximum Number of Shares that May be Issued. There may be issued under the Plan (as Restricted Stock, in payment of Performance Grants, pursuant to the exercise of Stock Options or Stock Appreciation Rights, or in payment of or pursuant to the exercise of such other Awards as the Committee, in its discretion, may determine) an aggregate of not more than 225,000 Common Shares, subject to adjustment as provided in Paragraph 14. No eligible individual may receive Awards under the Plan for more than 100,000 Common Shares, subject to adjustment as provided in Paragraph 14. Common Shares issued pursuant to the Plan may be either authorized but unissued shares, treasury shares, reacquired shares, or any combination thereof. If any Common Shares issued as Restricted Stock or otherwise subject to repurchase or forfeiture rights are reacquired by the Company pursuant to such rights, or if any Award is cancelled, terminates or expires unexercised, any Common Shares that would otherwise have been issuable pursuant thereto will be available for issuance under new Awards.

(c) Rights with respect to Common Shares and Other Securities.

(i) Unless otherwise determined by the Committee in its discretion, a participant to whom an Award of Restricted Stock has been made (and any person succeeding to such a par-

participant's rights pursuant to the Plan) shall have, after issuance of a certificate for the number of Common Shares awarded and prior to the expiration of the Restricted Period (as hereinafter defined) or the earlier repurchase of such Common Shares as herein provided, ownership of such Common Shares, including the right to vote such Common Shares and to receive dividends or other distributions made or paid with respect to such Common Shares (provided that such Common Shares, and any new, additional or different shares, or Other Company Securities or property, or other forms of consideration which the participant may be entitled to receive with respect to such Common Shares as a result of a stock split, stock dividend or any other change in the corporation or capital structure of the Company, shall be subject to the restrictions hereinafter described as determined by the Committee in its discretion), subject, however, to the options, restrictions and limitations imposed thereon pursuant to the Plan. Notwithstanding the foregoing, a participant with whom an Award agreement is made to issue Common Shares in the future, shall have no rights as a stockholder with respect to Common Shares related to such agreement until issuance of a certificate to him.

(ii) Unless otherwise determined by the Committee in its discretion, a participant to whom a grant of Stock Options, Stock Appreciation Rights, Performance Grants or any other Award is made (and any person succeeding to such a participant's rights pursuant to the Plan) shall have no rights as a stockholder with respect to any Common Shares or as a holder with respect to other securities, if any, issuable pursuant to any such Award until the date of the issuance of a stock certificate to him for such Common Shares or other instrument of ownership, if any. Except as provided in Paragraph 15, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities, other property or other forms of consideration, or any combination thereof) for which the record date is prior to the date such stock certificate or other instrument of ownership, if any, is issued.

5. Stock Options. The Committee may sell Purchased Options or grant other Stock Options either alone, or in conjunction with Stock Appreciation Rights, Performance Grants or other Awards, either at the time of grant or by amendment thereafter; provided that an Incentive Stock Option may be granted only to an eligible employee of the Company or any parent or subsidiary corporation. Each Stock Option (referred to herein as an "Option") granted or sold under the Plan shall be evidenced by an instrument in such form as the Committee shall prescribe from time to time in accordance with the Plan and shall comply with the following terms and conditions, and with such other terms and conditions, including, but not limited to, restrictions upon the Option or the Common Shares issuable upon exercise thereof, as the Committee, in its discretion, shall establish:

(a) The option price may be less than, equal to, or greater than, the fair market value of the Common Shares subject to such Option at the time the Option is granted, as determined by the Committee, but in no event will such option price be less than 50% of the fair market value of the underlying Common Shares at the time the Option is granted; provided, however, that in the case of an Incentive Stock Option granted to such an employee, the option price shall not be less than the fair market value of the Common Shares subject to such Option at the time the Option is granted, or if granted to such an employee who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or any parent or subsidiary (a "Ten Percent Employee"), such option price shall not be less than 110% of such fair market value at the time the Option is granted; but in no event will such option price be less than the par value of such Common Shares.

(b) The Committee shall determine the number of Common Shares to be subject to each Option. The number of Common Shares subject to an outstanding Option may be reduced on a share-for-share or other appropriate basis, as determined by the Committee, to the extent that Common Shares under such Option are used to calculate the cash, Common Shares, Other Company Securities or property, or other forms of payment, or any combination thereof, received pursuant to exercise of a Stock Appre-

ciation Right attached to such Option, or to the extent that any other Award granted in conjunction with such Option is paid.

(c) No Option may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, and shall be exercisable during the grantee's lifetime only by him; provided, however, that the Committee may grant or sell Nonqualified Stock Options that are transferable, without payment of consideration, to immediate family members of the grantee or to trusts or partnerships for such family members and may amend outstanding Options to provide for such transferability.

(d) The Option shall not be exercisable:

(i) in the case of any Incentive Stock Option granted to a Ten Percent Employee, after the expiration of five years from the date it is granted, and, in the case of any other Option, after the expiration of ten years from the date it is granted. Any Option may be exercised during such period only at such time or times and in such installments as the Committee may establish;

(ii) unless payment in full is made for the shares being acquired thereunder at the time of exercise; such payment shall be made in such form (including, but not limited to, cash, Common Shares, or the surrender of another outstanding Award under the Plan, or any combination thereof) as the Committee may determine in its discretion; and

(iii) unless grantee of the Option being exercised has been, at all times during the period beginning with the date of the grant of the Option and ending on the date of such exercise, employed by or otherwise performing services for the Company, (or a corporation, or a parent or subsidiary of a corporation, substituting or assuming the Option in a transaction to which Section 424(a) of the Internal Revenue Code of 1986, as amended, or any successor statutory provision thereto (the "Code"), is applicable), except that:

(A) if such grantee shall cease such employment or performance of services by reason of his disability as defined in Paragraph 12 or early, normal or deferred retirement under an approved retirement program of the Company (or such other plan or arrangement as may be approved by the Committee, in its discretion, for this purpose), the holder of any Option granted to such grantee which has not expired and has not been fully exercised, at any time within three years (or such period determined by the Committee) after the date the grantee ceased such employment or performance of services (but in no event after the Option has expired), may exercise the Option with respect to any shares as to which the holder could have exercised the Option on the date the grantee ceased such employment or performance of services, or with respect to such greater number of shares as determined by the Committee; or

(B) if any grantee shall die, then the holder (including the grantee's executors, administrators, heirs or distributees, as the case may be) of any Option granted to such grantee which has not expired and has not been fully exercised, may, at any time within one year (or such other period determined by the Committee) after the date of death (but in no event after the Option has expired), exercise the Option with respect to any shares as to which the holder could have exercised the Option at the time of the grantee's death, or with respect to such greater number of shares as determined by the Committee.

(e) In the case of an Incentive Stock Option, the amount of the aggregate fair market value of Common Shares (determined at the time of grant of the Option pursuant to subparagraph 5(a) of the Plan) with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year (under all such plans of his employer corporation and its parent and subsidiary corporations) shall not exceed \$100,000.

(f) It is the intent of the Company that Nonqualified Stock Options granted under the Plan not be classified as Incentive Stock Options, that the Incentive Stock Options granted under the Plan be consistent with and contain or be deemed to contain all provisions required under Section 422 and the other appropriate provisions of the Code and any implementing regulations (and any successor provisions thereof), and that any ambiguities in construction shall be interpreted in order to effectuate such intent.

(g) A Purchased Option may contain such additional terms not inconsistent with this Plan, including but not limited to the circumstances under which the purchase price of such Purchased Option may be returned to the holder of the Purchased Option, as the Committee may determine in its sole discretion.

6. Stock Appreciation Rights. The Committee may grant Stock Appreciation Rights either alone, or in conjunction with Stock Options, Performance Grants or other Awards, either at the time of grant or by amendment thereafter. Each Award of Stock Appreciation Rights granted under the Plan shall be evidenced by an instrument in such form as the Committee shall prescribe from time to time in accordance with the Plan and shall comply with the following terms and conditions, and with such other terms and conditions, including, but not limited to, restrictions upon the Award of Stock Appreciation Rights or the Common Shares issuable upon exercise thereof, as the Committee, in its discretion, shall establish:

(a) The Committee shall determine the number of Common Shares to be subject to each Award of Stock Appreciation Rights. The number of Common Shares subject to an outstanding Award of Stock Appreciation Rights may be reduced on a share-for-share or other appropriate basis, as determined by the Committee, to the extent that Common Shares under such Award of Stock Appreciation Rights are used to calculate the cash, Common Shares, Other Company Securities or property, or other forms of payment, or any combination thereof, received pursuant to exercise of an Option attached to such Award of Stock Appreciation Rights, or to the extent that any other Award granted in conjunction with such Award of Stock Appreciation Rights is paid.

(b) No Award of Stock Appreciation Rights may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, and shall be exercisable during the grantee's lifetime only by the grantee; provided, however, that the Committee may grant Awards of Stock Appreciation Rights that are transferable, without payment of consideration, to immediate family members of the grantee or to trusts or partnerships for such family members and may amend outstanding Awards to provide for such transferability.

