

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

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended: 09/30/00 Commission file number: 0-22818

THE HAIN CELESTIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

22-3240619

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

50 Charles Lindbergh Boulevard, Uniondale, New York

11553

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (516) 237-6200

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

Yes

No

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

32,987,159 shares of Common Stock \$.01 par value, as of November 10, 2000.

THE HAIN CELESTIAL GROUP, INC.
INDEX

	Page
Part I	
Financial Information	
Item 1.	
Financial Statements	
Consolidated Balance Sheets - September 30, 2000 (unaudited) and June 30, 2000	2
Consolidated Statements of Operations - Three months ended September 30, 2000 and 1999 (unaudited)	3
Consolidated Statements of Cash Flows - Three months ended September 30, 2000 and 1999 (unaudited)	4
Consolidated Statement of Stockholders' Equity - Three months ended September 30, 2000 (unaudited)	5
Notes to Consolidated Financial Statements	6 to 9

Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10 to 12
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	12
Part II	Other Information	
	Items 1 and 3 to 5 are not applicable	
	Item 2 - Change in Securities	13
	Item 6 - Exhibits and Reports on Form 8-K	13
	Signatures	14

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share and share amounts)

	September 30, 2000	June 30, 2000
ASSETS	(Unaudited)	(Note)
Current assets:		
Cash	\$ 49,476	\$ 38,308
Accounts receivable, less allowance for doubtful accounts of \$1,049 and \$929	46,391	36,120
Inventories	49,835	48,139
Recoverable income taxes	3,504	7,982
Deferred income taxes	8,724	8,724
Other current assets	3,990	3,611
	-----	-----
Total current assets	161,920	142,884
Property, plant and equipment, net of accumulated depreciation and amortization of \$20,953 and \$19,471	39,089	39,340
Goodwill, net of accumulated amortization of \$14,367 and \$13,109	186,954	188,212
Trademarks and other intangible assets, net of accumulated amortization of \$5,897 and \$5,594	39,018	39,086
Deferred financing costs, net of accumulated amortization of \$330 and \$328	236	238
Other assets	6,262	6,257
	-----	-----
Total assets	\$ 433,479	\$ 416,017
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 46,577	\$ 43,039
Accrued merger related charges	8,339	9,414
Current portion of long-term debt	711	681
	-----	-----
Total current liabilities	55,627	53,134
Long-term debt, less current portion	5,497	5,622
Deferred income taxes	5,537	5,537
	-----	-----
Total liabilities	66,661	64,293
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$.01 par value, authorized 5,000,000 shares, no shares issued	-	-
Common stock - \$.01 par value, authorized 100,000,000 shares, issued 32,969,068 and 32,147,261 shares	330	321
Additional paid-in capital	335,321	326,641
Retained earnings	31,442	25,037
	-----	-----
	367,093	351,999
Less: 100,000 shares of treasury stock, at cost	(275)	(275)
	-----	-----
Total stockholders' equity	366,818	351,724
	-----	-----
Total liabilities and stockholders' equity	\$ 433,479	\$ 416,017
	=====	=====

Note: The balance sheet at June 30, 2000 has been derived from the audited financial statements at that date.

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2000	1999
	(Unaudited)	
Net Sales	\$ 93,653	\$ 87,940
Cost of sales	53,245	54,609
Gross profit	40,408	33,331
Selling, general & administrative expenses	27,285	31,116
Merger costs	1,032	-
Amortization of goodwill and other intangible assets	1,574	1,570
Operating income	10,517	645
Other income, net	597	-
Interest and financing costs	(71)	(2,945)
Income (loss) before income taxes and cumulative change in accounting principle	11,043	(2,300)
Provision/(benefit) for income taxes	4,638	(1,088)
Income (loss) before cumulative change in accounting principle	6,405	(1,212)
Cumulative change in accounting principle, net of income tax benefit of \$2,547	-	(3,754)
Net income (loss)	\$ 6,405	\$ (4,966)
Basic earnings per common share:		
Income (loss) before cumulative change in accounting principle	\$ 0.20	\$ (0.05)
Cumulative change in accounting principle	-	(0.15)
Net income (loss)	\$ 0.20	\$ (0.20)
Diluted earnings per common share:		
Income (loss) before cumulative change in accounting principle	\$ 0.19	\$ (0.05)
Cumulative change in accounting principle	-	(0.15)
Net income (loss)	\$ 0.19	\$ (0.20)
Weighted average common shares outstanding:		
Basic	32,095	24,873
Diluted	34,019	24,873

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended September 30,	
	2000	1999
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 6,405	\$ (4,966)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Cumulative change in accounting principle	-	3,754
Depreciation and amortization of property and equipment	1,495	1,200
Amortization of goodwill and other intangible assets	1,574	1,570
Amorization of deferred financing costs	2	208
Provision for doubtful accounts	120	185
Deferred income taxes	-	(3,477)
Other	12	12
Increase (decrease) in cash attributable to changes in assets and liabilities, net of amounts applicable to acquired businesses:		
Accounts receivable	(10,391)	(5,941)
Inventories	(1,696)	6,587
Other current assets	(379)	(53)
Other assets	(18)	(810)
Accounts payable and accrued expenses	2,313	2,226
Recoverable taxes, net of income tax payable	4,478	1,569
Net cash provided by operating activities	3,915	2,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of businesses	-	(4,625)
Purchases of property and equipment and other intangible assets	(1,329)	(4,624)
Proceeds from sale of assets	-	212
Net cash used in investing activities	(1,329)	(9,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from bank revolving credit facility, net	-	4,665
Repayment of term loan facilities	-	(78,300)
Payments on economic development revenue bonds	(66)	(75)
Costs in connection with bank financing	-	(7)
Proceeds from private equity offering, net of expenses	-	80,589
Proceeds from exercise of warrants and options, net of related expenses	8,677	641
Payment of other long-term debt and other liabilities	(29)	(86)
Net cash provided by financing activities	8,582	7,427
Net increase in cash and cash equivalents	11,168	454
Cash and cash equivalents at beginning of period	38,308	712
Cash and cash equivalents at end of period	\$ 49,476	\$ 1,166

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000
(In thousands, except per share and share data)

	Common Stock			Retained Earnings	Treasury Stock		Total
	Shares	Amount at \$.01	Additional Paid-in Capital		Shares	Amount	
Balance as June 30, 2000	32,147,261	\$ 321	\$ 326,641	\$ 25,037	100,000	\$ (275)	\$ 351,724
Exercise of common stock warrants, net of related expenses	3,500		11				11
Exercise of stock options	818,307	9	8,657				8,666
Non-cash compensation charge			12				12
Net income for the period				6,405			6,405
Balance at September 30, 2000	32,969,068	\$ 330	\$ 335,321	\$ 31,442	100,000	\$ (275)	\$ 366,818

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL:

The Hain Celestial Group, Inc. (formerly known as The Hain Food Group, Inc. or "Hain"), headquartered in Uniondale, NY, is a natural, specialty and snack food company. The Company is a leader in many of the top natural food categories, with such well-known natural food brands as Celestial Seasonings (R) teas, Hain Pure Foods(R), Westbrae(R), Westsoy(R), Arrowhead Mills(R), Health Valley(R), Breadshop's(R), Casbah(R), Garden of Eatin'(R), Terra Chips(R), DeBoles(R), Earth's Best(R), and Nile Spice(R). The Company's principal specialty product lines include Hollywood(R) cooking oils, Estee(R) sugar-free products, Weight Watchers(R) dry products, Kineret(R) kosher foods, Boston Better Snacks(R), and Alba Foods(R).

The Company and its subsidiaries operate in one business segment: the sale of natural, organic and other food and beverage products. Since fiscal 2000, approximately 55% of the Company's revenues were derived from products which are manufactured within its own facilities with 45% produced by various co-packers. There are no co-packers who manufactured 10% or more of the Company's products.

Certain reclassifications have been made in the consolidated financial statements to conform to current year's presentation.

2. BASIS OF PRESENTATION:

All amounts in the consolidated financial statements have been rounded to the nearest thousand dollars, except share and per share amounts.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ending June 30, 2001. Reference is made to the footnotes to the audited consolidated financial statements of the Company and subsidiaries as at June 30, 2000 and for the year then ended included in the Company's Annual Report on Form 10-K for information not included in these condensed footnotes.

3. Celestial Merger

On May 30, 2000, Hain completed a merger (the "Merger") with Celestial Seasonings, Inc. ("Celestial") by issuing 10.3 million shares of Hain common stock in exchange for all of the outstanding common stock of Celestial. Each share of Celestial common stock was exchanged for 1.265 shares of Hain common stock. In addition, Hain assumed all Celestial stock options previously granted by Celestial. As part of the Merger, Hain changed its name to The Hain Celestial Group, Inc.. Celestial, the common stock of which was previously publicly traded, is the market leader in speciality teas.

