

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

or

Transition Report pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

for the transition period from _____ to _____

Commission File No. 0-22818



THE HAIN CELESTIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**1111 Marcus Avenue
Lake Success, New York**

(Address of principal executive offices)

22-3240619

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

11042

(Zip Code)

Registrant's telephone number, including area code: (516) 587-5000

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 requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	HAIN	The NASDAQ® Global Select Market

As of April 30, 2019, there were 104,149,062 shares outstanding of the registrant's Common Stock, par value \$.01 per share.

THE HAIN CELESTIAL GROUP, INC.

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Cautionary Note Regarding Forward Looking Information

This Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (the “Form 10-Q”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, relating to our business and financial outlook, which are based on our current beliefs, assumptions, expectations, estimates, forecasts and projections about future events only as of the date of this Quarterly Report on Form 10-Q, and are not statements of historical fact. We make such forward-looking statements pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

Many of our forward-looking statements include discussions of trends and anticipated developments under the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this Quarterly Report on Form 10-Q. In some cases, you can identify forward-looking statements by terminology such as the use of “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “intends,” “predicts,” “potential,” or “continue” and similar expressions, or the negative of those expressions. These forward-looking statements include, among other things, our beliefs or expectations relating to our business strategy, growth strategy, market price, brand portfolio and product performance, the seasonality of our business, our results of operations and financial condition, enhancing internal controls and remediating material weaknesses. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date hereof, unless it is specifically otherwise stated to be made as of a different date. We undertake no obligation to further update any such statement to reflect new information, the occurrence of future events or circumstances or otherwise.

The forward-looking statements in this filing do not constitute guarantees or promises of future performance. Factors that could cause or contribute to such differences may include, but are not limited to, the impact of competitive products, changes to the competitive environment, changes to consumer preferences, consolidation of customers, reliance on independent distributors, general economic and financial market conditions, risks associated with our international sales and operations, including “Brexit”, our ability to manage our supply chain effectively, changes in raw materials, freight, commodity costs and fuel, our ability to execute and realize cost savings initiatives, including, but not limited to, cost reduction initiatives under Project Terra and stock-keeping unit (“SKU”) rationalization plans, the identification and remediation of material weaknesses in our internal controls over financial reporting, our ability to manage our financial reporting and internal control system processes, potential liabilities due to legal claims, government investigations and other regulatory enforcement actions, costs incurred due to pending and future litigation, the availability of key personnel and changes in management team, potential liability if our products cause illness or physical harm, impairments in the carrying value of goodwill or other intangible assets, our ability to identify and complete acquisitions or divestitures and integrate acquisitions, the availability of organic and natural ingredients, the reputation of our brands, risks relating to the protection of intellectual property, cybersecurity risks, unanticipated expenditures and other risks described in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 under the heading “Risk Factors” and Part II, Item 1A, “Risk Factors” set forth herein, as well as in other reports that we file in the future.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2019 AND JUNE 30, 2018
(In thousands, except par values)

	March 31,	June 30,
	2019	2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,562	\$ 106,557
Restricted cash	34,452	—
Accounts receivable, less allowance for doubtful accounts of \$405 and \$1,828, respectively	256,799	252,708
Inventories	395,246	391,525
Prepaid expenses and other current assets	54,786	59,946
Current assets of discontinued operations	136,181	240,851
Total current assets	905,026	1,051,587
Property, plant and equipment, net	331,070	310,172
Goodwill	1,016,863	1,024,136
Trademarks and other intangible assets, net	475,582	510,387
Investments and joint ventures	19,228	20,725
Other assets	30,502	29,667
Total assets	\$ 2,778,271	\$ 2,946,674
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 205,014	\$ 229,993
Accrued expenses and other current liabilities	176,400	116,001
Current portion of long-term debt	22,522	26,605
Current liabilities of discontinued operations	15,195	49,846
Total current liabilities	419,131	422,445
Long-term debt, less current portion	729,201	687,501
Deferred income taxes	63,619	86,909
Other noncurrent liabilities	16,528	12,770
Total liabilities	1,228,479	1,209,625
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock - \$.01 par value, authorized 5,000 shares; issued and outstanding: none	—	—
Common stock - \$.01 par value, authorized 150,000 shares; issued: 108,713 and 108,422 shares, respectively; outstanding: 104,121 and 103,952 shares, respectively	1,087	1,084
Additional paid-in capital	1,154,182	1,148,196
Retained earnings	708,568	878,516
Accumulated other comprehensive loss	(204,467)	(184,240)
	1,659,370	1,843,556
Less: Treasury stock, at cost, 4,592 and 4,470 shares, respectively	(109,578)	(106,507)
Total stockholders' equity	1,549,792	1,737,049
Total liabilities and stockholders' equity	\$ 2,778,271	\$ 2,946,674