(c) The Award of Stock Appreciation Rights shall not be exercisable:

(i) in the case of any Award of Stock Appreciation Rights which is attached to an Incentive Stock Option granted to a Ten Percent Employee, after the expiration of five years from the date it is granted, and, in the case of any other Award of Stock Appreciation Rights, after the expiration of ten years from the date it is granted. Any Award of Stock Appreciation Rights may be exercised during such period only at such time or times and in such installments as the Committee may establish;

(ii) unless the Option or other Award to which the Award of Stock Appreciation Rights is attached is at the time exercisable; and

(iii) unless the grantee of the Award of Stock Appreciation Rights being exercised has been, at all time during the period beginning with the date of the grant thereof and ending on the date of such exercise, employed by or otherwise performing services for the Company, except that:

(A) if such grantee shall cease such employment or performance of services by reason of his disability as defined in Paragraph 12 or early, normal or deferred retirement under an approved retirement program of the Company (or such other plan or arrangement as may be approved by the Committee, in its discretion, for this purpose), then the holder of any Award of Stock Appreciation Rights granted to such grantee which has not expired and has not been fully exercised, may, at any time within three years (or such other period determined by the Committee) after the date the grantee ceased such employment or performance of services (but in no event after the Award of Stock Appreciation Rights has expired), exercise the Award of Stock Appreciation Rights with respect to any shares as to which the holder could have exercised the Award of Stock Appreciation Rights on the date the grantee ceased such employment or performance of services, or with respect to such greater number of shares as determined by the Committee; or

(B) if any grantee shall die, the holder (including the grantee's executors, administrators, heirs or distributees, as the case may be) of any Award of Stock Appreciation Rights granted to such grantee which has not expired and has not been fully exercised may at any time within one year (or such other period determined by the Committee) after the date of such grantee's death (but in no event after the Award of Stock Appreciation Rights has expired), exercise the Award of Stock Appreciation Rights with respect to any shares as to which the holder could have exercised the Award of Stock Appreciation Rights at the time of such grantee's death, or with respect to such greater number of shares as determined by the Committee.

(d) An Award of Stock Appreciation Rights shall entitle the holder to exercise such Award or to surrender unexercised the Option (or other Award) to which the Stock Appreciation Right is attached (or any portion of such Option or other Award) to the Company and to receive from the Company in exchange thereof, without payment to the Company, that number of Common Shares having an aggregate value equal to (or, in the discretion of the Committee, less than) the excess of the fair market value of one share, at the time of such exercise, over the exercise price (or Option Price, as the case may be), times the number of shares subject to the Award or the Option (or other Award), or portion thereof, which is so exercised or surrendered, as the case may be. The Committee shall be entitled in its discretion to elect to settle the obligation arising out of the exercise of a Stock Appreciation Right by the payment of cash or Other Company Securities or property, or other forms of payment, or any combination thereof, as determined by the Committee, equal to the aggregate value of the Common Shares it would otherwise be obligated to deliver. Any such election by the Committee shall be made as soon as practicable after the receipt by the Committee of written notice of the exercise of the Stock Appreciation Right. The value of a Common Share, Other Company Securities or property, or other forms of payment determined by the Committee for this purpose shall be the fair market value thereof on the last business day next preceding the date of the election to exercise the Stock Appreciation Right, unless the Committee, in its discretion, determines otherwise.

(e) A Stock Appreciation Right may provide that it shall be deemed to have been exercised at the close of business on the business day preceding the expiration date of the Stock Appreciation Right or of the related Option (or other Award), or such other date as specified by the Committee, if at such time such Stock Appreciation Right has a positive value. Such deemed exercise shall be settled or paid in the same manner as a regular exercise thereof as provided in subparagraph 6(d) hereof.

(f) No fractional shares may be delivered under this Paragraph 6, but in lieu thereof a cash or other adjustment shall be made as determined by the Committee in its discretion.

7. Restricted Stock. Each Award of Restricted Stock under the Plan shall be evidenced by an instrument in such form as the Committee shall prescribe from time to time in accordance with the Plan and shall comply with the following terms and conditions, and with such other terms and conditions as the Committee, in its discretion, shall establish:

(a) The Committee shall determine the number of Common Shares to be issued to a participant pursuant to the Award, and the extent, if any, to which they shall be issued in exchange for cash, other consideration, or both.

(b) Restricted Stock awarded to a participant in accordance with the Award shall be subject to the following restrictions until the expiration of such period as the Committee shall determine, from the date on which the Award is granted (the "Restricted Period"): (i) a participant to whom an award of Restricted Stock is made shall be issued, but shall not be entitled to, the delivery of a stock certificate; (ii) the Restricted Stock shall not be transferable prior to the end of the Restricted Period, provided that the Committee may award Restricted Stock that is transferable, without payment of consideration, to immediate family members of the grantee or to trusts or partnerships for such family members and may amend outstanding awards of Restricted Stock to provide for such transferability; (iii) the Restricted Stock shall be forfeited and the stock certificate shall be returned to the Company and all rights of the holder of such Restricted Stock to such shares and as a shareholder shall terminate without further obligation on the part of the Company if the participant's continuous employment or performance of services for the Company shall terminate for any reason prior to the end of the Restricted Period, except as otherwise provided in subparagraph 7(c), and (iv) such other restrictions as determined by the Committee in its discretion if a participant who has been in continuous employment or continually performed services for the Company since the date on which a Restricted Stock Award was granted to him shall, while in such employment or performance of services, die, or terminate such employment or performance of services by reason of disability as defined in Paragraph 12 or by reason of early, normal or deferred retirement under an approved retirement program of the Company (or such other plan or arrangement as may be approved by the Committee in its discretion, for this purpose) and any of such events shall occur after the date on which the Award was granted to him and prior to the end of the Restricted Period of such Award, the Committee may determine to cancel any and all restrictions on any or all of the Common Shares subject to such Award.

8. Performance Grants. The Award of a Performance Grant to a participant will entitle him to receive a specified amount determined by the Committee (the "Actual Value"), if the terms and conditions specified in this Plan and in the Award are satisfied. Each Award of a Performance Grant shall be subject to the following terms and conditions, and to such other terms and conditions, including but not limited to, restrictions upon any cash, Common Shares, Other Company Securities or property, or other forms of payment, or any combination thereof, issued in respect of the Performance Grant, as the Committee, in its discretion, shall establish, and shall be embodied in an instrument in such form and substance as is determined by the Committee:

(a) The Committee shall determine the value or range of values of a Performance Grant to be awarded to each participant selected for an Award and whether or not such a Performance Grant is

granted in conjunction with an Award of Options, Stock Appreciation Rights, Restricted Stock or other Award, or any combination thereof, under the Plan (which may include, but need not be limited to, deferred Awards) concurrently or subsequently granted to the participant (the "Associated Award"). As determined by the Committee, the maximum value of each Performance Grant (the "Maximum Value") shall be: (i) an amount fixed by the Committee at the time the Award is made or amended thereafter, (ii) an amount which varies from time to time based in whole or in part on the then current value of the Common Shares, Other Company Securities or property, or other securities or property, or any combination thereof or (iii) an amount that is determinable from criteria specified by the Committee. Performance Grants may be issued in different classes or series having different names, terms and conditions. In the case of a Performance Grant awarded in conjunction with an Associated Award, the Performance Grant may be reduced on an appropriate basis to the extent that the Associated Award has been exercised, paid to or otherwise received by the participant, as determined by the Committee.

(b) The award period ("Award Period") related to any Performance Grant shall be a period determined by the Committee. At the time each Award is made, the Committee shall establish performance objectives to be attained within the Award Period as the means of determining the Actual Value of such a Performance Grant. The performance objectives shall be based on such measure or measures of performance, which may include, but need not be limited to, the performance of the participant, the Company, one or more of its subsidiaries or one or more of their divisions or units, or any combination of the foregoing, as the Committee shall determine, and may be applied on an absolute basis or be relative to industry or other indices, or any combination thereof. The Actual Value of a Performance Grant shall be equal to its Maximum Value only if the performance objectives are attained in full, but the Committee shall specify the manner in which the Actual Value of Performance Grants shall be determined if the performance objectives are met in part. Such performance measures, the Actual Value or the Maximum Value, or any combination thereof, may be adjusted in any manner by the Committee in its discretion at any time and from time to time during or as soon as practicable after the Award Period, if it determines that such performance measures, the Actual Value or the Maximum Value, or any combination thereof, are not appropriate under the circumstances.

(c) The rights of a participant in Performance Grants awarded to him shall be provisional and may be cancelled or paid in whole or in part, all as determined by the Committee, if the participant's continuous employment or performance of services for the Company shall terminate for any reason prior to the end of the Award Period.

(d) The Committee shall determine whether the conditions of subparagraph 8(b) or 8(c) hereof have been met and, if so, shall ascertain the Actual Value of the Performance Grants. If the Performance Grants have no Actual Value, the Award and such Performance Grants shall be deemed to have been cancelled and the Associated Award, if any, may be cancelled or permitted to continue in effect in accordance with its terms. If the Performance Grants have any Actual Value and:

(i) were not awarded in conjunction with an Associated Award, the Committee shall cause an amount equal to the Actual Value of the Performance Grants earned by the participant to be paid to him or his beneficiary as provided below; or

(ii) were awarded in conjunction with an Associated Award, the Committee shall determine, in accordance with criteria specified by the Committee (A) to cancel the Performance Grants, in which event no amount in respect thereof shall be paid to the participant or his beneficiary, and the Associated Award may be permitted to continue in effect in accordance with its terms, (B) to pay the Actual Value of the Performance Grants to the participant or his beneficiary as provided below, in which event the Associated Award may be cancelled or (C) to pay to the participant or his beneficiary as provided below, the Actual Value of only a portion of the Per-

formance Grants, in which event all or a portion of the Associated Award may be permitted to continue in effect in accordance with its terms or be cancelled, as determined by the Committee.