The Merger was accounted for as a pooling-of-interests and, accordingly, all prior period consolidated financial statements of Hain have been restated to include the results of operations, financial position and cash flows of Celestial. Information concerning common stock, employee stock plans and per share data has been restated on an equivalent share basis.

During the three months ended September 30, 2000, the Company incurred \$1 million of merger related employee costs.

4. RESTRUCTURING AND OTHER NON-RECURRING CHARGES

During the fourth quarter of fiscal 2000, the Company approved a plan to streamline and restructure certain non-core businesses and consolidate warehouses and information systems within the Company's distribution and operating network which resulted in a pre-tax charge of \$3.7 million. At June 30, 2000 the Company had accrued approximately \$2 million of future costs associated with this restructuring charge. During the three months ended September 30, 2000, approximately \$2 million was charged to the accrual, bringing the remaining balance to \$1.8 million which has been included in accounts payable and accrued expenses on the Consolidated Balance Sheet at September 30, 2000.

In addition, during the three months ended September 30, 1999, Celestial decided to cease production of its 30-count supplements product line and focus its efforts on its 60-count product line. In conjunction with the discontinuance of the 30-count products, Celestial decided to offer a return program to its customers. Accordingly, Celestial reversed sales (\$5.1 million) and recorded additional cost of sales (\$4.0 million) for the estimated 30-count products still with customers and an estimated write-down of inventory on hand and expected to be returned.

Additionally in September 1999, Celestial entered into a settlement agreement relating to a shareholder lawsuit resulting in a one-time charge of \$1.2 million which has been included in selling, general and administrative expenses.

5. CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE:

In April 1998, the American Institute of Certified Public Accountants issued SOP 98-5, "Reporting Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 was adopted by the Company effective July 1, 1999, and requires start-up costs capitalized prior to such date be written-off as a cumulative effect of an accounting change as of July 1, 1999, and any future start-up costs to be expensed as incurred. Start-up activities are defined broadly as those one-time activities related to introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or commencing some new operations. In accordance with SOP 98-5, the Company recorded a one-time non-cash charge in the first quarter of fiscal 2000 reflecting the cumulative effect of a change in accounting principle, in the amount of \$3.8 million, net of tax benefit, representing start-up costs capitalized as of the beginning of fiscal year 2000.

6. INVENTORIES:

Inventories consist of the following:

	September 30, 2000	June 30, 2000
	-----	-----
Finished goods	\$ 29,205	\$ 28,730
Raw materials and packaging	20,630	19,409
	-----	-----
	\$ 49,835	\$ 48,139
	=====	=====

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

7. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consist of the following:

	September 30, 2000	June 30, 2000
	-----	-----
Land	\$ 6,049	\$ 6,049
Building and improvements	10,583	10,579
Machinery & equipment	33,628	33,890
Assets held for sale	-	197
Furniture and fixtures	2,585	2,580
Leasehold improvements	5,115	5,014
Construction in progress	2,082	502
	-----	-----
	60,042	58,811
Less:		
Accumulated depreciation and amortization	20,953	19,471
	-----	-----
	\$ 39,089	\$ 39,340
	=====	=====

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

8. EARNINGS PER SHARE:

The Company reports basic and diluted earnings per share in accordance with FASB Statement No. 128, "Earnings Per Share" ("SFAS 128"). Basic earnings per share excludes any dilutive effects of options and warrants. Diluted earnings per share includes all dilutive common stock equivalents such as stock options and warrants.

The following table sets forth the computation of basic and diluted earnings per share pursuant to SFAS 128:

	Three Months Ended September 30	
	2000	1999
	-----	-----
Numerator:		
Numerator for basic and diluted earnings (loss) per share -		
Income (loss) before cumulative change in accounting principle	\$ 6,405	\$ (1,212)
Cumulative change in accounting principle	-	(3,754)
	-----	-----
Net income (loss)	\$ 6,405	\$ (4,966)
	=====	=====
Denominator:		
Denominator for basic earnings (loss) per share - weighted average shares outstanding during the period		
	32,095	24,873
	-----	-----
Effect of dilutive securities (a):		
Stock options	1,649	-
Warrants	275	-
	-----	-----
	1,924	-
	-----	-----
Denominator for diluted earnings (loss) per share - adjusted weighted average shares and assumed conversions	34,019	24,873
	=====	=====
Basic earnings (loss) per share:		
Income (loss) before cumulative change in accounting principle	\$ 0.20	\$ (0.05)
Cumulative change in accounting principle	-	(0.15)
	-----	-----
Net income (loss)	\$ 0.20	\$ (0.20)
	=====	=====
Diluted earnings (loss) per share:		
Income (loss) before cumulative change in accounting principle	\$ 0.19	\$ (0.05)
Cumulative change in accounting principle	-	(0.15)
	-----	-----
Net income (loss)	\$ 0.19	\$ (0.20)
	=====	=====

(a) As a result of the net loss, the dilutive effects of options and warrants are not shown as the results would be antidilutive.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations

Three months ended September 30, 2000

Net sales for the three months ended September 30, 2000 were \$93.7 million, an increase of \$5.8 million or 6.5% over net sales of \$87.9 million in the quarter ended September 30, 1999. In the September 1999 period, Celestial recorded sales returns of \$5.1 million related to the returns of its 30-count supplements product line.

Gross profit for the three months ended September 30, 2000 increased by approximately \$7.1 million to \$40.4 million (43.1% of net sales) as compared to \$33.3 million (37.9% of net sales) in the corresponding 1999 period. The increase in gross profit dollars was a direct result of the increased sales level in 2000 along with reductions in gross profit dollars of \$4 million in the September 30, 1999 period resulting also from the inventory write-down Celestial recorded related to its 30-count supplement line. Gross profit percentage decreased 2.5% (exclusive of the supplement sales returns and inventory write-downs in the 1999 period) primarily from higher costs associated with the Health Valley brand as a result of intensive preparations for a potential labor action at the Health Valley plant, previously discussed in the Company's Form 10-K which the Company continues to work to resolve, the mix of products sold and additional warehousing and freight costs, principally due to the opening of the new Ontario, California distribution center and fuel surcharges.

Selling, general and administrative expenses decreased by \$3.8 million to \$27.3 million for the three months ended September 30, 2000 as compared to \$31.1 million in the September 30, 1999 quarter. Such expenses as a percentage of net sales amounted to 29.1% for the three months ended September 30, 2000 compared with 35.4% in the September 30, 1999 quarter. The dollar decrease is a combination of \$1 million of synergies realized in the September 2000 period resulting from the Celestial merger, a \$1.2 million nonrecurring charge incurred in the September 1999 period as a result of a shareholder lawsuit settled by Celestial and \$1 million of lower other selling, general and administrative expense components. To date, a substantial portion of synergies from the Celestial merger have been identified and it is expected that the integration process will be substantially completed by the end of fiscal 2001.

Merger related charges amounted to \$1 million for the three months ended September 30, 2000. There were no merger related charges in the corresponding period. Merger related charges incurred relate to certain employee costs associated with the Celestial merger.

Amortization of goodwill and other intangible assets was both \$1.6 million for the September 2000 and 1999 periods. Amortization expense in total amounted to 1.7% and 1.8% of net sales for the three months ended September 30, 2000 and 1999, respectively.

Operating income increased by \$9.9 million compared to the 1999 period. Operating income as a percentage of net sales amounted to 11.2%, compared with .7% in the September 1999 quarter. The dollar and percentage increase resulted principally from higher gross profit, lower selling, general, administrative and amortization expenses, offset by higher merger related costs.

Interest and other income amounted to \$.6 million for the three months ended September 30, 2000 compared with no other income in the corresponding period. This increase is a direct result of the interest earned on the increased cash balance of \$49.5 million at September 30, 2000.

Interest and financing costs for the three months ended September 30, 2000 amounted to approximately \$.07 million, compared to \$2.9 million in the 1999 period. This decrease is a result of significantly reduced debt levels (\$6.2 million outstanding at September 30, 2000 compared with \$65.9 million at September 30, 1999). The average interest rate was 5.5% in the September 2000 period compared with approximately 8.5% in the September 1999 period.

Income (loss) before income taxes and cumulative change in accounting principle for the three months ended September 30, 2000 increased to \$11 million (11.7% of net sales) from a \$2.3 million pretax loss in the corresponding 1999 period. This \$13.3 million improvement in profitability was attributable to the aforementioned increase in operating income, as well as the other income generated.