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019 AND 2018
(In thousands, except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net sales	\$ 599,797	\$ 632,720	\$ 1,744,786	\$ 1,838,171
Cost of sales	474,528	499,707	1,405,650	1,447,820
Gross profit	125,269	133,013	339,136	390,351
Selling, general and administrative expenses	87,739	86,063	255,383	258,586
Amortization of acquired intangibles	3,802	4,713	11,567	13,859
Project Terra costs and other	9,408	4,831	29,613	13,750
Chief Executive Officer Succession Plan expense, net	455	—	30,156	—
Accounting review and remediation costs, net of insurance proceeds	—	3,313	4,334	6,406
Long-lived asset and intangibles impairment	—	4,839	23,709	8,290
Operating income (loss)	23,865	29,254	(15,626)	89,460
Interest and other financing expense, net	9,390	6,782	25,912	19,543
Other expense/(income), net	1,068	(1,560)	2,041	(5,447)
Income (loss) from continuing operations before income taxes and equity in net loss (income) of equity-method investees	13,407	24,032	(43,579)	75,364
Provision (benefit) for income taxes	3,114	(1,310)	(1,679)	(11,516)
Equity in net loss (income) of equity-method investees	205	101	391	(104)
Net income (loss) from continuing operations	\$ 10,088	\$ 25,241	\$ (42,291)	\$ 86,984
Net loss from discontinued operations, net of tax	(75,925)	(12,555)	(127,472)	(7,349)
Net (loss) income	\$ (65,837)	\$ 12,686	\$ (169,763)	\$ 79,635
Net (loss) income per common share:				
Basic net income (loss) per common share from continuing operations	\$ 0.10	\$ 0.24	\$ (0.41)	\$ 0.84
Basic net loss per common share from discontinued operations	(0.73)	(0.12)	(1.23)	(0.07)
Basic net (loss) income per common share	\$ (0.63)	\$ 0.12	\$ (1.63)	\$ 0.77
Diluted net income (loss) per common share from continuing operations	\$ 0.10	\$ 0.24	\$ (0.41)	\$ 0.83
Diluted net loss per common share from discontinued operations	(0.73)	(0.12)	(1.23)	(0.07)
Diluted net (loss) income per common share	\$ (0.63)	\$ 0.12	\$ (1.63)	\$ 0.76
Shares used in the calculation of net (loss) income per common share:				
Basic	104,117	103,918	104,045	103,821
Diluted	104,334	104,503	104,045	104,473

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019 AND 2018
(In thousands)

	Three Months Ended					
	March 31, 2019			March 31, 2018		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net (loss) income			\$ (65,837)			\$ 12,686
Other comprehensive income:						
Foreign currency translation adjustments	\$ 20,934	\$ —	20,934	\$ 37,868	\$ —	37,868
Change in deferred (losses) gains on cash flow hedging instruments	(52)	10	(42)	—	—	—
Change in unrealized losses on equity investment	—	—	—	(68)	(33)	(101)
Total other comprehensive income (loss)	\$ 20,882	\$ 10	\$ 20,892	\$ 37,800	\$ (33)	\$ 37,767
Total comprehensive (loss) income			\$ (44,945)			\$ 50,453

	Nine Months Ended					
	March 31, 2019			March 31, 2018		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net (loss) income			\$ (169,763)			\$ 79,635
Other comprehensive (loss) income:						
Foreign currency translation adjustments	\$ (20,533)	\$ —	(20,533)	\$ 80,065	\$ —	80,065
Change in deferred (losses) gains on cash flow hedging instruments	(52)	10	(42)	(82)	15	(67)
Change in unrealized losses on equity investment	—	—	—	(70)	(33)	(103)
Total other comprehensive (loss) income	\$ (20,585)	\$ 10	\$ (20,575)	\$ 79,913	\$ (18)	\$ 79,895
Total comprehensive (loss) income			\$ (190,338)			\$ 159,530

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019
(In thousands, except par values)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount at \$.01			Shares	Amount		
Balance at June 30, 2018	108,422	\$ 1,084	\$ 1,148,196	\$ 878,516	4,470	\$ (106,507)	\$ (184,240)	\$ 1,737,049
Net loss				(37,425)				(37,425)
Cumulative effect of adoption of ASU 2016-01				(348)			348	—
Cumulative effect of adoption of ASU 2014-09				163				163
Other comprehensive loss							(13,519)	(13,519)
Issuance of common stock pursuant to stock-based compensation plans	85	1	(1)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					35	(979)		(979)
Stock-based compensation expense			135					135
Balance at September 30, 2018	108,507	\$ 1,085	\$ 1,148,330	\$ 840,906	4,505	\$ (107,486)	\$ (197,411)	\$ 1,685,424
Net loss				(66,501)				(66,501)
Other comprehensive loss							(27,948)	(27,948)
Issuance of common stock pursuant to stock-based compensation plans	184	2	(2)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					79	(1,943)		(1,943)
Stock-based compensation expense			1,911					1,911
Balance at December 31, 2018	108,691	\$ 1,087	\$ 1,150,239	\$ 774,405	4,584	\$ (109,429)	\$ (225,359)	\$ 1,590,943
Net loss				(65,837)				(65,837)
Other comprehensive income							20,892	20,892
Issuance of common stock pursuant to stock-based compensation plans	22	—	—					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					8	(149)		(149)
Stock-based compensation expense			3,943					3,943
Balance at March 31, 2019	108,713	\$ 1,087	\$ 1,154,182	\$ 708,568	4,592	\$ (109,578)	\$ (204,467)	\$ 1,549,792