Such determination by the Committee shall be made as promptly as practicable following the end of the Award Period or upon the earlier termination of employment or performance of services, or at such other time or times as the Committee shall determine, and shall be made pursuant to criteria specified by the Committee.

Payment of any amount in respect of the Performance Grants which the Committee determines to pay as provided above shall be made by the Company as promptly as practicable after the end of the Award Period or at such other time or times as the Committee shall determine, and may be made in cash, Common Shares, Other Company Securities or property, or other forms of payment, or any combination thereof or in such other manner, as determined by the Committee in its discretion. Notwithstanding anything in this Paragraph 8 to the contrary, the Committee may, in its discretion, determine and pay out the Actual Value of the Performance Grants at any time during the Award Period.

9. Deferral of Compensation. The Committee shall determine whether or not an Award shall be made in conjunction with deferral of the participant's salary, bonus or other compensation, or any combination thereof, and whether or not such deferred amounts may be:

(i) forfeited to the Company or to other participants or any combination thereof, under certain circumstances (which may include, but need not be limited to, certain types of termination of employment or performance of services for the Company),

(ii) subject to increase or decrease in value based upon the attainment of or failure to attain, respectively, certain performance measures, and/or

(iii) credited with income equivalents (which may include, but need not be limited to, interest, dividends or other rates of return) until the date or dates of payment of the Award, if any.

10. Deferred Payment of Awards. The Committee may specify that the payment of all or any portion of cash, Common Shares, Other Company Securities or property, or any other form of payment, or any combination thereof, under an Award shall be deferred until a later date. Deferrals shall be for such periods or until the occurrence of such events, and upon such terms, as the Committee shall determine in its discretion. Deferred payments of Awards may be made by undertaking to make payment in the future based upon the performance of certain investment equivalents (which may include, but need not be limited to, government securities, Common Shares, other securities, property or consideration, or any combination thereof), together with such additional amounts of income equivalents (which may be compounded and may include, but need not be limited to, interest, dividends or other rates of return or any combination thereof) as may accrue thereon until the date or dates of payment, such investment equivalents and such additional amounts of income equivalents to be determined by the Committee in its discretion.

11. Amendment or Substitution of Awards under the Plan. The terms of any outstanding Award under the Plan may be amended from time to time by the Committee in its discretion in any manner that it deems appropriate (including, but not limited to, acceleration of the date of exercise of any Award and/or payments thereunder); provided that no such amendment shall adversely affect in a material manner any right of a participant under the Award without his written consent, unless the Committee determines in its discretion that there have occurred or are about to occur significant changes in the participant's position, duties or responsibilities, or significant changes in economic, legislative, regulatory, tax, accounting or cost/benefit conditions which are determined by the Committee in its discretion to have or to be expected to have a substantial effect on the

performance of the Company, or any subsidiary, affiliate, division or department thereof, on the Plan or on any Award under the Plan. The Committee may, in its discretion, permit holders of Awards under the Plan to surrender outstanding Awards in order to exercise or realize the rights under other Awards, or in exchange for the grant of new Awards, or require holders of Awards to surrender outstanding Awards as a condition precedent to the grant of new Awards under the Plan.

12. Disability. For the purposes of this Plan, a participant shall be deemed to have terminated his employment or performance of services for the Company and its Affiliates by reason of disability if the Committee shall determine that the physical or mental condition of such participant was such at that time as would entitle him to payment of monthly disability benefits under any Company disability plan, whether or not such participant was eligible to participate in such plan.

13. Termination of a Participant. For all purposes under the Plan, the Committee shall determine whether a participant has terminated employment with, or the performance of services for, the Company.

14. Dilution and Other Adjustments. In the event of any change in the outstanding Common Shares of the Company by reason of any stock split, dividend, split-up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination or exchange of shares, a sale by the Company of all of its assets, any distribution to stockholders other than a normal cash dividend, or other extraordinary or unusual event, if the Committee shall determine, in its discretion, that such change equitably requires an adjustment in the terms of any Award or the number of Common Shares available for Awards, such adjustment may be made by the Committee and shall be final, conclusive and binding for all purposes of the Plan.

In the event of the proposed dissolution or liquidation of the Company, all outstanding Awards shall terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, all restrictions on any outstanding Awards shall lapse and participants shall be entitled to the full benefit of all such Awards immediately prior to the closing date of such sale or merger, unless otherwise provided by the Committee.

15. Designation of Beneficiary by Participant. A participant may name a beneficiary to receive any payment to which he may be entitled in respect of any Award under the Plan in the event of his death, on a written form to be provided by and filed with the Committee, and in a manner determined by the Committee in its discretion. The Committee reserves the right to review and approve beneficiary designations. A participant may change his beneficiary from time to time in the same manner, unless such participant has made an irrevocable designation. Any designation of a beneficiary under the Plan (to the extent it is valid and enforceable under applicable law) shall be controlling over any other disposition, testamentary or otherwise, as determined by the Committee in its discretion. If no designated beneficiary survives the participant and is living on the date on which any amount becomes payable to such a participant's beneficiary, such payment will be made to the legal representatives of the participant's estate, and the term "beneficiary" as used in the Plan shall be deemed to include such person or persons. If there are any questions as to the legal right of any beneficiary to receive a distribution under the Plan, the Committee in its discretion may determine that the amount in question be paid to the legal representatives of the estate of the participant, in which event the Company, the Board and the Committee and the members thereof, will have no further liability to anyone with respect to such amount.

16. Financial Assistance. If the Committee determines that such action is advisable, the Company may assist any grantee of an Award in obtaining financing from the Company (or under any program of the Company approved pursuant to applicable law), or from a bank or other third party, on such terms as are determined by the Committee, and in such amount as is required to accomplish the purposes of the Plan, including, but not

limited to, to permit the exercise of an Award, the participation therein, and/or the payment of any taxes in respect thereof. Such assistance may take any form that the Committee deems appropriate, including, but not limited to, a direct loan from the Company, a guarantee of the obligation by the Company, or the maintenance by the Company of deposits with such bank or third party.

17. Miscellaneous Provisions.

(a) No employee or other person shall have any claim or right to be granted an Award under the Plan. Determinations made by the Committee under the Plan need not be uniform and may be made selectively among eligible individuals under the plan, whether or not such eligible individuals are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any employee or other person any right to continue to be employed by or perform services for the Company, and the right to terminate the employment of or performance of services by any participants at any time and for any reason is specifically reserved.

(b) No participant or other person shall have any right with respect to the Plan, the Common Shares reserved for issuance under the Plan or in any Award, contingent or otherwise, until written evidence of the Award shall have been delivered to the recipient and all the terms, conditions and provisions of the Plan and the Award applicable to such recipient (and each person claiming under or through him) have been met.

(c) Except as may be approved by the Committee where such approval shall not adversely affect compliance of the Plan with Rule 16b-3 under the Exchange Act, a participant's rights and interest under the Plan may not be assigned or transferred, hypothecated or encumbered in whole or in part either directly or by operation of law or otherwise (except in the event of a participant's death) including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner; provided, however, that any Incentive Stock Option granted pursuant to the Plan shall not be transferable other than by will or the laws of descent and distribution and shall be exercisable during the participant's lifetime only by him.

(d) No Common Shares, Other Company Securities or property, other securities or property, or other forms of payment shall be issued hereunder with respect to any Award unless counsel for the Company shall be satisfied that such issuance will be in compliance with applicable federal, state, local and foreign legal, securities exchange and other applicable requirements.

(e) It is the intent of the Company that the Plan comply in all respects with Rule 16b-3 under the Exchange Act, that any ambiguities or inconsistencies in construction of the Plan be interpreted to give effect to such intention and that if any provision of the Plan is found not to be in compliance with Rule 16b-3, such provision shall be deemed null and void to the extent required to permit the Plan to comply with Rule 16b-3.

(f) The Company shall have the right to deduct from any payment made under the Plan any federal, state, local or foreign income or other taxes required by law to be withheld with respect to such payment. It shall be a condition to the obligation of the Company to issue Common Shares, Other Company Securities or property, other securities or property, or other forms of payment, or any combination thereof, upon exercise, settlement or payment of any Award under the Plan, that the participant (or any beneficiary or person entitled to act) pay to the Company, upon its demand, such amount as may be required by the Company for the purpose of satisfying any liability to withhold federal, state, local or foreign income or other taxes. If the amount requested is not paid, the Company may refuse to issue Common Shares, Other Company Securities or property, other securities or property, or other forms of payment, or any combination thereof. Notwithstanding anything in the Plan to the contrary, the Committee may, in its discretion, permit an eligible participant (or any beneficiary or person entitled to act) to elect to pay a portion or all of the amount requested by the Company for such taxes with respect to such Award, at such time and in such manner as the Committee shall deem to be appropriate (including, but not limited to, by authorizing the Company to withhold, or agreeing to surrender to the Company on or about the date such tax liability is determinable, Common Shares, Other Company Securities or property, other securities or property, or other forms of payment, or any combination thereof, owned by such person or a portion of such

forms of payment that would otherwise be distributed, or have been distributed, as the case may be, pursuant to such Award to such person, having a fair market value equal to the amount of such taxes).