Income taxes increased to \$4.6 million for the three months ended September 30, 2000 compared to a \$1.1 million income tax benefit in the corresponding 1999 period. The effective tax rate was 42% in the 2000 period compared with a tax benefit of 47.3% in the corresponding 1999 period. The tax benefit in 1999 was a result of the loss for the period and additional tax deductions generated from Celestial's contributions of its 30-count supplements to a qualified organization. The Company expects its pre-tax earnings will be taxed at a 42% effective rate for the remainder of this fiscal year.

Income (loss) before cumulative change in accounting principle for the three months ended September 30, 2000 increased to \$6.4 million (6.8% of net sales) from a loss of \$1.2 million in the corresponding 1999 period. This \$7.6 million improvement in earnings was primarily attributable to the aforementioned increase in income before income taxes and cumulative change in accounting principle.

Change in Accounting Principle:

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 was effective beginning on July 1, 1999, and required that start-up costs capitalized prior to such date be written-off as a cumulative effect of an accounting change as of July 1, 1999. Any future start-up costs are being expensed as incurred. Start up activities are broadly defined as those one time activities related to introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or commencing some new operation. In accordance with SOP 98-5, the Company recorded a one-time non-cash charge in the first quarter of fiscal 2000 reflecting the cumulative effect of a change in accounting principle, in the amount of \$3.8 million, net of tax benefit, representing such start-up costs capitalized as of the beginning of fiscal year 2000.

Liquidity and Capital Resources

The Company requires liquidity for working capital needs and debt service requirements.

The Company had working capital and a current ratio of \$106.3 million and 2.91 to 1, respectively, at September 30, 2000 as compared to \$89.8 million and

2.69 to 1, respectively, at June 30, 2000. The increase in working capital and the current ratio is primarily attributable to cash flows from operations and financing activities. The cash flow from financing activities is attributable to the exercise of stock options and warrants during the first quarter of fiscal 2000.

The Company believes that its cash on hand of \$49.5 million at September 30, 2000, as well as cash flows from operations are sufficient to fund its working capital needs, anticipated capital expenditures, other operating expenses, as well as provide liquidity to pay down the remaining merger related and restructuring accruals (aggregating approximately \$8.4 million of accrued merger costs and \$1.8 million of restructuring accruals) existing at September 30, 2000 for the remainder of fiscal 2001. Of the \$10.2 million of these accruals, approximately \$9 will be utilized during the remainder of fiscal 2001. The Company is currently investing its cash on hand in highly liquid short-term investments yielding approximately 6% interest.

In addition, in July 2000, the Company entered into a short-term revolving credit facility with a bank providing the Company with \$50 million of revolving credit to fund operations. No borrowings existed on this facility at September 30, 2000 nor as at November 10, 2000.

Seasonality

Sales of food and beverage products consumed generally decline to some degree during the Summer months (the first quarter of the Company's fiscal year). However, the Company believes that such seasonality has a limited effect on operations.

Inflation

The Company does not believe that inflation had a significant impact on the Company's results of operations for the periods presented.

Note Regarding Forward Looking Information

Certain statements contained in this Quarterly Report constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Sections 21E of the Exchange Act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, levels of activity, performance or achievements of the Company, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, the ability of the Company to implement its business and acquisition strategy; the ability to effectively integrate its acquisitions; the ability of the Company to obtain financing for general corporate purposes; competition; availability of key personnel, and changes in, or the failure to comply with governments regulations. As a result of the foregoing and other factors, no assurance can be given as to the future results, levels of activity and achievements and neither the Company nor any person assumes responsibility for the accuracy and completeness of these statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has not entered into market risk sensitive transactions required to be disclosed under this item.

Part II - OTHER INFORMATION

Item 2. - Changes in Securities and Use of Proceeds

As previously disclosed in the Company's filings on September 27, 1999, the Company announced that it had entered into a global strategic alliance with Heinz related to the production and distribution of natural products domestically and internationally. In connection with the alliance, the Company issued 2,837,343 shares of its common stock, par value \$.01 per share to a wholly-owned subsidiary of Heinz, for an aggregate purchase price of \$82,383,843 under a Securities Purchase Agreement dated September 24, 1999 between the Company and the Heinz Subsidiary. In addition, as part of the consideration paid by the Company to the Heinz Subsidiary in connection with the Company's acquisition of the Earth's Best trademarks, the Company issued 670,234 shares of its common stock to Earth's Best.

On June 19, 2000, the Heinz Subsidiary executed its preemptive right under the aforementioned Security Purchase Agreement to purchase additional shares of the Company's common stock. The Company issued 2,582,774 additional shares to the Heinz Subsidiary for an aggregate purchase price of \$79,743,147.

The issuance of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of Securities Act for transactions by an issuer not involving any public offering.

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

(a) Exhibits

- | | |
|------|--|
| 10.1 | Form of Change In Control Agreement |
| 10.2 | Employment Agreement for Chief Executive Officer |
| 27.1 | Financial Data Schedule for the three months ended September 30, 2000 |
| 27.2 | Financial Data Schedule for the three months ended September 30, 1999 (restated) |

(b) Reports on Form 8-K

On September 19, 2000, the Company filed a report on Form 8-K whereby the Company announced earnings for the fiscal quarter and fiscal year ended June 30, 2000.

In accordance with Rules 100(a) and 101(e) of Regulation FD under the Securities Exchange Act of 1934, the Company hosted a conference call regarding its results for the fiscal quarter and fiscal year ended June 30, 2000 at 8:30 a.m. EST on September 19, 2000.

SIGNATURES

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

THE HAIN CELESTIAL GROUP, INC.

Date: November 14, 2000

/s/ Irwin D. Simon

Irwin D. Simon,
President and Chief
Executive Officer

Date: November 14, 2000

/s/ Gary M. Jacobs

Gary M. Jacobs,
Executive Vice President, Finance
and Chief Financial Officer

3-MOS
Jun-30-2001
Jul-01-2000
Sep-30-2000
49476
0
47440
1049
49835
161920
60042
20953
433479
55627
5497
330
0
0
335321
433479
93653
93653
53245
53245
29891
0
71
11043
4638
6405
0
0
0
6405
.20
.19

3-MOS
Jun-30-2000
Jul-01-1999
Sep-30-1999
1166
0
43617
1200
39903
92189
56930
15810
379998
55905
53182
287
0
0
233731
379998
87940
87940
54609
54609
32686
0
2945
(2300)
(1088)
(1212)
0
0
3754
(4,966)
(.20)
(.20)

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT dated as of _____, 2000 (this "Agreement"), is made by and between The Hain Celestial Group, Inc., a Delaware corporation having its principal offices at 50 Charles Lindbergh Boulevard, Uniondale, New York 11553 (the "Company"), and [Executive Name], [Executive Title] (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continued employment of key executive management personnel; and

WHEREAS, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly-held corporations, the possibility of a Change in Control (as defined in Section 1.4 below) of the Company exists from time to time and that such possibility, and the uncertainty, instability and questions which it may raise for and among key executive management personnel, may result in the premature departure or significant distraction of such management personnel to the material detriment of the Company and its stockholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce, focus and encourage the continued attention and dedication of key members of the executive management of the Company and its subsidiaries, including (without limitation) the Executive, to their assigned duties without distraction in the face of potentially disturbing or unsettling circumstances arising from the possibility of a Change in Control of the Company;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms have the meanings set forth below:

1.1 "Annual Base Salary" shall mean the Executive's rate of regular base annual compensation prior to any reduction under a salary reduction agreement pursuant to section 401(k) or section 125 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), and shall not include (without limitation) cost of living allowances, fees, retainers, reimbursements, bonuses, incentive awards, prizes or similar payments.

17

1.2 [Intentionally Omitted]

1.3 "Cause" for termination by the Company or any subsidiary of the Executive's employment, after any Change in Control, shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company, or a subsidiary of the Company, as such duties may reasonably be defined from time to time by the Board (or a duly designated and authorized committee thereof), or to abide by the reasonable written policies of the Company or of the Executive's primary employer (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination by the Executive for Good Reason pursuant to Section 4.1) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties or has not abided by any reasonable written policies, or (ii) the continued and willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company or its subsidiaries.