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2018
(In thousands, except par values)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount at \$.01			Shares	Amount		
Balance at June 30, 2017	107,989	\$ 1,080	\$ 1,137,724	\$ 868,822	4,287	\$ (99,315)	\$ (195,479)	\$ 1,712,832
Net income				19,846				19,846
Other comprehensive income							33,787	33,787
Issuance of common stock pursuant to stock-based compensation plans	98	1	(1)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					52	(2,098)		(2,098)
Stock-based compensation expense			3,164					3,164
Balance at September 30, 2017	108,087	\$ 1,081	\$ 1,140,887	\$ 888,668	4,339	\$ (101,413)	\$ (161,692)	\$ 1,767,531
Net income				47,103				47,103
Other comprehensive income							8,341	8,341
Issuance of common stock pursuant to stock-based compensation plans	284	3	(3)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					114	(4,587)		(4,587)
Stock-based compensation expense			4,158					4,158
Balance at December 31, 2017	108,371	\$ 1,084	\$ 1,145,042	\$ 935,771	4,453	\$ (106,000)	\$ (153,351)	\$ 1,822,546
Net income				12,686				12,686
Other comprehensive income							37,767	37,767
Issuance of common stock pursuant to stock-based compensation plans	12	—	—					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					5	(168)		(168)
Stock-based compensation expense			2,936					2,936
Balance at March 31, 2018	108,383	\$ 1,084	\$ 1,147,978	\$ 948,457	4,458	\$ (106,168)	\$ (115,584)	\$ 1,875,767

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018
(In thousands)

	Nine Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (169,763)	\$ 79,635
Net loss from discontinued operations	(127,472)	(7,349)
Net (loss) income from continuing operations	(42,291)	86,984
Adjustments to reconcile net (loss) income from continuing operations to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	42,074	45,139
Deferred income taxes	(24,653)	(30,115)
Chief Executive Officer Succession Plan expense, net	29,727	—
Equity in net loss (income) of equity-method investees	391	(104)
Stock-based compensation, net	5,931	10,258
Long-lived asset and intangibles impairment	23,709	8,290
Other non-cash items, net	3,703	(2,025)
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	(8,824)	(23,998)
Inventories	(7,176)	(43,355)
Other current assets	315	(8,153)
Other assets and liabilities	5,248	5,367
Accounts payable and accrued expenses	(16,111)	19,082
Net cash provided by operating activities - continuing operations	12,043	67,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(55,892)	(48,368)
Acquisitions of businesses, net of cash acquired	—	(13,064)
Other	3,863	124
Net cash used in investing activities - continuing operations	(52,029)	(61,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under bank revolving credit facility	240,000	45,000
Repayments under bank revolving credit facility	(186,791)	(355,185)
Borrowings under term loan	—	299,245
Repayments under term loan	(11,250)	—
Funding of discontinued operations entities	(37,451)	(17,167)
(Repayments) borrowings of other debt, net	(4,770)	3,111
Shares withheld for payment of employee payroll taxes	(3,071)	(6,853)
Net cash used in financing activities - continuing operations	(3,333)	(31,849)
Effect of exchange rate changes on cash	(1,225)	5,884
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Cash used in operating activities	(7,339)	(11,783)
Cash used in investing activities	(32,742)	(8,531)
Cash provided by financing activities	37,299	17,011
Net cash flows used in discontinued operations	(2,782)	(3,303)
Net decrease in cash and cash equivalents and restricted cash	(47,326)	(23,206)
Cash and cash equivalents at beginning of period	113,018	146,992
Cash and cash equivalents and restricted cash at end of period	\$ 65,692	\$ 123,786
Less: cash and cash equivalents of discontinued operations	(3,678)	(6,634)
Cash and cash equivalents and restricted cash of continuing operations at end of period	\$ 62,014	\$ 117,152

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Amounts in thousands, except par values and per share data)

1. BUSINESS

The Hain Celestial Group, Inc., a Delaware corporation (collectively, along with its subsidiaries, the “Company,” and herein referred to as “Hain Celestial,” “we,” “us” and “our”), was founded in 1993 and is headquartered in Lake Success, New York. The Company’s mission has continued to evolve since its founding, with health and wellness being the core tenet — To Create and Inspire A Healthier Way of Life™ and be the leading marketer, manufacturer and seller of organic and natural, “better-for-you” products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes. Hain Celestial sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide.

The Company manufactures, markets, distributes and sells organic and natural products under brand names that are sold as “better-for-you” products, providing consumers with the opportunity to lead A Healthier Way of Life™. Hain Celestial is a leader in many organic and natural products categories, with many recognized brands in the various market categories it serves, including Almond Dream®, Arrowhead Mills®, Bearitos®, Better Bean®, Blueprint®, Casbah®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth’s Best®, Ella’s Kitchen®, Europe’s Best®, Farmhouse Fare™, Frank Cooper’s®, Gale’s®, Garden of Eatin’®, GG UniqueFiber®, Hain Pure Foods®, Hartley’s®, Health Valley®, Imagine®, Johnson’s Juice Co.™, Joya®, Lima®, Linda McCartney® (under license), MaraNatha®, Mary Berry (under license), Natumi®, New Covent Garden Soup Co.®, Orchard House®, Rice Dream®, Robertson’s®, Rudi’s Gluten-Free Bakery™, Rudi’s Organic Bakery®, Sensible Portions®, Spectrum® Organics, Soy Dream®, Sun-Pat®, Sunripe®, SunSpire®, Terra®, The Greek Gods®, Tilda®, Walnut Acres®, Yorkshire Provender®, Yves Veggie Cuisine® and William’s™. The Company’s personal care products are marketed under the Alba Botanica®, Avalon Organics®, Earth’s Best®, JASON®, Live Clean® and Queen Helene® brands.