(g) The expenses of the Plan shall be borne by the Company.

(h) The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under the Plan, and rights to the payment of Awards shall be no greater than the rights of the Company's general creditors.

(i) By accepting any Award or other benefit under the Plan, each participant and each person claiming under or through him shall be conclusively deemed to have indicated his acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.

(j) Fair market value in relation to Common Shares, Other Company Securities or property, other securities or property or other forms of payment of Awards under the Plan, or any combination thereof, as of any specific time shall mean such value as determined by the Committee in accordance with applicable law.

(k) The masculine pronoun includes the feminine and the singular includes the plural wherever appropriate.

(l) The appropriate officers of the Company shall cause to be filed any reports, returns or other information regarding Awards hereunder of any Common Shares issued pursuant hereto as may be required by Section 13 or 15(d) of the Exchange Act (or any successor provision) or any other applicable statute, rule or regulation.

(m) The validity, construction, interpretation, administration and effect of the Plan, and of its rules and regulations, and rights relating to the Plan and to Awards granted under the Plan, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware.

18. Plan Amendment or Suspension. The Plan may be amended or suspended in whole or in part at any time from time to time by the Board, but no amendment shall be effective unless and until the same is approved by stockholders of the Company where the failure to obtain such approval would adversely affect the compliance of the Plan with Rule 16b-3 under the Exchange Act and with other applicable law. No amendment of the Plan shall adversely affect in a material manner any right of any participant with respect to any Award theretofore granted without such participant's written consent, except as permitted under Paragraph 11.

19. Plan Termination. This Plan shall terminate upon the earlier of the following dates or events to occur:

(a) upon the adoption of a resolution of the Board terminating the Plan; or

(b) July 6, 2003; provided, however, that the Board may, prior to such date, extend the term of the Plan for an additional period of up to five years for the grant of Awards other than Incentive Stock Options. No termination of the Plan shall materially alter or impair any of the rights or obligations of any person, without his consent, under any Award theretofore granted under the Plan, except that subsequent to termination of the Plan, the Committee may make amendments permitted under Paragraph 11.

CELESTIAL SEASONINGS, INC.

1994 NON-EMPLOYEE DIRECTOR COMPENSATION PLAN
as amended and restated effective August 15, 1996

1. Purpose. The purpose of the Plan is to advance the interests of the Company by providing an inducement to obtain and retain the services of qualified persons who are neither employees nor officers of the Company to serve as Directors and to solidify the common interests of the Directors and Stockholders.

2. Definitions.

- (a) "Board" shall mean the Board of Directors of the Company.
- (b) "Code" shall mean the Internal Revenue Code of 1986, as amended.
- (c) "Company" shall mean Celestial Seasonings, Inc., a Delaware corporation.
- (d) "Director" shall mean any person serving as a member of the Board.
- (e) "Disability" shall mean the condition of an Optionee who is unable to engage in any substantial business activities by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of nine (9) months or more.
- (f) "Eligible Directors" shall mean those Directors eligible to participate in the Plan pursuant to Section 4.
- (g) "Fair Market Value" shall mean the last reported sale price of a Share as quoted on the NASDAQ National Market System on the relevant date for valuation, or, if there is no such sale, the last reported sale price of a Share as so reported on the nearest preceding date upon which such sale took place.
- (h) "Grant Date" shall mean the close of business on the date of the first meeting of the Board such Director attends after being appointed or elected to the Board.
- (i) "Ineligible Directors" shall mean those Directors who are not Eligible Directors.
- (j) "Meeting Fees" shall mean all fees paid for attendance at each regular or special meeting of the Board attended by a Director. Such fees initially shall be \$3,000 per meeting, subject to revision by the Board.
- (k) "Option" shall mean an option to purchase Shares, granted pursuant to the Plan and subject to the terms and conditions described in the Plan.
- (l) "Optionee" shall mean an Eligible Director who is granted an Option pursuant to the Plan.
- (m) "Plan" shall mean the Celestial Seasonings, Inc. 1994 Non-Employee Director Stock Option Plan, as it may be amended from time to time pursuant to Section 9.
- (n) "Share" shall mean a share of the Company's common stock, \$.01 par value per share.
- (o) "Stockholders" shall mean the holders of Shares and other securities entitled to vote on matters with respect to the Plan.
- (p) "Stockholder Approval Date" shall mean the date on which the Stockholders approve the Plan.
- (q) "Subsidiary" shall mean a subsidiary corporation as defined in Code Section 424(f).

3. Administration. The Plan shall be administered by the Ineligible Directors. Subject to the provisions of the Plan, the Ineligible Directors shall have the power to construe the Plan, to determine all questions arising under the Plan and to adopt and amend any rules and regulations for the administration of the Plan as they may deem desirable. Any interpretation, determination or other action made or taken by the Ineligible Directors shall be made or taken only upon the concurrence of a majority of the Ineligible Directors and shall be final, binding and conclusive. Any action reduced to writing and signed by all of the Ineligible Directors shall be as fully effective as if it had been taken by a vote at a meeting of the Ineligible Directors duly called and held. None of the Ineligible Directors shall be personally liable for any action,

determination or interpretation made in good faith with respect to the Plan or the Options.

4. Eligibility. All Directors of the Company shall be Eligible Directors unless they are full-time employees of the Company or any Subsidiary.

5. Shares Subject to the Plan.

(a) Shares. Awards granted under the Plan shall be made from the Company's authorized but unissued Shares, or, if so determined by the Ineligible Directors, treasury Shares.

(b) Aggregate Amount. A total of 75,000 Shares shall be authorized for issuance or resale under the Plan (subject to adjustment under Section 10(c)). If any Option is terminated or is not exercised for any reason, then any unpurchased Shares subject to such Option shall not be charged against the limitation on Shares set forth in this Section 5(b) and such Shares shall again be available for Options granted under the Plan.

6. Meeting Fees. Commencing with the one year period beginning on the Company's 1995 annual meeting of Stockholders, each Eligible Director may elect to receive all or any portion of any Meeting Fees in cash, in Shares, or in a combination thereof. Such election shall be irrevocable, made in writing and delivered to the Company's Secretary on or prior to each annual meeting of the Company's Stockholders. If no such election is received, Eligible Directors shall receive any Meeting Fees in cash.

(a) Cash Meeting Fees. Meeting Fees paid in cash shall be paid on or as soon as practicable after any regular or special meeting attended by an Eligible Director.

(b) Shares in lieu of Cash Meeting Fees. If an Eligible Director elects to receive all or any part of any Meeting Fees in Shares, the number of Shares payable in lieu of cash shall be equal to the amount of such cash divided by the Fair Market Value of a Share on the date of the annual meeting of the Company's Stockholders. Certificates for Shares shall be delivered to Eligible Directors as soon as practicable following the end of the one year period commencing on the annual meeting of the Company's Stockholders. Such certificates shall be registered in the name of the Eligible Director, and all Shares so issued shall be fully paid and nonassessable. The Company will pay any issuance or transfer taxes with respect to the issuance of Shares. Any fractions of Shares otherwise issuable under the Plan shall be paid in cash, or, if an Eligible Director has elected to receive solely Shares for the next year, the amount of

such cash shall be added to the Meeting Fees to be issued in Shares during the next year. Notwithstanding any provision of the Plan to the contrary, no Eligible Director may receive more than 20,000 Shares in lieu of Meeting Fees.

7. Terms, Conditions and Form of Options. Each Option granted under the Plan shall be evidenced by a written agreement in such form as the Ineligible Directors shall from time to time approve, which agreement shall comply with and be subject to the following terms and conditions.

(a) Option Grant Date. Grants of Options shall be automatic and shall be made as of the Grant Date in the case of each Eligible Director who was not a Director on July 19, 1993.

(b) Option Formula. Each Eligible Director who was not a Director on July 19, 1993 shall receive an Option to purchase 2,500 Shares, without further action by the Board, as of the Grant Date. Notwithstanding any provision of the Plan to the contrary, no Eligible Director may receive an Option to purchase more than 2,500 Shares.

(c) Period of Options. Options shall become exercisable one year after the Grant Date; provided, however, that any Option shall become exercisable in full upon the death or Disability of the Optionee or upon the Optionee's ceasing, for any reason including retirement, to serve on the Board in accordance with Section 7(h). An Option shall terminate on the tenth anniversary of the date upon which such Option was granted (subject to prior termination as hereinafter provided).

(d) Option Price. The exercise price of each Option shall be equal to the Fair Market Value of a Share on the Grant Date.

(e) Exercise of Options. Options may be exercised (in full or in part) only by written notice of exercise delivered to the Company at its principal executive office, accompanied by payment, in cash, Shares, the surrender of another outstanding Option under the Plan, or any combination thereof equal to the exercise price for the Shares which are exercised. The Company shall have the right to deduct from payments of any kind due to an Optionee, or require payment by the Optionee, of federal, state or local taxes required to be withheld in connection with any exercise of an Option.