1.4 "Change in Control" shall mean and be deemed to have occurred if:

(i) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of 50% or more of the combined voting power of the then outstanding Voting Stock of the Company; provided, however, that for purposes of this Section 1.4(i), the following acquisitions shall not constitute a

Change of Control: (A) any issuance of Voting Stock of the Company directly from the Company that is approved by the Incumbent Board (as defined in Section 1.4(ii) below), (B) any acquisition by the Company of Voting Stock of the Company or (C) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Combination (as defined in Section 1.4(iii) below) that complies with clauses

(A), (B) and (C) of Section 1.4(iii) below; or

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a member of the Board (a "Director") subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the Directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be deemed to have been a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger or consolidation, a sale or other disposition of all or substantially all of the assets of the Company, or other transaction (each, a "Business Combination"), unless, in each case, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, (B) no Person (other than the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were

members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) the stockholders of the Company approve (a) the sale or disposition by the Company (other than to a subsidiary of the Company) of all or substantially all of the assets of the Company, or (b) a complete liquidation or dissolution of the Company.

1.5 "Company" shall mean The Hain Celestial Group, Inc. and any successor to its business and/or assets which assumes (either expressly, by operation of law or otherwise) and/or agrees to perform this Agreement by operation of law or otherwise (except in determining, under Section 1.3 hereof, whether or not any Change in Control of the Company has occurred in connection with such succession).

1.6 "Disability" shall mean and be deemed the reason for the termination by the Executive of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties for a period of three (3) consecutive months.

1.7 "Good Reason" for termination by the Executive of the Executive's employment in connection with or as a result of any Change in Control shall mean the occurrence (without the Executive's prior express written consent) of any one of the following acts, or failures to act, unless, in the case of any act or failure to act described in clauses (i), (iv), (v) or (vi) below, such act or failure to act is corrected by the Company or any subsidiary prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(i) the assignment to the Executive of any duties or responsibilities inconsistent with the Executive's most significant position(s) (including without limitation status, offices, titles and reporting responsibilities/rights) as an executive officer of the Company and/or a subsidiary held during the one hundred eighty (180) day period immediately preceding any related Potential Change in Control, or a substantial adverse alteration of the Executive's position or title(s) with the Company or any subsidiary or in the nature of such status, offices, titles and reporting responsibilities/rights;

(ii) a reduction in the Executive's Annual Base Salary as in effect on the date of this Agreement or as the same may be increased at any time thereafter and from time to time;

(iii) the relocation of the Company's principal executive offices to a location more than thirty (30) miles from its location on the date of this Agreement (or, if different, more than thirty (30) miles from where such offices are located immediately prior to any Potential Change of Control) or the Company's requiring the Executive to be based anywhere other than the location where the Executive is performing his duties immediately prior to any Potential Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations as of the date of the Potential Change in Control;

(iv) any failure by the Company to comply with any of the provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(v) the failure by the Company or a subsidiary to continue in effect any pension benefit or incentive or deferred compensation plan in which the Executive participates immediately prior to any Potential Change in Control which is material to the Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan or arrangement) has been made with respect to such plan, or the failure by the Company or a subsidiary to continue the Executive's participation therein (or in such substitute or alternative plan or arrangement) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Potential Change in Control;

(vi) the failure by the Company or a subsidiary to continue to provide the Executive with health and welfare benefits substantially similar to those enjoyed by the Executive under any of the Company's or a subsidiary's retirement, life insurance, medical, health

and accident, or disability or similar plans in which the Executive was participating at the time of any Potential Change in Control, the taking of any action by the Company or a subsidiary which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Potential Change in Control, or the failure by the Company or a subsidiary to provide the Executive with the number of paid vacation days to which the Executive is entitled in accordance with the Company or a subsidiary's normal vacation policy in effect at the time of the Potential Change in Control;

(vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 4.1; and/or

(viii) a termination by the Executive of his employment for any reason during the last 30 days of the Window Period.

1.8 "Person" shall have the meaning ascribed thereto in Section 3(a)(9) of the Exchange Act, as modified, applied and used in Sections 13(d) and 14(d) thereof; provided, however, a Person shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries (in its capacity as such), (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same character and proportions as their ownership of stock of the Company.

1.9 "Potential Change in Control" shall mean and be deemed to have occurred if:

(i) the Company enters into an agreement the consummation of which would result in the occurrence of a Change in Control;

(ii) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred; and/or

(iii) any Person becomes, after the date hereof, the Beneficial Owner, directly or indirectly, of

securities of the Company representing twenty five percent (25%) or more of the combined voting power of the Company's then outstanding securities, or any Person increases such Person's beneficial ownership of such securities by five (5) percentage points or more over the percentage so owned by such Person on the date hereof.

1.10 "Voting Power" means securities entitled to vote generally in the election of directors.

1.11 "Window Period" shall mean the thirteen (13) month period following a Change in Control.

2. Term of this Agreement. This Agreement shall commence on the date hereof and shall continue in effect as long as the Executive is employed by the Company, provided, however, that if (i) a Change in Control shall have occurred during the Executive's employment with the Company, this Agreement shall continue in effect until the termination of the applicable Window Period, or (ii) if a Potential Change in Control shall have occurred during the Executive's employment with the Company, this Agreement shall continue in effect until one (1) year after the Executive's termination of employment with the Company (the "Term").

3. Severance Payments.

3.1 Severance. The Company shall pay the Executive the payments described in Section 3.1.1 and 3.1.2 (the "Severance Payments") upon the termination of the Executive's employment with the Company during the Window Period (including, but not limited to, the Executive's termination of employment for Good Reason, death or Disability), unless such termination is (i) by the Company for Cause, or (ii) by the Executive without Good Reason. In addition, the Executive's employment shall be deemed to have been terminated immediately following a Change in Control by the Company without Cause or by the Executive for Good Reason if (a) the Executive reasonably demonstrates that the Executive's employment was terminated prior to a Change in Control without Cause (1) at the request of a Person who has entered into an agreement with the Company the consummation of which will constitute a Change in Control (or who has taken other steps reasonably calculated to effect a Change in Control) or (2) otherwise in connection with, as a result of or in anticipation of a Change in Control, (b) the Executive terminates his employment for Good Reason prior to a Change in Control and the Executive reasonably demonstrates that the circumstance(s) or event(s) which constitute such Good Reason occurred (1) at the request of such Person or (2) otherwise in connection with, as a result of or in anticipation of a Change in

Control, or (c) the Executive dies or is terminated due to Disability, in each case, after the occurrence of a Potential Change in Control and related Change in Control actually occurs within one (1) year after the Date of Termination or the date of death, as the case may be. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

3.1.1 In lieu of any further salary and bonus payments to the Executive for periods subsequent to the Date of Termination, the Company shall pay to the Executive (i) a lump sum severance payment in cash (or at the Executive's sole and exclusive option receive such amounts as salary continuation during the applicable periods set forth below), equal to (x) two (2) times the highest Annual Base Salary paid or payable to the Executive during the thirty-six (36) month period immediately preceding the month in which the Change in Control occurs, and (y) the aggregate of the maximum bonuses (as defined in the Annual Incentive Plan (a copy of which is attached hereto as Exhibit A) or if no Plan is in effect, the highest annual amount paid or payable to the Executive during the thirty-six (36) month period immediately preceding the month in which the change in control occurs) which could have been earned, vested or otherwise paid for the year in which the Change in Control occurs (for purposes herein, the maximum bonuses shall automatically vest and be deemed earned in their entirety as if the Executive was employed for the entire applicable year period in which the Change in Control occurs and shall be deemed payable to the Executive in full as of the Date of Termination), and (ii) all unpaid accrued vacation through the Date of Termination in accordance with the Company's plans and practices in effect immediately prior to the Change in Control, provided that such unpaid vacation has been accrued on the books and records of the Company prior to the Date of Termination.

3.1.2 After the Date of Termination, the Company shall continue to provide the Executive and/or the Executive's dependents, as the case may be, with (i) life, disability, accident and health insurance benefits ("Benefits Coverage") substantially similar to those which the Executive and/or the Executive's dependents is receiving immediately prior to any related Potential Change in Control or the receipt of the Notice of Termination (without giving effect to any reduction

in such benefits subsequent to a Change in Control which reduction constitutes Good Reason), whichever is greater, until the earlier to occur of such time as the Executive is provided with substantially comparable Benefits Coverage with a new employer or twenty four (24) months; (ii) the automobile allowance, gas and other automobile benefits the Executive was receiving immediately prior to any related Potential Change in Control or the receipt of the Notice of Termination (without giving effect to any reduction in such benefits subsequent to a Change in Control which reduction constitutes Good Reason), whichever is greater, for a period of twelve (12) months; and (iii) outplacement services, the scope and provider of which shall be selected by the Executive with the cost of such services and related expenses borne by the Company, subject to the submission of reasonable documentation in accordance with the Company's standard practice to substantiate expenses.