2. BASIS OF PRESENTATION

The Company’s unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP. The amounts as of and for the periods ended June 30, 2018 are derived from the Company’s audited annual financial statements. The unaudited consolidated financial statements reflect all normal recurring adjustments which, in management’s opinion, are necessary for a fair presentation for interim periods. Operating results for the three and nine months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2019. Please refer to the Notes to the Consolidated Financial Statements as of June 30, 2018 and for the fiscal year then ended included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (the “Form 10-K”) for information not included in these condensed notes.

The Company is presenting the operating results and cash flows of the Hain Pure Protein reportable segment within discontinued operations in the current and prior periods. The assets and liabilities of the Hain Pure Protein reportable segment are presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets for all periods presented.

All amounts in the unaudited consolidated financial statements, notes and tables have been rounded to the nearest thousand, except par values and per share amounts, unless otherwise indicated.

Newly Adopted Accounting Pronouncements

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers, providing a single five-step model to be applied to all revenue transactions. The guidance also requires improved disclosures to assist users of the financial statements to better understand the nature, amount, timing and uncertainty of revenue that is recognized. Subsequent to the issuance of ASU 2014-09, the FASB issued various additional ASUs clarifying and amending this new revenue guidance. The Company adopted the new revenue standard on July 1, 2018 using the modified retrospective transition method. The adoption did not materially impact our results of operations or financial position, and, as a result, comparisons of revenues and operating profit between periods were not materially affected by the adoption of ASU 2014-09. The Company recorded a net increase to beginning retained earnings of \$163 on July 1, 2018 due to the cumulative impact of adopting ASU 2014-09. Additionally, as our products exhibit similar economic characteristics, are sold through similar channels to similar customers and are recognized at a point in time, we have concluded that the Company’s segment disclosures in Note 17, *Segment Information*, are indicative of the level of revenue disaggregation required under ASU 2014-09.

ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10)

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The pronouncement also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. We adopted ASU 2016-01 in the three months ended September 30, 2018, which resulted in a net decrease to beginning retained earnings of \$348 on July 1, 2018, representing the accumulated unrealized losses (net of tax) reported in accumulated other comprehensive income (loss) for available-for-sale equity securities on June 30, 2018. We no longer classify equity investments as trading or available-for-sale and will no longer recognize unrealized holding gains and losses on equity securities previously classified as available-for-sale in other comprehensive income (loss) as a result of adoption of ASU 2016-01.

Recently Issued Accounting Pronouncements Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*. The amendments in this ASU replace most of the existing U.S. GAAP lease accounting guidance in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. The ASU requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB approved amendments to create an optional transition method that will provide an option to use the effective date of ASC 842 as the date of initial application of the transition. Under the new transition method, a reporting entity would initially apply the new lease requirements at the effective date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, continue to report comparative periods presented in the financial statements in the period of adoption in accordance with current U.S. GAAP (i.e., ASC 840, *Leases*) and provide the required disclosures under ASC 840 for all periods presented under current U.S. GAAP. We will adopt the standard effective July 1, 2019.

As part of the Company’s assessment work to-date, the Company has formed an implementation work team to perform a comprehensive evaluation of the impact of the adoption of this guidance, which includes assessing the Company’s lease portfolio, the impact to business processes and internal controls over financial reporting and the related disclosure requirements. Additionally, the Company is implementing lease accounting software to assist in the quantification of the expected impact on the Consolidated Balance Sheet and to facilitate the calculations of the related accounting entries and disclosures, as well as to facilitate accounting, presentation and disclosure for all leases after the initial date of application under the new standard.

While the Company is continuing to assess all potential impacts of the standard, the most significant impact relates to the recognition of new right-of-use assets and lease liabilities on the balance sheet for manufacturing, warehouse and office space operating leases. We believe that all of these leases will continue to be classified as operating leases under the new standard. We expect the accounting for capital leases to remain substantially unchanged.

Refer to Note 2, *Summary of Significant Accounting Policies and Practices*, in the Notes to the Consolidated Financial Statements as of June 30, 2018 and for the fiscal year then ended included in the Form 10-K for a detailed discussion on additional recently

issued accounting pronouncements not yet adopted by the Company. There has been no change to the statements made in the Form 10-K as of the date of filing of this Form 10-Q.

3. CHIEF EXECUTIVE OFFICER SUCCESSION PLAN

On June 24, 2018, the Company entered into a Chief Executive Officer (“CEO”) Succession Agreement (the “Succession Agreement”), whereby the Company’s former CEO, Irwin D. Simon, agreed to terminate his employment with the Company upon the hiring of a new CEO.

On October 26, 2018, the Company’s Board of Directors appointed Mark L. Schiller as President and CEO, succeeding Mr. Simon. In connection with the appointment, on October 26, 2018, the Company and Mr. Schiller entered into an employment agreement, which was approved by the Board, with Mr. Schiller’s employment commencing on November 5, 2018. Accordingly, Mr. Simon’s employment with the Company terminated on November 4, 2018.