(f) Options Non-Transferable. No Option shall be transferable other than by will or by the laws of descent and distribution; provided, however, that the Ineligible Directors may grant Options that are transferable, without payment of consideration, to immediate family members of the Optionee or to trusts or partnerships for such family members and may amend outstanding Options to provide for such transferability. No interest of any Optionee under an Option or the Plan shall be subject to attachment, execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process. During the lifetime of the Optionee, Options shall be exercisable only by the Optionee who received them or the Optionee's guardian or legal representative or a permitted transferee.

(g) Death or Disability. If an Optionee ceases to be a Director of the Company and its Subsidiaries because of death or Disability, any Option granted to such Optionee shall terminate at the close of business three years after the date such Optionee ceased to be a Director, but in no event later than the termination date specified in Section 7(c). In the case of death of any person holding an Option, exercise may be made by the person or persons to whom the Option holder's rights under the Option pass by will or applicable law, or if no Option holder has such rights, by the Option holder's executors or administrators; provided that such person(s) consent in a writing delivered to the Company to abide by and be subject to the terms of the Plan and the Option.

(h) Ceasing to Serve as a Director. If an Optionee ceases to be a Director of the Company and its Subsidiaries for any reason other than death or Disability, any Option granted to such Optionee will terminate at the close of business 90 days after such Optionee ceased to be a Director, but in no event later than the termination date specified in Section 7(c); provided, however, if an Optionee is removed from the Board for cause, such Option shall terminate on the date Optionee is so removed for cause.

(i) No Rights as Stockholder. No holder of any Option shall have any rights as a Stockholder with respect to any Shares subject to an Option prior to the date of issuance to such holder of a certificate or certificates for such Shares upon the exercise of such Option.

(j) Nonqualified Stock Options. Options shall not be incentive stock options within the meaning of Code Section 422.

(k) Stockholder Approval Date. Any Options granted prior to the Stockholder Approval Date shall be subject to the approval by Stockholders of the Plan, shall not be exercisable prior to the Stockholder Approval Date, and shall terminate and become void if the Plan is not approved by Stockholders within one year after its adoption by the Board.

8. Compliance With Other Laws and Regulations. The Plan, the grant and exercise of Options, and the obligation of the Company to issue Shares and to transfer Shares upon exercise of Options shall be subject to all applicable federal and state laws, rules and regulations, including those related to disclosure of financial and other information to holders of Options, and to any approvals by any government or regulatory agency as may be required. The Company shall not be required to issue or deliver any certificates for Shares prior to (a) the listing of such Shares on any stock exchange or other market on which the Shares may then be listed, where such listing is required under the rules or regulations of such exchange or market, and (b) the compliance with applicable federal and state securities laws and regulations relating to the issuance and delivery of such certificates; provided, however, that the Company shall make all reasonable efforts to so list such Shares and to comply with such laws and regulations.

9. Amendment and Discontinuance. The Board may from time to time amend, suspend or discontinue the Plan; provided, however, subject to the provisions of Section 10(c), no action of the Board without approval of the Stockholders of the Company may (a) materially increase the number of Shares which may be issued pursuant to the exercise of Options granted under the Plan or otherwise, or the number of Shares for which an Option may be granted to any Eligible Director under the Plan; (b) change the provisions of the Plan regarding the termination of an Option or the time when Options may be exercised; (c) change the period during which any Shares may be issued or any Options may be granted or remain outstanding or change the date on which the Plan shall terminate; (d) change the designation of the class of persons eligible to receive Shares or Options; or (e) otherwise materially change the benefits accruing to participants under the Plan. The requirements of Sections 3, 4, 6, 7(a) and 7(b) shall not be amended more than once every six months, other than to conform with changes in the Code or the rules and regulations thereunder. Notwithstanding the foregoing, if amendments are made to conform with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, such amendments shall be permissible without Stockholder approval to the fullest extent permitted.

10. General Provisions.

(a) Assignability. The rights and benefits under the Plan or any Option shall not be assignable or transferable by an Optionee other than by will or by the laws of descent and distribution, and during the lifetime of the Optionee, Options shall be exercisable only by the Optionee who received them or the Optionee's guardian or legal representative provided, however, that the Ineligible Directors may grant Options that are transferable, without payment of consideration, to immediate family members of

the Optionee or to trusts or partnerships for such family members and may amend outstanding Options to provide for such transferability.

(b) Termination of Plan. No Shares may be issued in lieu of Meeting Fees or Options may be granted under the Plan after the date which is ten years after the effective date of the Plan (or if such date is not a business day, on the next succeeding business day). Following such date, the Plan shall automatically terminate after all Options granted thereunder have been exercised.

(c) Adjustments in Event of Change in Shares. If any change in the Shares by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination, exchange of Shares, or of any similar change occurs, then the number and class of Shares subject to outstanding Options or to be issued in lieu of Meeting Fees, the exercise price per Share thereof, and any other terms of the Plan or the Options which in the Ineligible Directors' sole discretion require an equitable adjustment shall be appropriately adjusted consistent with such change in such manner as the Ineligible Directors may deem appropriate. Such adjustments may include a provision permitting the Company to pay cash in lieu of fractional Shares.

(d) No Right to Continue as a Director. Neither the Plan, the granting of an Option nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain a Director for any period of time, or at any particular rate of compensation.

(e) ERISA. The Plan is not an employee benefit plan which is subject to the provisions of the Employee Retirement Income Security Act of 1974, and the provisions of Code Section 401(a) are not applicable to the Plan.

(f) Stockholder Approval. The Plan is expressly made subject to the approval by the holders of a majority of the issued and outstanding Shares and other securities of the Company entitled to vote at a meeting of Stockholders duly called in accordance with applicable law. If the Plan is not so approved within one year after its adoption by the Board, the Plan shall not come into effect.

(g) Effective Date of the Plan. The Plan shall take effect on August 4, 1994, subject to approval of the Stockholders.

(h) Governing Law. To the extent not superseded by federal law, the Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware and construed accordingly.

CELESTIAL SEASONINGS, INC.

STOCK OPTION AGREEMENT

Agreement made as of the 8th day of July, 1993, between Celestial Seasonings, Inc., a Delaware corporation (the "Company"), and Ronald V. Davis ("Grantee").

1. Grant of Option. The Company hereby grants to Grantee, as of the grant date specified above, an option to purchase 10,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), of the Company (which number of shares may be adjusted pursuant to Paragraph 5 below) at \$20 per share, subject to the terms and conditions set forth herein. This option has already been adjusted to give effect to the merger of Celestial Holdings, Inc. into the Company on July 19, 1993, and no further adjustment of this option shall be made as a result of such merger.

2. Exercise of Option. Subject to the earlier termination of the option as provided herein, the option may be exercised, by written notice to the Company in the form attached as Exhibit A hereto, at any time and from time to time after the date of grant; provided however, unless a Change in Control (as defined in Section 5) occurs, such option shall not be exercisable for more than the product of (i) 2-7/9%, multiplied by (ii) the number of full months (up to 36) from the date of this Agreement until the date Grantee ceases to serve as a director of the Company, multiplied by (iii) the total number of shares covered hereby. For example, if the date of exercise is between January 8, 1995 and February 8, 1995, the option may be exercised for 50% of the total number of shares covered hereby (eighteen months from the date of grant, multiplied by 2-7/9% per month). The option shall not be exercisable in any event after the expiration of ten years from the date of grant. An option may not be exercised for a fractional share of Common Stock.

3. Conditions to Exercise. The option may not be exercised by Grantee unless all of the following conditions are met:

(a) Legal counsel for the Company must be satisfied at the time of exercise that the issuance of shares of Common Stock upon exercise will be in compliance with the Securities Act of 1933, as amended (the "Act") and applicable United States federal, state, local and foreign laws;

(b) Grantee must pay at the time of exercise the full purchase price for the shares of Common Stock being acquired hereunder, by (i) paying in United States dollars by cash, (ii) tendering shares of Common Stock owned by Grantee which have a fair market value equal to the full purchase price for the shares of Common Stock being acquired, such fair market value to be determined in such reasonable manner as may be provided from time to time by the Company or as may be required in order to comply with or conform to the requirements of any applicable or relevant laws or regulations, (iii) paying in such other form as the Company may determine in its sole discretion, or (iv) tendering a combination of the forms of payment provided for in Subparagraphs 3(b)(i) through 3(b)(iii) above; and

(c) Grantee must, at all times during the period beginning with the grant date of the option and ending on the date of such exercise, have been a director of the Company, ex-

cept (i) if Grantee ceases to be a director by reason of Grantee's disability Grantee may, at any time within one year of the date of the onset of such disability (but in no event after the expiration of ten years from the grant date) exercise the option with respect to the number of shares, determined under Paragraph 2 above, as to which Grantee could have exercised the option on the date of the onset of such disability or with respect to such greater number of shares as determined by the Company in its sole discretion, and any remaining portion of the option shall be cancelled by the Company, (ii) if Grantee ceases to be a director by reason of death, the provisions of Paragraph 4 shall apply, and (iii) if Grantee ceases to be a director of the Company for reasons other than disability as described in this Subparagraph 3(c) or death as described in Paragraph 4 below, the option shall be cancelled 30 days after the date Grantee ceased to be a director.