3.1.3 During the term of this Agreement and through the period of twenty-four (24) months following the Date of Termination, all benefits under any pension or retirement plans, employees stock ownership plan or any other plan or agreement relating to retirement benefits ("Retirement Benefits") in which the Executive participates shall continue to accrue to the Executive, crediting of service all Retirement Benefits provided to the Executive as a fully vested participant under any such plan or agreement relating to retirement benefits. No contributions shall be required to be made by the Executive to any plan providing for employee contributions following the Date of Termination. To the extent that the amount of any Retirement Benefits are or would be payable from a nonqualified plan, the Company shall, as soon as practicable following the Date of Termination (but in no event later than the 30th day after the Date of Termination), pay directly to the Executive in one lump sum, cash in an amount equal to the additional benefits that would have been provided had such accrual or crediting been taken into account in calculating such Retirement Benefits. Such lump sum payment shall be calculated as provided in the relevant plan and, in the case of a defined contribution plan, shall include an amount equal to the gross amount of the maximum employer contributions.

3.1.4 Any outstanding options to purchase common stock of the Company held by the Executive prior to the Date of Termination under an existing stock option plan maintained by the Company shall immediately vest and become exercisable in full in accordance with the terms and the provisions of the applicable stock option plan.

3.2 Special Reimbursement. In the event that the Executive becomes entitled to the Severance Payments, if any payment or benefit paid or payable, or received or to be received, by or on behalf of the Executive in connection with a Change in Control or the termination of the Executive's employment, whether any such payments or benefits are pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any of its subsidiaries, any Person, or otherwise (the "Total Payments"), will or would be subject to the excise tax imposed under section 4999 of the Code (the "Excise Tax"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and any Excise Tax imposed upon or attributable to the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments.

3.2.1 For purposes of determining whether any of the Total Payments will be subject of the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel (delivered to the Executive) selected by the Company and reasonably acceptable to the Executive such Total Payments (in whole or in part) (a) do not constitute parachute payments, including (without limitation) by reason of section 280G(b)(4)(A) of the Code, (b) such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, or (c) are otherwise not subject to the Excise Tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the code.

3.2.2 In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment, the Executive shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus

interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Executive's employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) at the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of any such subsequent liability for Excise Tax with respect to the Severance Payments.

3.3 Date of Payment. The payment provided for in Section 3.1.1 and Section 3.2 hereof shall be made not later than the fifteenth (15th) day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments to which the Executive is likely to be entitled to and shall pay the remainder of such payments (together with interest at the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Section 3.3, the Company shall provide the Executive with a detailed written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from outside counsel, auditors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

3.4 Legal Costs. The Company shall also reimburse the Executive for all legal fees and expenses incurred in good faith by the Executive as a result of any dispute with any party (including, but not limited to, the Company and/or any affiliate of the Company) regarding the payment of any benefit provided for in this

Agreement (including, but not limited to, all such fees and expenses incurred in disputing any termination or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied by such evidence of fees and expenses incurred as the Company reasonably may require.

3.5 Employment Agreement. The payment to the Executive of the Severance Payments provided for in Section 3.1 shall be in lieu of any severance payable to the Executive under the terms of any other employment agreement in effect on the Date of Termination. Except as provided in the preceding sentence, this Agreement is not intended to and shall not modify or supersede any such employment agreement or other contract or arrangement between the Executive and the Company in effect from time to time.

4. Termination Procedures and Compensation During Dispute.

4.1 Notice of Termination. Any purported termination of the Executive's employment with the Company (other than by reason of death) during the Window Period shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 7 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment with the Company under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board in the form and in the manner specified in Section 1.3 of this Agreement. For purposes of this Agreement, any purported termination not effected in accordance with the Section 4.1 shall not be considered effective.

4.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment during the Window Period, shall mean (i) if the Executive's employment is terminated for Disability, fifteen (15) days after Notice of Termination is given, and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination

by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than thirty (30) days, respectively, after the date on which such Notice of Termination is given).

4.3 **Dispute Concerning Termination.** If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 4.3), the party receiving such Notice of Termination notifies the other party in writing that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved in accordance with Section 4.4; provided, however, that the Date of Termination shall be extended by a notice of dispute only if the basis for such notice is reasonable, such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence.

4.4 **Alternative Dispute Resolution Including Arbitration.** If a dispute arises out of or related to this Agreement, the Company and the Executive agree that they shall first seek to resolve any dispute by negotiation. If the dispute has not been resolved within thirty (30) days after the date a party hereto provides notice of dispute to the other party in accordance with Section 4.3, either party may initiate mediation of the dispute by sending the other party a written request dispute be mediated. The parties shall mediate the dispute before a neutral, third party mediator (if a mutually agreeable mediator cannot be identified, one shall be appointed by the American Arbitration Association) selected by the mutual agreement of both parties within thirty (30) days after the date of written request for mediation. If the dispute or within dispute has not been resolved within sixty (60) days after the original notice of a dispute or within thirty (30) days after the date of the request for mediation, whichever is the later, then either party may proceed to binding arbitration before a panel of three independent arbitrators selected from a list made available by the American Arbitration Association. The mediator shall not serve as an arbitrator. The arbitration shall be governed by the current arbitration rules of the American Arbitration Association or its successors. Any mediation or arbitration commenced pursuant to this Section 4.4 shall be conducted in the metropolitan area of New York, New York. Notwithstanding any provisions in such rules to the contrary, the arbitrators shall issue findings of fact and conclusions of law, and an award, within 15 days of the date of the hearing unless the parties otherwise agree.

4.5 Compensation During Dispute. If a purported termination occurs during the Window Period, and such termination is disputed in accordance with Section 4.3 above, the Company shall continue to pay the Executive the full compensation (including without limitation Annual Base Salary and Target Bonus) in effect at the time of any related Potential Change in Control or when the notice giving rise to the dispute was given (whichever is greater) and continue the Executive as a participant in all compensation, incentive, pension and welfare benefit and insurance plans in which the Executive was participating at the time of any Potential Change in Control or when the notice giving rise to the dispute was given, whichever is greater, until the dispute is finally resolved in accordance with Sections 4.3 and 4.4 hereof. Amounts paid under this Section 4.5 are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement or any other plan, agreement or arrangement.

5. No Mitigation. The Company agrees that, if the Executive's employment is terminated during the Window Period, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 3 or Section 4.5. Further, the amount of any payment or benefit provided for in Section 3 or Section 4.5 shall not be reduced by any compensation earned by the Executive as a result of employment by another employer, by retirement benefits, or offset against any amount claimed to be owed by the Executive to the Company or any of its subsidiaries, or otherwise.

6. Successors; Binding Agreement.

6.1 Successors. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason during the Window Period, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

6.2 Binding Agreement. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the term of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

7. Notices. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:
Irwin D. Simon
The Hain Celestial Group, Inc.
50 Charles Lindbergh Blvd.
Uniondale, New York 11553
Attention: Chairman of the Board and
Chief Executive Officer

With a copy to:
Roger Meltzer, Esq.
Cahill, Gordon & Reindel
80 Pine Street
New York, New York 10005

To the Executive:
[Executive Name]
Address

8. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or

provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without regard to the principles of conflict of laws thereof. All references to sections of the Exchange Act or the Code shall be deemed also to refer to and include any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The rights and obligations of the Company and the Executive under this Agreement shall survive the expiration of the Term.

9. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

11. No Limitation. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of law provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this

Agreement as of the date and year first written above.

THE HAIN CELESTIAL GROUP, INC.

By: /s/Irwin D. Simon

Name: Irwin D. Simon
Title: President & Chief Executive
Officer

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of July 1, 2000, by and between The Hain Celestial Group, Inc., a Delaware corporation (the "Company"), and Irwin D. Simon ("Executive").

W I T N E S S E T H:

WHEREAS, the Company desires that Executive continue to serve as President and Chief Executive Officer of the Company and Executive is willing to continue to serve; and

WHEREAS, the Company and Executive wish to enter into an agreement embodying the terms of his employment as President and Chief Executive Officer (the "Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Company and Executive hereby agree as follows:

1. Employment. Upon the terms and subject to the conditions of this Agreement, the Company hereby agrees to continue to employ Executive and Executive hereby agrees to continue his employment by the Company until the third anniversary of the date set forth above (the "Initial Term"). In addition, on or after April 1, 2001, the Executive and the Company may mutually agree in writing to extend the term of this Agreement for one additional year (the "Extended Term"). The period during which Executive is employed pursuant to this Agreement shall be referred to as the "Employment Period."