Cash Separation Payments

The Succession Agreement provides Mr. Simon with a cash separation payment of \$34,295 payable in a single lump sum and cash benefit continuation costs of \$208. These costs were recognized from June 24, 2018 through November 4, 2018. Expense recognized in connection with the agreement was \$33,051 in the nine months ended March 31, 2019, and are included in the Consolidated Statement of Operations as a component of “Chief Executive Officer Succession Plan expense, net.” As of March 31, 2019, the total cash separation payment was held in a rabbi trust, which has been classified as restricted cash and included in accrued expenses and other current liabilities in the Consolidated Balance Sheet. The cash separation payment was paid on May 6, 2019.

Consulting Agreement

On October 26, 2018, the Company and Mr. Simon entered into a Consulting Agreement (the “Consulting Agreement”) in order to, among other things, assist Mr. Schiller with his transition as the Company’s incoming CEO. The term of the Consulting Agreement commenced on November 5, 2018 and continued until February 5, 2019. Mr. Simon was entitled to receive an aggregate consulting fee of \$975 as compensation for his services during the consulting term, of which \$325 and \$975 was recognized in the Consolidated Statement of Operations as a component of “Chief Executive Officer Succession Plan expense, net” in the three and nine months ended March 31, 2019, respectively.

4. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted net (loss) income per share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Numerator:				
Net income (loss) from continuing operations	\$ 10,088	\$ 25,241	\$ (42,291)	\$ 86,984
Net loss from discontinued operations, net of tax	(75,925)	(12,555)	(127,472)	(7,349)
Net (loss) income	\$ (65,837)	\$ 12,686	\$ (169,763)	\$ 79,635
Denominator:				
Basic weighted average shares outstanding	104,117	103,918	104,045	103,821
Effect of dilutive stock options, unvested restricted stock and unvested restricted share units	217	585	—	652
Diluted weighted average shares outstanding	104,334	104,503	104,045	104,473
Basic net (loss) income per common share:				
Continuing operations	\$ 0.10	\$ 0.24	\$ (0.41)	\$ 0.84
Discontinued operations	(0.73)	(0.12)	(1.23)	(0.07)
Basic net (loss) income per common share	\$ (0.63)	\$ 0.12	\$ (1.63)	\$ 0.77
Diluted net (loss) income per common share:				
Continuing operations	\$ 0.10	\$ 0.24	\$ (0.41)	\$ 0.83
Discontinued operations	(0.73)	(0.12)	(1.23)	(0.07)
Diluted net (loss) income per common share	\$ (0.63)	\$ 0.12	\$ (1.63)	\$ 0.76

Basic net (loss) income per share excludes the dilutive effects of stock options, unvested restricted stock and unvested restricted share units.

Due to our net loss in the nine months ended March 31, 2019, all common stock equivalents such as stock options and unvested restricted stock awards have been excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive to the computations. Diluted earnings per share for the three months ended March 31, 2019 and the three and nine months ended March 31, 2018 includes the dilutive effects of common stock equivalents such as stock options and unvested restricted stock awards.

There were 3,071 and 3,117 stock-based awards excluded from our diluted net (loss) income per share calculations for the three and nine months ended March 31, 2019, respectively, as such awards were contingently issuable based on market or performance conditions, and such conditions had not been achieved during the respective periods. Contingently issuable awards excluded were 559 for each of the three and nine months ended March 31, 2018, respectively.

There were 273 and 621 restricted stock awards excluded from our diluted net (loss) income per share calculation for the three and nine months ended March 31, 2019, as such awards were anti-dilutive. Anti-dilutive restricted stock awards excluded from our diluted earnings per share calculation for the three and nine months ended March 31, 2018 were de minimis.

There were 110 potential shares of common stock issuable upon exercise of stock options excluded from our diluted net loss per share calculation for the nine months ended March 31, 2019, as they were anti-dilutive due to the net loss recorded in the period. No such awards were excluded for the three months ended March 31, 2019 and the three and nine months ended March 31, 2018.

Share Repurchase Program

On June 21, 2017, the Company's Board of Directors authorized the repurchase of up to \$250,000 of the Company's issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to pre-set trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date. The extent to which the Company repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations, including the Company's historical strategy of pursuing accretive acquisitions. As of March 31, 2019, the Company had not repurchased any shares under this program and had \$250,000 of remaining capacity under the share repurchase program.

5. DISCONTINUED OPERATIONS

In March 2018, the Company's Board of Directors approved a plan to sell all of the operations of the Hain Pure Protein Corporation ("HPPC") and EK Holdings, Inc. ("Empire") operating segments, which were reported in the aggregate as the Hain Pure Protein reportable segment. Collectively, these planned dispositions represent a strategic shift that will have a major impact on the Company's operations and financial results and have been accounted for as discontinued operations.

The Company is presenting the operating results and cash flows of Hain Pure Protein within discontinued operations in the current and prior periods. The assets and liabilities of Hain Pure Protein are presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets for all periods presented.