4. Transferability. The option may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by Grantee, except by will or the laws of descent and distribution and is exercisable during Grantee's lifetime only by Grantee. If Grantee or anyone claiming under or through Grantee attempts to violate this Paragraph 4, such attempt shall be null and void and without effect, and the Company's obligation to make any further payments (stock or cash) hereunder shall terminate. If at the time of Grantee's death the option has not been fully exercised, Grantee's estate or any person who acquires the right to exercise the option by bequest or inheritance or by reason of Grantee's death may, at any time within fifteen months after the date of Grantee's death (but in no event after the expiration of ten years from the grant date), exercise the option with respect to the number of shares, determined under

Paragraph 2 above, as to which Grantee could have exercised the option at the time of Grantee's death, or with respect to such greater number of shares as determined by the Company in its sole discretion. The applicable requirements of Paragraph 3 above must be satisfied at the time of such exercise.

5. Adjustments. In the event of any change in the number of shares of Common Stock outstanding by reason of any stock split, stock dividend, split-up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination or exchange of shares, sale by the Company of all or part of its assets, distribution to shareholders other than a normal cash dividend, or other extraordinary or unusual event occurring after the grant date specified above and prior to its exercise in full, the number and kind of shares of Common Stock or other property for which the option may then be exercised and the option price per share may or may not be adjusted so as to reflect such change, all as determined by the Company in its sole discretion. In the event of the proposed dissolution or liquidation of the Company, the option shall terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Company. In the event of a Change in Control, all restrictions on the option shall lapse and Grantee shall be entitled to the full benefit of the option immediately prior to the closing of such Change in Control, and the option shall terminate upon consummation of the Change in Control, unless otherwise provided by the Company. For purposes of this Agreement, a Change in Control shall mean a sale of all or substantially all of the assets of the Company, or the merger of the Company into another corporation.

6. Withholding of Tax. It shall be a condition to the obligation of the Company to furnish shares of Common Stock upon exercise of an option (i) that Grantee (or any person acting under Paragraph 4 above) pay to the Company or its designee, upon its demand, such amount as may be demanded for the purpose of satisfying the Company's obligation to withhold federal, state, local or foreign income, employment or other taxes incurred by reason of the exercise of the option or the transfer of shares thereupon, and (ii) that Grantee (or any person acting under Paragraph 4 above)

provide the Company with any forms, documents or other information reasonably required by the Company in connection with the grant. If the amount requested for the purpose of satisfying the withholding obligation is not paid, the Company may refuse to furnish shares of Common Stock upon exercise of the option.

7. Amendment or Substitution of Awards. The terms of this Agreement may be amended from time to time by the Company in its sole discretion in any manner that it deems appropriate (including, but not limited to, acceleration of the vesting provisions of the option in Paragraph 2); provided, however, that no such amendment shall adversely affect in a material manner any right of Grantee under this Agreement without Grantee's written consent, unless the Company determines in its sole discretion that there have occurred or are about to occur significant changes in economic, legislative, regulatory, tax, accounting or cost/benefit conditions which are determined by the Company in its sole discretion to have or to be expected to have a substantial effect on the performance of the Company, or any subsidiary, affiliates, division, or department thereof.

8. Administration. Any action taken or decision made by the Company, its board of directors, or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Grantee and all persons claiming under or through Grantee.

9. No Rights as Stockholder. Unless and until a certificate or certificates representing such shares of Common Stock shall have been issued to Grantee (or any person acting under Paragraph 4 above), Grantee shall not be or have any of the rights or privileges of a stockholder of the Company with respect to shares of Common Stock acquirable upon exercise of the option. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued to Grantee.

10. Investment Representation. Grantee hereby acknowledges that the shares of Common Stock which Grantee may acquire by exercising the option shall be acquired for investment without a view to distribution, within the meaning of the Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the shares under the Act and applicable state securities laws or an applicable exemption from the registration requirements of the Act and any applicable state securities laws. Grantee also agrees that the shares of Common Stock which Grantee may acquire by exercising the option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state.

11. Registration of Common Stock. The Company, in its discretion, may postpone the issuance and/or delivery of shares of Common Stock upon any exercise of the option until completion of such registration or other qualification of such shares under any state and/or federal law, rule or regulation as the Company may consider appropriate.

12. Notices. Any notice hereunder to the Company shall be addressed to: Celestial Seasonings, Inc., 4600 Sleepytime Drive, Boulder, Colorado 80301, Attention: Secretary, and any notice hereunder to Grantee shall be addressed to Grantee at Grantee's last address on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some

other address. Any notice shall be deemed to have been duly given when delivered personally, by facsimile (receipt verified) or enclosed in a properly sealed envelope, addressed as set forth above, and deposited (with first class postage prepaid) in the United States mail.

13. Counterparts. This Agreement may be executed in one or several counterparts, each of which shall constitute one and the same instrument.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Grantee.

15. Governing Law. The validity, construction, interpretation, administration and effect of this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Colorado.

IN WITNESS WHEREOF, the Company and Grantee have executed this Agreement as of the date first above written.

CELESTIAL SEASONINGS, INC.

By: _____
Philip B. Livingston
Vice President and Chief
Financial Officer

GRANTEE

Ronald V. Davis

Social Security Number

Form of Letter to be Used on
Exercise of Stock Option

- -----
Date

Celestial Seasonings, Inc.
4600 Sleepytime Drive
Boulder, Colorado 80301

Attention: General Counsel

Dear Sir:

I wish to exercise the stock option granted on July 8, 1993 and evidenced by my Option Agreement dated as of July 8, 1993 to the extent of _____ shares of the Common Stock of Celestial Seasonings, Inc., at the option price of \$20 per share. My check in the amount of \$_____ in payment of the entire purchase price for these shares accompanies this letter.

Please issue a certificate for these shares in the following name:

Name

Street Address

City/State/Zip

Very truly yours,

Ronald V. Davis

Social Security Number

OPTION AGREEMENT

This OPTION AGREEMENT is dated June 13, 1997 ("this Agreement"), by and between Celestial Seasonings, Inc., a Delaware corporation ("the Company") and Mo Siegel ("Siegel"), and amends and restates the Common Stock Subscription Agreement dated July 11, 1991 among Celestial Holdings, Inc. ("Holdings"), Siegel and Vestar/Celestial Investment Limited Partnership (the "Vestar Partnership") (the "Subscription Agreement") insofar as the Subscription Agreement relates to certain options granted by Holdings to Siegel.

RECITALS

A. Pursuant to the Subscription Agreement, Holdings granted Siegel an option to acquire 18,250 shares of Holdings' Class A Common Stock, par value \$.01 per share ("Holdings Common"), at an exercise price of \$21.63 per share (the "First Option"), and an option to acquire 18,250 shares of Holdings Common at an exercise price of \$30 per share (the "Second Option").

B. For federal and state income tax purposes, the First Option and the Second Option constituted property held by Siegel and were not compensatory options.

C. On July 19, 1993, Holdings was merged into the Company (the "Merger"), and, in connection with the Merger, each share of Holdings Common was converted into the right to receive 2.62 shares of the Company's Common Stock, par value \$.01 per share (the "CTEA Common").

D. As a result of the Merger, the First Option became the right to acquire 47,815 shares of CTEA Common at a price of approximately \$8.26 per share, and the First Option became the right to acquire 47,815 shares of CTEA Common at a price of approximately \$11.45 per share.

E. Following the distribution of its CTEA Common to its limited partners in 1994, the Vestar Partnership was dissolved.

F. Siegel and the Company, as the successor to Holdings, wish to amend and restate the Subscription Agreement insofar as the Subscription Agreement relates to the First Option and the Second Option so as to clarify the rights and obligations of the parties.

The parties therefore agree as follows:

1. Grant of Option. Subject to the terms and conditions of this Agreement, the Company hereby confirms the grant to Siegel of an option to acquire 47,815 shares of CTEA Common at an exercise price of \$8.26 per share and an option to acquire 47,815 shares of CTEA Common at an exercise price of \$11.45 per share (collectively, the "Option"). The number of shares of CTEA Common and the exercise price for such shares are subject to adjustment as provided in this Agreement. The Company agrees that all CTEA Common issued upon exercise of the Option shall be duly issued, fully paid and nonassessable.

2. Exercise of Option. The Option may be exercised, by written notice to the Company in the form attached as Exhibit A hereto, at any time and from time to time after the date of this Agreement. The Option shall not be exercisable in any event after the close of business on July 11, 2031, and the Option shall expire at such time. At the time of exercise of all or part of the Option, Siegel shall pay the full exercise price for the shares of CTEA Common being acquired, by delivering to the Company a certified bank check for the full exercise price. Promptly following receipt of such notice and check, the Company shall deliver to Siegel one or more stock certificates evidencing the CTEA Common being acquired, each containing a legend substantially in the form set forth below:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS OR BLUE SKY LAWS ("BLUE SKY LAW") AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF WITHOUT REGISTRATION UNDER THE ACT AND UNDER APPLICABLE BLUE SKY LAW OR UNLESS SUCH SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION IS EXEMPT FROM REGISTRATION THEREUNDER.