2. Position, Duties and Location. During the Employment Period, Executive shall serve as President and Chief Executive Officer of the Company and shall be nominated for election, and if so elected shall continue to serve, as Chairman of the Board of Directors of the Company (the "Board"). In addition, Executive shall serve in such other position or positions with the Company and its subsidiaries commensurate with his position and experience as the Board shall from time to time specify. During the Employment Period, Executive shall have the duties, responsibilities and obligations customarily assigned to individuals serving as the president and chief executive officer of comparable companies, and such other duties, responsibilities and obligations consistent with such positions as the Board shall from time to time specify. During the Employment Period, the Executive will be the most senior executive to report to the Board. Executive shall devote his full business time to the services required of him hereunder, except for vacation time and reasonable periods of absence due to sickness, personal injury or other disability, and shall use commercially reasonable efforts to perform such services in a manner consonant with the duties of his position and to improve and advance the business and interests of the Company and its subsidiaries. Nothing contained in this Section 2 shall preclude Executive from (i) serving on the board of directors of any business corporation, unless such service would be contrary to applicable law, (ii) serving on the board of directors of, or working for, any charitable or community organization or (iii) pursuing his personal financial and legal affairs, so long as such activities, individually or collectively, do not interfere with the performance of Executive's duties hereunder or violate any of the provisions of Section 6 hereof. Executive's place of employment shall be at the Company's principal executive office in Uniondale, New York.

3. Compensation.

(a) Base Salary. The Company shall pay Executive a base salary for each of the Company's fiscal years during the Employment Period at the following annual rates:

For the Fiscal Year Ending	Amount
June 30, 2001	\$460,000
June 30, 2002	\$520,000
June 30, 2003	\$600,000
June 30, 2004 (if this agreement is extended under Section 1)	\$650,000

The Board (or the appropriate committee of the Board) shall annually review Executive's base salary in light of competitive practices, the base salaries paid to other executive officers of the Company and the performance of Executive and the Company, and may, in its discretion, increase such base salary by any additional amount it determines to be appropriate; provided, however, any such increase shall not reduce or limit any other obligation of the Company hereunder. Executive's base salary (as set forth or as may be increased from time to time) shall not be reduced. Executive's annual base salary payable hereunder, as it may be increased from time to time is referred to herein as "Base Salary." The Company shall pay Executive his Base Salary in accordance with the normal payroll practices of the Company for its executive officers.

(b) Annual Bonus. For each calendar year ending during the Employment

Period, Executive shall be eligible to receive an annual bonus, payable in the form of cash or otherwise, as may be determined as set forth below to be commensurate with the Company's and/or Executive's performance.

For the fiscal year ending June 30, 2001, Executive's annual bonus shall be determined by the Compensation Committee of the Board (the "Compensation Committee") based on the Executive's and the Company's performance during such fiscal year.

For each subsequent fiscal year during the term of this Agreement, Executive's performance objectives will be based on a weighted average of 50% gross revenue growth and 50% earnings per share growth. Executive's performance objectives for each such fiscal year will be a 12% increase, in the case of gross revenue, and a 20% increase, in the case of earnings per share, over the gross revenue and earnings per share actually achieved by the Company during the immediately preceding fiscal year. Based on these objectives, Executive's annual bonus will be allocated as follows:

Objectives	Bonus (as a % of Base Salary)
Exceed by 10%	200%
Exceed by less than 10%	pro rata between 100% and 200%
Meet objectives	100%
Miss by less than 10%	pro rata between 50% and 100%
Miss by 10%	50%
Miss by greater than 10%	No bonus

Notwithstanding the foregoing, in the case that the Company enters into any acquisition or other business transactions during the Employment Period with the prior approval of the Board that, in the Executive's reasonable judgment, materially affects the Executive's ability to achieve the foregoing performance objectives, the Executive may request that the Compensation Committee review his performance objectives. Following such review, the Compensation Committee may make any appropriate modifications to the Executive's performance objectives that it deems necessary to cause such performance objectives to remain consistent with those contemplated in this Section 3(b).

(c) Options.

(i) On or before July 31, 2000, in recognition of services performed by Executive during the fiscal year ended June 30, 2000, Executive shall be granted options exercisable for 300,000 shares of the Company's common stock at an exercise price of the market price on the date of grant under the Company's 1994 Stock Incentive and Award Plan or any substantially similar plan adopted by the Company from time to time (the "Plan"). The date of grant shall be determined by the Executive and the Board and the options will vest immediately.

(ii) On or before July 31st of each of the fiscal years during the Employment Period (including the fiscal year ending June 30, 2001), including the Extended Term in the event this Agreement is extended under Section 1, Executive shall be granted options exercisable for 300,000 shares of the Company's common stock at an exercise price of the market price at the date of grant under the Plan. The date of grant shall be determined by the Executive and the Board and the options will vest immediately.

4. Benefits, Perquisites and Expenses.

(a) Benefits. During the Employment Period, Executive shall be eligible to participate in (i) each welfare benefit plan sponsored or maintained by the Company, including, without limitation, each group life, hospitalization, medical, dental, health, accident or disability insurance or similar plan or program of the Company, and (ii) each pension, retirement, deferred compensation, savings or employee stock purchase plan sponsored or maintained by the Company, and (iii) to the extent of any awards made from time to time by the Board committee administering the plan, each stock option, restricted stock, stock bonus or similar equity-based compensation plan sponsored or maintained by the Company, in each case, whether now existing or established hereafter, to the extent that Executive is eligible to participate in any such plan under the generally applicable provisions thereof. Nothing in this Section 4(a) shall limit the Company's right to amend or terminate any such plan in accordance with the procedures set forth therein.

(b) Perquisites. During the Employment Period, Executive shall be entitled to at least four weeks' paid vacation annually, shall be entitled to observe all Jewish holidays and shall also be entitled to receive such perquisites as are generally provided to other senior executive officers of the Company in accordance with the then current policies and practices of the Company. Executive's unused vacation days may not be accumulated and carried forward to following years, but at the end of each calendar year Executive shall be paid in cash for all unused vacation days. During the Employment Period, Executive shall receive an automobile allowance of not less than \$800.00 per month, and the Company shall pay insurance premiums in respect of the automobile with liability limits not less than \$1 million/\$3 million.

(c) Business Expenses. During the Employment Period, the Company shall pay or reimburse Executive for all reasonable expenses incurred or paid by Executive in the performance of Executive's duties hereunder, upon presentation of expense statements or vouchers and such other information as the Company may require and in accordance with the generally applicable policies and procedures of the Company.

(d) Indemnification. During the Employment Period, the Company shall indemnify Executive and hold Executive harmless from and against any claim, loss or cause of action arising from or out of Executive's performance as an officer, director or employee of the Company or any of its subsidiaries or in any other capacity, including any fiduciary capacity, in which Executive serves at the request of the Company to the maximum extent permitted by applicable law and the Company's Amended and Restated Certificate of Incorporation and By-Laws.

5. Termination of Employment.

(a) Early Termination of the Employment Period. Notwithstanding Section 1, the Employment Period shall end upon the earliest to occur of (i) a termination of Executive's employment on account of Executive's death, (ii) a termination due to Executive's Disability, (iii) Termination for Cause, (iv) a Termination Without Cause, (v) a Termination for Good Reason or (vi) Termination Not for Good Reason.

(b) Benefits Payable Upon Early Termination. Following the end of the Employment Period pursuant to Section 5(a), or following a Change of Control of the Company after which the Executive remains employed by the Company or its successor under the terms of this Agreement, Executive (or, in the event of his death, his surviving spouse, if any, or his estate) shall be paid the type or types of compensation, without duplication, determined to be payable in accordance with the following table at the times established pursuant to Section 5(c):

	Earned Salary Payable	Vested Benefits Payable	Additional Benefits Available	Severance Benefits Not payable
Termination due to death	Payable	Payable	Available	Not payable
Termination due to Disability	Payable	Payable	Available	Not payable
Termination for Cause	Payable	Payable	Not available	Not payable
Termination for Good Reason	Payable	Payable	Available	Payable
Termination Without Cause	Payable	Payable	Available	Payable
Termination Not for Good Reason	Payable	Payable	Not available	Not payable
Change of Control of the Company (without Termination)	Not payable	Not payable	Not available	Payable

(c) Timing of Payments. Earned Salary shall be paid in cash in a single lump sum as soon as practicable, but in no event more than 10 days, following the end of the Employment Period. Vested Benefits shall be payable in accordance with the terms of the plan, policy, practice, program, contract or agreement under which such benefits have been awarded or accrued. Additional Benefits shall be provided or made available at the times specified below as to each such Additional Benefit. Unless otherwise specified, Severance Benefits shall be paid in a single lump sum cash payment as soon as practicable, but in no event later than 10 days after the Executive's termination.