Sale of Plainville Farms Business

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC), which included \$25,000 in cash to the purchaser, for a nominal purchase price. In addition, the purchaser assumed the current liabilities on the balance sheet of the Plainville Farms business as of the closing date. As a condition to consummating the sale, the Company entered into a Contingent Funding and Earnout Agreement, which provides for the issuance by the Company of an irrevocable stand-by letter of credit of \$10,000 which expires nineteen months after issuance. The Company is entitled to receive an earnout not to exceed, in the aggregate, 120% of the maximum amount that the purchaser draws on the letter of credit at any point from the date of issuance through the expiration of the letter of credit. Earnout payments are based on a specified percentage of annual free cash flow achieved for all fiscal years ending on or prior to June 30, 2026. If a change in control of the purchaser occurs prior to June 30, 2026, the purchaser will pay the Company 120% of the difference between the amount drawn on the letter of credit less the sum of all earnout payments made prior to such time up to the net proceeds received by the purchaser. At March 31, 2019, the Company had not recorded an asset associated with the earnout. As a result of the disposition, the Company recognized a pre-tax loss on sale of \$40,223, or \$29,685 net of tax, in the three months ended March 31, 2019 to write down the assets and liabilities to the final sales price less costs to sell.

On May 8, 2019, the Company entered into a definitive agreement to sell all of its equity interest in Hain Pure Protein Corporation, which includes the FreeBird™ and Empire® Kosher businesses, for a purchase price of \$80,000, subject to adjustments. The transaction is expected to close before June 30, 2019, the end of the Company's fiscal year.

The following table presents the major classes of Hain Pure Protein's line items constituting the "Net loss from discontinued operations, net of tax" in our Consolidated Statements of Operations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net sales	\$ 88,729	\$ 118,198	\$ 349,449	\$ 396,227
Cost of sales	88,277	113,629	356,073	373,122
Gross profit (loss)	452	4,569	(6,624)	23,105
Selling, general and administrative expense	4,039	5,888	13,031	14,458
Asset impairments ⁽¹⁾	51,348	—	109,252	—
Other expense	2,182	805	7,377	3,258
Loss on sale of discontinued operations	40,223	—	40,223	—
Net (loss) income from discontinued operations before income taxes	(97,340)	(2,124)	(176,507)	5,389
(Benefit) provision for income taxes	(21,415)	10,431	(49,035)	12,738
Net loss from discontinued operations, net of tax	\$ (75,925)	\$ (12,555)	\$ (127,472)	\$ (7,349)

Assets and liabilities of discontinued operations presented in the Consolidated Balance Sheets as of March 31, 2019 and June 30, 2018 are included in the following table:

ASSETS	March 31,	June 30,
	2019	2018
Cash and cash equivalents	\$ 3,678	\$ 6,461
Accounts receivable, less allowance for doubtful accounts	11,680	21,616
Inventories	31,600	105,359
Prepaid expenses and other current assets	1,906	5,604
Property, plant and equipment, net	49,537	83,776
Goodwill	41,089	41,089
Trademarks and other intangible assets, net	33,762	51,029
Other assets	2,636	4,381
Deferred tax assets ⁽²⁾	37,925	—
Impairments of long-lived assets held for sale ⁽¹⁾	(77,632)	(78,464)
Current assets of discontinued operations ⁽³⁾	\$ 136,181	\$ 240,851
LIABILITIES		
Accounts payable	\$ 11,211	\$ 31,762
Accrued expenses and other current liabilities	3,914	6,880
Deferred tax liabilities ⁽²⁾	—	11,111
Other noncurrent liabilities	70	93
Current liabilities of discontinued operations ⁽³⁾	\$ 15,195	\$ 49,846

(1) In the nine months ended March 31, 2019 the Company recorded asset impairment charges of \$109,252, of which \$51,348 was recorded in the third quarter of fiscal 2019 to adjust the carrying value of the Hain Pure Protein reportable segment to its estimated selling price.

(2) The change in deferred taxes from June 30, 2018 to March 31, 2019 was the result of the reversal of the \$12,250 deferred tax liability previously recorded related to Hain Pure Protein being classified as held for sale. In addition, deferred taxes were impacted by the tax effect of current period book losses as well as the deferred tax benefit arising from asset impairment charges.

(3) The assets and liabilities of Hain Pure Protein are classified as current on the March 31, 2019 and June 30, 2018 Consolidated Balance Sheets because it is probable that the sale will occur within the three months ended June 30, 2019.

6. ACQUISITIONS

The Company accounts for acquisitions in accordance with ASC 805, *Business Combinations*. The results of operations of the acquisitions have been included in the consolidated results from their respective dates of acquisition. The purchase price of each acquisition is allocated to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. Acquisitions may include contingent consideration, the fair value of which is estimated on the acquisition date as the present value of the expected contingent payments, determined using weighted probabilities of possible payments. The fair values assigned to identifiable intangible assets acquired were determined primarily by using an income approach which was based on assumptions and estimates made by management. Significant assumptions utilized in the income approach were based on Company-specific information and projections which are not observable in the market and are thus considered Level 3 measurements as defined by authoritative guidance. The excess of the purchase price over the fair value of the identified assets and liabilities has been recorded as goodwill.

The costs related to all acquisitions have been expensed as incurred and are included in "Project Terra costs and other" in the Consolidated Statements of Operations. Acquisition-related costs for the three and nine months ended March 31, 2019 were de minimis. Acquisition-related costs of \$8 and \$336 were expensed in the three and nine months ended March 31, 2018, respectively. The expenses incurred primarily related to professional fees and other transaction-related costs associated with our recent acquisitions.

Fiscal 2019

There were no acquisitions completed in the nine months ended March 31, 2019.