Siegel shall be considered the record owner of the CTEA Common being acquired for all purposes as of the close of business on the date upon which a duly executed notice of exercise and a certified bank check for the full exercise price is received by the Company (the "Exercise Date").

3. Transfer of the Option and the CTEA Common. Siegel hereby acknowledges that the Option has not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws, and accordingly, the Option may not be sold, transferred, assigned, pledged or hypothecated without registration under the Act and any applicable state securities law or without exemption therefrom which is satisfactory to the Company. Siegel hereby acknowledges that the shares of CTEA Common which Siegel may acquire by exercising the Option must be acquired for investment without a view to

distribution, within the meaning of the Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for such shares under the Act and applicable state securities laws or an exemption therefrom which is satisfactory to the Company. Siegel also agrees that the Option and the shares of CTEA Common which Siegel may acquire by exercising the Option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state.

4. Adjustments. In the event of any change in the number of shares of CTEA Common outstanding by reason of any stock dividend, split-up, merger, recapitalization, combination, conversion, exchange of shares or other change in the corporate or capital structure of the Company which could have the effect of diluting or otherwise affecting Siegel's rights hereunder, the number and kind of shares of CTEA Common subject to the Option and the exercise price therefor shall be appropriately adjusted.

5. No Rights as Stockholder. Siegel shall not be or have any of the rights or privileges of a stockholder of the Company with respect to shares of CTEA Common acquirable upon exercise of the Option until the close of business on the Exercise Date. No adjustment shall be made to the Option for any dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights on the CTEA Common.

6. Notices. Any notice hereunder to the Company shall be addressed to: Celestial Seasonings, Inc., 4600 Sleepytime Drive, Boulder, Colorado 80301, Attention: Secretary, and any notice hereunder to Siegel shall be addressed to Siegel at Siegel's last address on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some other address. Any notice shall be deemed to have been duly given when delivered personally, by courier or by facsimile (receipt verified) or three business days after being enclosed in a properly sealed envelope, addressed as set forth above, and deposited (with first class postage prepaid) in the United States mail.

7. Counterparts. This Agreement may be executed in one or several counterparts, each of which shall constitute one and the same instrument.

8. Binding Effect; Amendment; Entire Agreement. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and the heirs, personal representatives, successors and assigns of Siegel. This Agreement may not be modified, amended, altered or supplemented except by a writing signed by the Company and Siegel. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement.

9. Governing Law. The validity, construction, interpretation, administration and effect of this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware.

10. Further Assurances. The parties will execute and deliver such documents and take such action reasonably deemed necessary or desirable to more effectively complete and evidence the issuance of the Option and the sale and transfer of any CTEA Common upon exercise of the Option pursuant to this Agreement.

* * * * *

IN WITNESS WHEREOF, the Company and Siegel have executed this Agreement as of the date first above written.

CELESTIAL SEASONINGS, INC.

By:

Its:

SIEGEL

.....
Mo Siegel

Form of Letter to be Used on
Exercise of Option

Date

Celestial Seasonings, Inc.
4600 Sleepytime Drive
Boulder, Colorado 80301
Attention: Secretary

Dear Ladies and Gentlemen:

I wish to exercise the stock option granted on July 11, 1991 and evidenced by my Option Agreement dated as of June 13, 1997 to the extent of _____ shares of the Common Stock of Celestial Seasonings, Inc. (the "CTEA Common"), at the exercise price of \$___ per share. I represent and warrant that the shares of CTEA Common I am acquiring are being acquired for investment without a view to distribution, within the meaning of the Securities Act of 1933, as amended (the "Act"), and may not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for such shares under the Act and applicable state securities laws, or an exemption therefrom which is satisfactory to Celestial Seasonings, Inc. My check in the amount of \$_____ in payment of the entire exercise price for these shares accompanies this letter.

Please issue a certificate for these shares in the following name:

Name

Street Address

City/State/Zip

Very truly yours,

Mo Siegel

Social Security Number

CELESTIAL SEASONINGS, INC.

STOCK OPTION AGREEMENT

Agreement made as of the 16th day of June, 1997, between Celestial Seasonings, Inc., a Delaware corporation (the "Company"), and Stephen B. Hughes ("Grantee").

1. Grant of Option. The Company hereby grants to Grantee, as of the date of grant specified above, a nonqualified option to purchase 165,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), of the Company (which number of shares may be adjusted pursuant to Paragraph 5 below) at \$21.50 per share, subject to the terms and conditions set forth herein.

2. Exercise of Option. Subject to the earlier termination of the option as provided herein, the option may be exercised, by written notice to the Company in the form attached as Exhibit A hereto, at any time and from time to time after the date of grant; provided however, unless a Change in Control (as defined in Section 5) occurs, such option shall not be exercisable for more than the sum of (i) 20% of the aggregate number of shares covered by this option multiplied by the number of full years from the date of grant thereof to the date of such exercise, in accordance with the following schedule, plus (ii) the product of 1b% multiplied by the number of full months from the most recent one-year anniversary of the date of grant until the date of exercise (the "Monthly Vesting Percentage") multiplied by the total number of shares covered by this option. For example, if the date of grant is July 19, 1993 and the date of exercise is between January 19, 1995 and February 18, 1995, the option may be exercised for 30% of the total number of shares covered hereby.

Completed Years From Date of Grant -----	Cumulative Percentage of Shares That May Be Exercisable -----
1 but less than 2 years	20% plus Monthly Vesting Percentage
2 but less than 3 years	40% plus Monthly Vesting Percentage
3 but less than 4 years	60% plus Monthly Vesting Percentage
4 but less than 5 years	80% plus Monthly Vesting Percentage
5 or more years	100%

An option shall not be exercisable in any event after the expiration of ten years from the date of grant. An option may not be exercised for a fraction of a share of Common Stock

3. Conditions to Exercise. The option may not be exercised by Grantee unless all of the following conditions are met:

(a) Legal counsel for the Company must be satisfied at the time of exercise that the issuance of shares of Common Stock upon exercise will be in compliance with the Securities Act of 1933, as amended (the "Act") and applicable United States federal, state, local and foreign laws;

(b) Grantee must pay at the time of exercise the full purchase price for the shares of Common Stock being acquired hereunder, by (i) paying in United States dollars by cash, (ii) tendering shares of Common Stock owned by Grantee which have a fair market value equal to the full purchase price for the shares of Common Stock being acquired, such fair market value to be determined in such reasonable manner as may be provided from time to time by the Company or as may be required in order to comply with or conform to the requirements of any applicable or relevant laws or regulations, (iii) paying in such other form as the Company may determine in its sole discretion, or (iv) tendering a combination of the forms of payment provided for in Subparagraphs 3(b)(i) through 3(b)(iii) above; and

(c) Grantee must, at all times during the period beginning with the grant date of the option and ending on the date of such exercise, have been employed by the Company, except (i) if Grantee ceases to be an employee by reason of Grantee's disability or early, normal or deferred retirement or resignation, Grantee may, at any time within one year of the date of the onset of such disability or retirement (but in no event after the expiration of ten years from the grant date) exercise the option with respect to the number of shares, determined under Paragraph 2 above, as to which Grantee could have exercised the option on the date of the onset of such disability or retirement or with respect to such greater number of shares as determined by the Company in its sole discretion, and any remaining portion of the option shall be cancelled by the Company, (ii) if Grantee ceases to be an employee by reason of death, the provisions of Paragraph 4 shall apply, (iii) if Grantee's employment is terminated for any other reason (including termination by the Company for reasons other than death as described in Paragraph 4 or disability, retirement or resignation

as described above), Grantee may, at any time within ninety days of the date of such termination (but in no event after the expiration of ten years from the grant date) exercise the option with respect to the number of shares, determined under Paragraph 2 above, as to which Grantee could have exercised the option on the date of such termination or with respect to such greater number of shares as determined by the Company in its sole discretion, and any remaining portion of the option shall be cancelled by the Company.

4. Transferability. The option may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by Grantee, except by will or the laws of descent and distribution and is exercisable during Grantee's lifetime only by Grantee. If Grantee or anyone claiming under or through Grantee attempts to violate this Paragraph 4, such attempt shall be null and void and without effect, and the Company's obligation to make any further payments (stock or cash) hereunder shall terminate. If at the time of Grantee's death the option has not been fully exercised, Grantee's estate or any person who acquires the right to exercise the option by bequest or inheritance or by reason of Grantee's death may, at any time within fifteen months after the date of Grantee's death (but in no event after the expiration of ten years from the grant date), exercise the option with respect to the number of shares, determined under Paragraph 2 above, as to which Grantee could have exercised the option at the time of Grantee's death, or with respect to such greater number of shares as determined

by the Company in its sole discretion. The applicable requirements of Paragraph 3 above must be satisfied at the time of such exercise.