(d) Definitions. For purposes of Sections 5 and 6, capitalized terms have the following meanings:

"Additional Benefits" means, the benefits described below:

(i) All of the Executive's benefits accrued under the employee option, pension, retirement, savings and deferred compensation plans of the Company shall become vested in full; provided, however, that to the extent such accelerated vesting of benefits cannot be provided under one or more of such plans consistent with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), such benefits shall be paid to the Executive in a lump sum within 10 days after termination of employment outside the applicable plan;

(ii) Executive (and, to the extent applicable, his dependents) will be entitled to continue participation in all of the Company's medical, dental and vision care plans (the "Health Benefit Plans"), until the 24 month anniversary of Executive's termination of employment; provided that Executive's participation in the Company's Health Benefit Plans shall cease on any earlier date that Executive becomes eligible for comparable benefits from a subsequent employer. Executive's participation in the Health Benefit Plans will be on the same terms and conditions (including, without limitation, any contributions that would have been required from Executive) that would have applied had Executive continued to be employed by the Company. To the extent any such benefits cannot be provided under the terms of the applicable plan, policy or program, the Company shall provide a comparable benefit under another plan or from the Company's general assets; and

(iii) An amount equal to (A) two times Base Salary in effect on the date of termination, plus (B) two times the average annual bonus paid to the Executive over two immediately preceding fiscal years, including any annual bonus paid pursuant to Section 3(b), plus (c) the Executive's accrued annual bonus through the date of termination, determined in accordance with clause (B) above.

"Black-Scholes Value" means the value of options to purchase the Company's

common stock for which such value is to be determined under this Agreement, as calculated by the Accountants (as defined in Section 5(f)) or any other compensation consultant mutually agreeable to the parties (the "Compensation Consultant") using the Black-Scholes method of valuation in determining such valuation, the Compensation Consultant in its good faith discretion shall be responsible for designating commercially reasonable and customary parameters for the Black-Scholes method, which shall be outlined to Executive in writing upon the determination of the Black-Scholes Value for purposes of making a payment under the Agreement.

"Change of Control of the Company" means and shall be deemed to have occurred if:

(i) any person (within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of Voting Securities representing 50 percent or more of the total voting power of all the then-outstanding Voting Securities; or

(ii) the individuals who, as of the date hereof, constitute the Board, together with those who first become directors subsequent to such date and whose recommendation, election or nomination for election to the Board was approved by a vote of at least a majority of the directors then still in office who either were directors as of the date hereof or whose recommendation, election or nomination for election was previously so approved (the "Continuing Directors"), cease for any reason to constitute a majority of the members of the Board; or

(iii) the stockholders of the Company approve a merger, consolidation, recapitalization or reorganization of the Company or a subsidiary, reverse split of any class of Voting Securities, or an acquisition of securities or assets by the Company or a subsidiary, or consummation of any such transaction if stockholder approval is not obtained, other than any such transaction in which the holders of outstanding Voting Securities immediately prior to the transaction receive (or, in the case of a transaction involving a subsidiary and not the Company, retain), with respect to such Voting Securities, voting securities of the surviving or transferee entity representing more than 60 percent of the total voting power outstanding immediately after such transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction; or

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

"Disability" means long-term disability within the meaning of the Company's long-term disability plan or program.

"Earned Salary" means any Base Salary earned, but unpaid, for services rendered to the Company on or prior to the date on which the Employment Period ends pursuant to Section 5(a) hereof.

"Severance Benefit" means an amount equal to:

(i) an amount equal to the Black-Scholes Value, determined as of the most recent option grant date to Executive under this Agreement, of all options for the Company's common stock contemplated but not yet granted under Section 3(c) (including the options to be granted during the Extended Term; provided, if the event giving rise to the payment of these Severance Benefits occurs prior to April 1, 2001, the extension option contemplated under Section 1 shall be deemed exercised as of that date) and (ii) an amount equal to the above-mentioned Black-Scholes Value of options exercisable for an additional 300,000 shares of the Company's common stock. In addition, in the event the Executive's employment is terminated hereunder and all of the shares of common stock issuable upon the exercise of options are not eligible for resale by Executive within 90 days following the date of the event giving rise to the payment of these Severance Benefits either under Rule 144 or pursuant to an effective registration statement, and following written request by the Executive, the Company fails to file and cause to have become effective within 90 days of such notice a registration statement relating to such resale and to keep such registration statement effective for a period of 90 days thereafter, Executive may, at his option, exchange such options for an amount equal to the Black-Scholes Value thereof computed in accordance with the preceding sentence.

"Termination for Cause" means a termination of Executive's employment by the Company due to (i) Executive's conviction of a felony or a crime involving moral turpitude, or (ii) Executive's willful and continued failure to perform the material duties of his position, which failure continues for a period of 30 days after Executive's receipt of written notice from the Company specifying the exact details of such alleged failure and which has had (or is expected to have) a material adverse effect on the business of the Company or its subsidiaries.

"Termination for Good Reason" means a termination of Executive's employment by Executive following (i) a diminution in Executive's positions, duties and responsibilities from those described in Section 2 hereof, (ii) the removal of Executive from, or the failure to re-elect Executive as Chairman of the Board of the Company or as Chief Executive Officer of the Company, (iii) a reduction in Executive's annual Base Salary, (iv) a material breach by the Company of any other provision of this Agreement or (vii) a Change in Control of the Company.

"Termination Not For Good Reason" means any termination of Executive's employment by Executive other than Termination for Good Reason or a termination due to Executive's Disability or death.

"Termination Without Cause" means any termination of Executive's employment by the Company other than a Termination for Cause or a termination due to Executive's Disability.

"Vested Benefits" means amounts which are vested or which Executive is otherwise entitled to receive under the terms of or in accordance with any plan, policy, practice or program of, or any contract or agreement with, the Company or any of its subsidiaries, at or subsequent to the date of his termination without regard to the performance by Executive of further services or the resolution of a contingency.

"Voting Securities or Security" means any securities of the Company which carry the right to vote generally in the election of directors.

(e) Full Discharge of Obligations. Except as expressly provided in the last sentence of this Section 5(e), the amounts payable to Executive pursuant to this Section 5 and Section 7(d) following termination of his employment (including amounts payable with respect to Vested Benefits) shall be in full and complete satisfaction of Executive's rights under this Agreement. Except as otherwise set forth in Section 6, after the effective date of a termination of employment for any reason, Executive shall have no further obligations or liabilities to the Company. Nothing in this Section 5(e) shall be construed to release the Company from its commitment to indemnify Executive and hold Executive harmless from and against any claim, loss or cause of action as described in Section 4(d).

(f) Excise Tax Gross-Up.

(i) Anything in this Agreement to the contrary notwithstanding, if it shall be determined that any payment, distribution or benefit provided (including, without limitation, the acceleration of any payment, distribution or benefit and the acceleration of exercisability of any stock option) to Executive or for his benefit (whether paid or payable or distributed or distributable) pursuant to the terms of this Agreement or otherwise (a "Payment") would be subject, in whole or in part, to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Executive shall be entitled to receive from the Company an additional payment (the "Gross-Up Payment") in an amount such that the net amount of the Payment and the Gross-Up Payment retained by Executive after the calculation and deduction of all Excise Taxes (including any interest or penalties imposed with respect to such taxes) on the Payment and all federal, state and local income tax, employment tax and Excise Tax (including any interest or penalties imposed with respect to such taxes) on the Gross-Up Payment provided for in this Section 5(f) and taking into account any lost or reduced tax deductions on account of the Gross-Up Payment, shall be equal to the Payment.