Fiscal 2018

On December 1, 2017, the Company acquired Clarks UK Limited, ("Clarks"), a leading maple syrup and natural sweetener brand in the United Kingdom. Clarks produces natural sweeteners under the Clarks™ brand, including maple syrup, honey and carob, date and agave syrups, which are sold in leading retailers and used by food service and industrial customers in the United Kingdom. Consideration for the transaction, inclusive of a subsequent working capital adjustment, consisted of cash, net of cash acquired, totaling £9,179 (approximately \$12,368 at the transaction date exchange rate). Additionally, contingent consideration of up to a maximum of £1,500 is payable based on the achievement of specified operating results over the 18-month period following completion of the acquisition. Clarks is included in our United Kingdom operating segment. Net sales and income before income taxes attributable to the Clarks acquisition included in our consolidated results represented less than 1% of our consolidated results for the three and nine months ended March 31, 2019 and 2018.

7. INVENTORIES

Inventories consisted of the following:

	March 31, 2019	June 30, 2018
Finished goods	\$ 235,232	\$ 231,926
Raw materials, work-in-progress and packaging	160,014	159,599
	<u>\$ 395,246</u>	<u>\$ 391,525</u>

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	March 31, 2019	June 30, 2018
Land	\$ 28,049	\$ 28,378
Buildings and improvements	95,604	83,289
Machinery and equipment	315,574	323,348
Computer hardware and software	56,168	54,092
Furniture and fixtures	18,624	17,894
Leasehold improvements	31,269	31,519
Construction in progress	30,556	17,280
	575,844	555,800
Less: Accumulated depreciation and amortization	244,774	245,628
	<u>\$ 331,070</u>	<u>\$ 310,172</u>

Depreciation and amortization expense for the three months ended March 31, 2019 and 2018 was \$8,110 and \$8,212, respectively. Such expense for the nine months ended March 31, 2019 and 2018 was \$24,294 and \$24,580, respectively.

In the nine months ended March 31, 2019, the Company recorded \$5,809 of non-cash impairment charges primarily related to the Company's decision to consolidate manufacturing of certain fruit-based products in the United Kingdom.

There were no impairment charges recorded in the three months ended March 31, 2019.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The following table shows the changes in the carrying amount of goodwill by business segment:

	United States	United Kingdom	Rest of World	Total
Balance as of June 30, 2018 ^(a)	\$ 552,814	\$ 377,163	\$ 94,159	\$ 1,024,136
Translation and other adjustments, net	—	(5,203)	(2,070)	(7,273)
Balance as of March 31, 2019 ^(a)	<u>\$ 552,814</u>	<u>\$ 371,960</u>	<u>\$ 92,089</u>	<u>\$ 1,016,863</u>

(a) The total carrying value of goodwill is reflected net of \$134,277 of accumulated impairment charges, of which \$97,358 related to the Company's United Kingdom operating segment, \$29,219 related to the Company's Europe operating segment and \$7,700 related to the Company's Hain Ventures operating segment (formerly known as the Cultivate operating segment).

Beginning in the third quarter of fiscal 2018, operations of Hain Pure Protein have been classified as discontinued operations as discussed in Note 5, *Discontinued Operations*. Therefore, goodwill associated with Hain Pure Protein is presented as current assets of discontinued operations in the Consolidated Financial Statements.

The Company performs its annual test for goodwill and indefinite-lived intangible asset impairment as of the first day of the fourth quarter of its fiscal year. In addition, if and when events or circumstances change that would more likely than not reduce the fair value of any of its reporting units or indefinite-life intangible assets below their carrying value, an interim test is performed.

During the three months ended December 31, 2018, the Company updated the forecasted operating results for each of its reporting units based on the most recent financial results. The updated forecasts reflected lower projected short-term revenue growth and profitability than previously expected, primarily in its United States segment. In connection with the preparation of the Consolidated Financial Statements for the period ended December 31, 2018, the Company assessed qualitative and quantitative factors, which included sensitivity analyses, and concluded that it is more likely than not that the fair value of its reporting units exceeded its carrying amount.

There were no events or circumstances that warranted an interim impairment test for goodwill during the three months ended March 31, 2019. The Company will continue to monitor impairment indicators and financial results in future periods.

Other Intangible Assets

The following table sets forth Consolidated Balance Sheet information for intangible assets, excluding goodwill, subject to amortization and intangible assets not subject to amortization:

	March 31, 2019	June 30, 2018
Non-amortized intangible assets:		
Trademarks and tradenames ^(a)	\$ 364,068	\$ 385,609
Amortized intangible assets:		
Other intangibles	236,333	239,323
Less: accumulated amortization	(124,819)	(114,545)
Net carrying amount	<u>\$ 475,582</u>	<u>\$ 510,387</u>

(a) The gross carrying value of trademarks and tradenames is reflected net of \$83,734 and \$65,834 of accumulated impairment charges at March 31, 2019 and at June 30, 2018, respectively.