5. Adjustments. In the event of any change in the number of shares of Common Stock outstanding by reason of any stock split, stock dividend, split-up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination or exchange of shares, sale by the Company of all or part of its assets, distribution to shareholders other than a normal cash dividend, or other extraordinary or unusual event occurring after the grant date specified above and prior to its exercise in full, the number and kind of shares of Common Stock or other property for which the option may then be exercised and the option price per share may or may not be adjusted so as to reflect such change, all as determined by the Company in its sole discretion. In the event of the proposed dissolution or liquidation of the Company, the option shall terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Company. In the event of a Change in Control, all restrictions on the option shall lapse and Grantee shall be entitled to the full benefit of the option immediately prior to the closing of such Change in Control, and the option shall terminate upon consummation of the Change in Control, unless otherwise provided by the Company. For purposes of this Agreement, a Change in Control shall mean a sale of all or substantially all of the assets of the Company, or the merger of the Company into another corporation.

6. Withholding of Tax. It shall be a condition to the obligation of the Company to furnish shares of Common Stock upon exercise of an option (i) that Grantee (or any person acting under Paragraph 4 above) pay to the Company or its designee, upon its demand, such amount as may be demanded for the purpose of satisfying the Company's obligation to withhold federal, state, local or foreign income, employment or other taxes incurred by reason of the exercise of the option or the transfer of shares thereupon, and (ii) that Grantee (or any person acting under Paragraph 4 above) provide the Company with any forms, documents or other information reasonably required by the Company in connection with the grant. If the amount requested for the purpose of satisfying the withholding obligation is not paid, the Company may refuse to furnish shares of Common Stock upon exercise of the option.

7. Amendment or Substitution of Awards. The terms of this Agreement may be amended from time to time by the Company in its sole discretion in any manner that it deems appropriate (including, but not limited to, acceleration of the vesting provisions of the option in Paragraph 2); provided, however, that no such amendment shall adversely affect in a material manner any right of Grantee under this Agreement without Grantee's written consent, unless the Company determines in its sole discretion that there have occurred or are about to occur significant changes in Grantee's position, duties or responsibilities or significant changes in economic, legislative, regulatory, tax, accounting or cost/benefit conditions which are determined by the Company in its sole discretion to have or to be expected to have a substantial effect on the performance of the Company, or any subsidiary, affiliates, division, or department thereof. The Company may, in its sole discretion, permit Grantee to surrender this grant in order to exercise or realize the rights under other awards, or in exchange for the grant of new awards, or require Grantee to surrender this grant as a condition precedent to the grant of new awards.

8. Administration. Any action taken or decision made by the Company's board of directors or the compensation committee of the board or their delegates arising out of or in connection with the construction, administration, interpretation or effect of the Agreement shall lie within its

sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Grantee and all persons claiming under or through Grantee.

9. No Rights as Stockholder. Unless and until a certificate or certificates representing such shares of Common Stock shall have been issued to Grantee (or any person acting under Paragraph 4 above), Grantee shall not be or have any of the rights or privileges of a stockholder of the Company with respect to shares of Common Stock acquirable upon exercise of the option. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued to Grantee.

10. Investment Representation. Grantee hereby acknowledges that the shares of Common Stock which Grantee may acquire by exercising the option shall be acquired for investment without a view to distribution, within the meaning of the Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the shares under the Act and applicable state securities laws or an applicable exemption from the registration requirements of the Act and any applicable state securities laws. Grantee also agrees that the shares of Common Stock which Grantee may acquire by exercising the option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state.

11. Registration of Common Stock. The Company, in its discretion, may postpone the issuance and/or delivery of shares of Common Stock upon any exercise of the option until completion of such registration or other qualification of such shares under any state and/or federal law, rule or regulation as the Company may consider appropriate.

12. Rights of Participants. Neither this Agreement nor the grant of options creates any employment rights in Grantee and the Company shall have no liability for terminating Grantee's employment. Grantee shall have no rights under this Agreement other than as an unsecured general creditor of the Company except that insofar as Grantee may have become entitled to payment of additional compensation by performance of services, Grantee shall have the same rights as other employees under general law.

13. Notices. Any notice hereunder to the Company shall be addressed to: Celestial Seasonings, Inc., 4600 Sleepytime Drive, Boulder, Colorado 80301, Attention: Secretary, and any notice hereunder to Grantee shall be addressed to Grantee at Grantee's last address on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some other address. Any notice shall be deemed to have been duly given when delivered personally, by facsimile (receipt verified) or enclosed in a properly sealed envelope, addressed as set forth above, and deposited (with first class postage prepaid) in the United States mail.

14. Counterparts. This Agreement may be executed in one or several counterparts, each of which shall constitute one and the same instrument.

15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Grantee.

16. Governing Law. The validity, construction, interpretation, administration and effect of this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Colorado.

IN WITNESS WHEREOF, the Company and Grantee have executed this Agreement as of the date first above written.

CELESTIAL SEASONINGS, INC.

By:

GRANTEE

.....
Stephen B. Hughes

.....
Social Security Number

Form of Letter to be Used on
Exercise of Stock Option

Date

Celestial Seasonings, Inc.
4600 Sleepytime Drive
Boulder, Colorado 80301

Attention: Secretary

Dear Sir:

I wish to exercise the stock option granted on June __, 1997 and evidenced by my Option Agreement dated as of June __, 1997 to the extent of _____ shares of the Common Stock of Celestial Seasonings, Inc., at the option price of \$__ per share. My check in the amount of \$_____ in payment of the entire purchase price for these shares accompanies this letter.

Please issue a certificate for these shares in the following name:

Name

Street Address

City/State/Zip

Very truly yours,

Stephen B. Hughes

Social Security Number

Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005

June 2, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: The Hain Celestial Group, Inc.
Post-Effective Amendment No. 1 to
S-4 Registration Statement on Form S-8

Ladies and Gentlemen:

We have acted as special counsel to The Hain Celestial Group, Inc. (the "Company") in connection with the preparation of the Company's Post-Effective Amendment to Form S-4 on Form S-8 (the "Amendment") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended. The Amendment covers an aggregate of 1,610,670 shares of the common stock of the Company, \$.01 par value (the "Common Stock"), to be offered under the Celestial Seasonings, Inc. 1993 Long Term Incentive, the Celestial Seasonings, Inc. 1994 Non-Employee Director Plan, a Stock Option Agreement dated July 8, 1993 between Celestial and Ron Davis, an Option Agreement dated June 13, 1997 between Celestial and Mo Siegel and a Stock Option Agreement dated June 16, 1997 between Celestial and Stephen B. Hughes (collectively, the "Plans") in connection with the merger (the "Merger") and related transactions contemplated in the Agreement and Plan of Merger dated March 5, 2000 (the "Merger Agreement") between the Company and Celestial Seasonings, Inc.

In rendering the opinions set forth herein, we have examined originals, photocopies or conformed copies certified to our satisfaction of all such corporate records, agreements, instruments and documents of the Company, certificates of public officials and other certificates and opinions, and we have made such other investigations, as we have deemed necessary in connection with the opinions set forth herein. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to originals of all documents submitted to us as photocopies or conformed copies.

Based on the foregoing, we advise you that in our opinion, the shares of Common Stock of the Company offered upon the exercise of options under the Plans, will be legally issued, fully paid and nonassessable.

We are members of the bar of the State of New York, and in rendering this opinion we express no opinion as to the laws of any jurisdiction other than the laws of the State of New York, the State of Delaware and the Federal laws of the United States of America.

We hereby consent to the filing of a copy of this opinion with the Commission as an exhibit to the Amendment referred to above.

Very truly yours,

/s/ Cahill Gordon & Reindel

June 2, 2000

The Hain Celestial Group, Inc.
50 Charles Lindbergh Boulevard
Uniondale, New York 11553

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Celestial Seasonings, Inc. and subsidiaries for the periods ended December 31, 1999 and 1998 as indicated in our report dated January 12, 2000; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which was included in your Quarterly Report on Form 10-Q for the quarter ended December 31, 1999 is being used in this Post-Effective Amendment No. 1 to Registration Statement No. 333-33830 to Form S-4 on Form S-8 of The Hain Celestial Group, Inc.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Yours truly,

/s/ Deloitte & Touche LLP

Consent of Independent Auditors

We consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Form S-4 Registration Statement on Form S-8 (the "Registration Statement") (Form S-8 Registration No. 333-33830) of our report dated September 8, 1999 (except Note 15, as to which the date is September 27, 1999) with respect to the consolidated financial statements and schedule of The Hain Food Group, Inc. and Subsidiaries included in its Annual Report (Form 10-K) for the year ended June 30, 1999, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Melville, New York
June 2, 2000

Consent of Independent Auditors

We consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 333-33830 to Form S-4 on Form S-8 of The Hain Celestial Group, Inc. of our report dated February 18, 1999 (except for Note 7, as to which the date is March 30, 1999), on the consolidated financial statements of Natural Nutrition Group, Inc., appearing in Amendment No. 3 to the Current Report on Form 8-K of The Hain Food Group, Inc. dated April 27, 1999 and filed with the Securities and Exchange Commission on June 18, 1999.

Deloitte & Touche LLP

Costa Mesa, California
June 2, 2000

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 333-33830 to Form S-4 on Form S-8 of The Hain Celestial Group, Inc. of our reports dated November 3, 1999, appearing in the Annual Report on Form 10-K/A of Celestial Seasonings, Inc. for the year ended September 30, 1999.

DELOITTE & TOUCHE LLP

Denver, Colorado
June 2, 2000