(ii) All determinations required to be made under this Section 5(f), including whether and when the Gross-Up Payment is required and the amount of such Gross-Up Payment, and the assumptions to be used in arriving at such determinations shall be made by the Accountants (as defined below) which shall provide Executive and the Company with detailed supporting calculations with respect to such Gross-Up Payment within ten (10) days after termination of Executive's employment or such other event which results in a Payment which could necessitate a Gross-Up Payment. For purposes of this Agreement, the "Accountants" shall mean Ernst & Young LLP or successor firm providing its services to the Company in connection with its annual audit. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay Federal income taxes at the applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is to be made and to pay any applicable state and local income taxes at the applicable marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the reduction in federal income taxes which could be obtained from the deduction of such state or local taxes if paid in such year (determined with regard to limitations on deductions based upon the amount of Executive's adjusted gross income). To the extent practicable, any Gross-Up Payment with respect to any Payment shall be paid by the Company at the time Executive is entitled to receive the Payment and in no event shall any Gross-Up Payment be paid later than 10 days after the receipt by Executive of the Accountants' determination. Any determination by the Accountants shall be binding upon the Company and Executive, including for purposes of withholding on amounts payable under this Agreement. As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accountants hereunder, it is possible that the Gross-Up Payment made will have been an amount that is greater or less than the Company should have paid pursuant to this Section 5(f) (an "Overpayment" or "Underpayment", respectively). In the event that the Gross-Up Payment is determined by the Accountants or pursuant to any proceeding or negotiations with the Internal Revenue Service to be less than the amount initially determined by the Accountants, Executive shall promptly repay the Overpayment to the Company; provided, however, that in the event any portion of the Gross-Up Payment to be repaid to the Company has been paid to any Federal, state or local tax authority, repayment thereof shall not be required until actual refund or credit of such portion has been made to Executive. In the event that the Company exhausts its remedies pursuant to Section 5(f)(iii) and Executive is required to make a payment of any Excise Tax, the Underpayment shall be promptly paid by the Company to or for Executive's benefit.

(iii) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable after Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes, interest and/or penalties with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

(A) give the Company any information reasonably requested by the Company relating to such claim;

(B) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(C) cooperate with the Company in good faith in order to effectively contest such claim; and

(D) permit the Company to participate in any proceedings relating to such claims;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify Executive for and hold Executive harmless from, on an after-tax basis, any Excise Tax, income tax or employment tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of all related costs and expenses. Without limiting the foregoing provisions of this Section 5(f), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine. The Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

6. Noncompetition and Confidentiality. In consideration of the salary and benefits to be provided by the Company hereunder, including particularly the severance arrangements set forth herein, Executive agrees to the following provisions of this Section 6.

(a) Noncompetition. During the Employment Period and during the two year period following any termination of Executive's employment, other than a Termination Without Cause or a Termination for Good Reason, Executive shall not directly or indirectly own, manage, operate, control, be employed by, participate in or, provide services or financial assistance to any business which directly competes with Company or any of its subsidiaries or engages in the type of business(es) principally conducted by the Company or any of its subsidiaries, except that Executive may own for investment purposes up to 5% of the capital stock of any such company.

(b) Confidentiality. Executive agrees that, during the Employment Period and thereafter, he shall hold and keep confidential any trade secrets, customer lists and pricing or other confidential information, or any inventions, discoveries, improvements, products, whether patentable practices, methods or not, directly or indirectly useful in or relating to the business of the Company or its subsidiaries as conducted by it from time to time, as to which Executive shall at any time during the Employment Period become informed, and he shall not directly or indirectly disclose any such information to any person, firm or corporation or use the same except in connection with the business and affairs of the Company or its subsidiaries. The foregoing prohibition shall not apply to the extent such information, knowledge or data (a) was publicly known at the time of disclosure to Executive, (b) become publicly known or available thereafter other than by any means in violation of this Agreement, or (c) is required to be disclosed by Executive as a matter of law or pursuant to any court or regulatory order.

(c) Company Property. Except as expressly provided herein, promptly following Executive's termination of employment, Executive shall return to the Company all property of the Company and its subsidiaries.

(d) Injunctive Relief and Other Remedies with Respect to Covenants. Executive acknowledges and agrees that the covenants and obligations of Executive with respect to noncompetition, confidentiality and Company property, relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations may cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, Executive agrees that the Company shall be entitled to seek an injunction, restraining order or such other equitable relief (without the requirement to

post bond) restraining Executive from committing any violation of the covenants and obligations contained in this Section 6. This remedy is in addition to any other rights and remedies the Company may have at law or in equity.

7. Miscellaneous.

(a) Survival. Sections 4 (relating to indemnification), 5 (relating to early termination and change of control), 6 (relating to noncompetition, nonsolicitation and confidentiality), 7(b) (relating to arbitration), 7(c) (relating to binding effect), 7(d) (relating to full-settlement and legal expenses) and 7(n) (relating to governing law) shall survive the termination hereof.

(b) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by binding arbitration. This arbitration shall be held in New York City and except to the extent inconsistent with this Agreement, shall be conducted in accordance with the Expedited Employment Arbitration Rules of the American Arbitration Association then in effect at the time of the arbitration, and otherwise in accordance with principles which would be applied by a court of law or equity. The arbitrator shall be acceptable to both the Company and Executive. If the parties cannot agree on an acceptable arbitrator, the dispute shall be held by a panel of three arbitrators one appointed by each of the parties and the third appointed by the other two arbitrators.

(c) Binding Effect. This Agreement shall be binding on, and shall inure to the benefit of, the Company and any person or entity that succeeds to the interest of the Company (regardless of whether such succession does or does not occur by operation of law) by reason of the sale of all or a portion of the Company's stock, a merger, consolidation or reorganization involving the Company or, unless the Company otherwise elects in writing, a sale of the assets of the business of the Company (or portion thereof) in which Executive performs a majority of his services. This Agreement shall also inure to the benefit of Executive's heirs, executors, administrators and legal representatives.

(d) Full-Settlement; Legal Expenses. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement. The Company agrees to pay, upon written demand therefor by Executive, all legal fees and expenses which Executive may reasonably incur as a result of any dispute or contest by or with the Company or others regarding the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by Executive about the amount of any payment hereunder) if Executive substantially prevails in the dispute or contest or the dispute or contest is settled, plus in each case interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code. In any such action brought by the Executive for damages or to enforce any provisions of this Agreement, the Executive shall be entitled to seek both legal and equitable relief and remedies, including, without limitation, specific performance of the Company's obligations hereunder, in his sole discretion.

(e) Assignment. Except as provided under Section 7(c), neither this Agreement nor any of the rights or obligations hereunder shall be assigned or delegated by any party hereto without the prior written consent of the other party.

(f) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters referred to herein. No other agreement (other than awards made in accordance with the terms of one of the Company's applicable compensatory plans, programs or arrangements) relating to the terms of Executive's employment by the Company, oral or otherwise, shall be binding between the parties. There are no promises, representations, inducements or statements between the parties other than those that are expressly contained herein. Executive acknowledges that he is entering into this Agreement of his own free will and accord, and with no duress, that he has read this Agreement and that he understands it and its legal consequences and has been advised to consult with an attorney before executing this Agreement. Executive waives any conflict of interest which may arise due to the representation by the Executive, on the one hand, and the Company, on the other hand, by Cahill Gordon & Reindel from time to time in connection with various legal matters, including regarding this Agreement.

(g) Severability; Reformation. In the event that one or more of the provisions of this Agreement shall become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby. In the event that any of the provisions of any of Section 6 is not enforceable in accordance with its terms, Executive and the Company agree that such Section shall be reformed to make such Section enforceable in a manner which provides the Company the maximum rights permitted at law.

(h) Waiver. Waiver by any party hereto of any breach or default by the other party of any of the terms of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived. No waiver of any provision of this Agreement shall be implied

from any course of dealing between the parties hereto or from any failure by either party hereto to assert its or his rights hereunder on any occasion or series of occasions.

(i) Notices. Any notice required or desired to be delivered under this Agreement shall be in writing and shall be delivered personally, by courier service, by certified mail, return receipt requested, or by telecopy and shall be effective upon actual receipt by the party to which such notice shall be directed, and shall be addressed as follows (or to such other address as the party entitled to notice shall hereafter designate in accordance with the terms hereof):

If to the Company:

The Hain Celestial Group, Inc.
50 Charles Lindbergh Blvd.
Uniondale, New York 11553
Attention: Secretary

If to Executive:

Irwin D. Simon
c/o The Hain Celestial Group, Inc.
50 Charles Lindbergh Blvd.
Uniondale, New York 11553

Copy to:

Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Attention: Roger Meltzer, Esq.

(j) Amendments. This Agreement may not be altered, modified or amended except by a written instrument signed by each of the parties hereto.

(k) Headings. Headings to paragraphs in this Agreement are for the convenience of the parties only and are not intended to be part of or to affect the meaning or interpretation hereof.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

(m) Withholding. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable Federal, State or local income tax laws or similar statutes then in effect.

(n) Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws thereof.

IN WITNESS WHEREOF, Executive has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed as of the day and year first above written.

THE HAIN CELESTIAL GROUP, INC.

By: /s/Gary M. Jacobs

Name: Gary M. Jacobs
Title: Executive Vice President, Finance

/s/Irwin D. Simon

Irwin D. Simon