Indefinite-lived intangible assets, which are not amortized, consist primarily of acquired tradenames and trademarks. Indefinite-lived intangible assets are evaluated on an annual basis in conjunction with the Company's evaluation of goodwill, or on an interim basis if and when events or circumstances change that would more likely than not reduce the fair value of any of its indefinite-life intangible assets below their carrying value. In assessing fair value, the Company utilizes a "relief from royalty" methodology. This approach involves two steps: (i) estimating the royalty rates for each trademark and (ii) applying these royalty rates to a projected net sales stream and discounting the resulting cash flows to determine fair value. If the carrying value of the indefinite-lived intangible asset exceeds the fair value of the asset, the carrying value is written down to fair value in the period identified. During the three months ended December 31, 2018, the Company determined that an indicator of impairment existed in certain of the Company's indefinite-lived tradenames. The result of this assessment for the second quarter of fiscal 2019 indicated that the fair value of certain of the Company's tradenames was below their carrying value, and therefore an impairment charge of \$17,900 was recognized (\$11,300 in the United States segment, \$2,787 in the United Kingdom segment and \$3,813 in the Rest of World). During the fiscal year ended June 30, 2018, an impairment charge of \$5,632 (\$5,100 in the Rest of World and \$532 in the United Kingdom segment) related to certain of the Company's tradenames was recognized.

There were no events or circumstances that warranted an interim impairment test for indefinite-lived intangible assets during the three months ended March 31, 2019.

Amortized intangible assets, which are deemed to have a finite life, primarily consist of customer relationships and are amortized over their estimated useful lives of 3 to 25 years. Amortization expense included in continuing operations was as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Amortization of acquired intangibles	\$ 3,802	\$ 4,713	\$ 11,567	\$ 13,859

10. DEBT AND BORROWINGS

Debt and borrowings consisted of the following:

	March 31, 2019	June 30, 2018
Revolving credit facility	\$ 455,206	\$ 401,852
Term loan	285,000	296,250
Less: Unamortized issuance costs	(579)	(692)
Tilda short-term borrowing arrangements	6,654	9,338
Other borrowings	5,442	7,358
	<u>751,723</u>	<u>714,106</u>
Short-term borrowings and current portion of long-term debt	<u>22,522</u>	<u>26,605</u>
Long-term debt, less current portion	<u>\$ 729,201</u>	<u>\$ 687,501</u>

Credit Agreement

On February 6, 2018, the Company entered into the Third Amended and Restated Credit Agreement (the “Credit Agreement”). The Credit Agreement provides for a \$1,000,000 revolving credit facility through February 6, 2023 and provides for a \$300,000 term loan. Under the Credit Agreement, the revolving credit facility may be increased by an additional uncommitted \$400,000, provided certain conditions are met.

Borrowings under the Credit Agreement may be used to provide working capital, finance capital expenditures and permitted acquisitions, refinance certain existing indebtedness and for other lawful corporate purposes. The Credit Agreement provides for multicurrency borrowings in Euros, Pounds Sterling and Canadian Dollars as well as other currencies which may be designated. In addition, certain wholly-owned foreign subsidiaries of the Company may be designated as co-borrowers. The Credit Agreement contains restrictive covenants, which are usual and customary for facilities of its type, and include, with specified exceptions, limitations on the Company’s ability to engage in certain business activities, incur debt, have liens, make capital expenditures, pay dividends or make other distributions, enter into affiliate transactions, consolidate, merge or acquire or dispose of assets, and make certain investments, acquisitions and loans. The Credit Agreement also requires the Company to satisfy certain financial covenants. On the date the Credit Agreement was consummated, these covenants included maintaining a consolidated interest coverage ratio (as defined in the Credit Agreement) of no less than 4.0 to 1.0 and a consolidated leverage ratio (as defined in the Credit Agreement) of no more than 3.5 to 1.0. The consolidated leverage ratio was initially subject to a step-up to 4.0 to 1.0 for the four full fiscal quarters following an acquisition. Obligations under the Credit Agreement are guaranteed by certain existing and future domestic subsidiaries of the Company. As of March 31, 2019, there were \$455,206 and \$285,000 of borrowings outstanding under the revolving credit facility and term loan, respectively, and \$16,224 letters of credit outstanding under the Credit Agreement.

On November 7, 2018, the Company amended the Credit Agreement to modify the calculation of the consolidated leverage ratio related to costs associated with CEO succession as well as the Project Terra cost reduction programs.

On February 6, 2019, the Company entered into an amendment to the Credit Agreement, whereby its allowable consolidated leverage ratio increased to no more than 4.0 to 1.0 as of December 31, 2018 and no more than 3.75 to 1.0 as of March 31, 2019 and June 30, 2019. Under the terms of the February 6, 2019 amendment, the consolidated leverage ratio would return to 3.5 to 1.0 beginning in the period ending September 30, 2019.

On May 8, 2019, the Company entered into the Third Amendment to the Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”), whereby, among other things, its allowable consolidated leverage ratio increased to no more than 5.0 to 1.0 from March 31, 2019 to December 31, 2019, no more than 4.75 to 1.0 at March 31, 2020, no more than 4.25 to 1.0 at June 30, 2020 and no more than 4.0 to 1.0 on September 30, 2020 and thereafter. The allowable consolidated leverage ratio for each period will be decreased by 0.25 upon sale of the Company’s remaining Hain Pure Protein business. Additionally, the Company’s required consolidated interest coverage ratio (as defined in the Credit Agreement) was reduced to no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter. As part of the Amended Credit Agreement, HPPC was released from its obligations as a borrower and a guarantor under the Credit Agreement.

The Amended Credit Agreement also required that the Company and the subsidiary guarantors enter into a Security and Pledge Agreement pursuant to which all of the obligations under the Amended Credit Agreement are secured by liens on assets of the

Company and its material domestic subsidiaries, including stock of each of their direct subsidiaries and intellectual property, subject to agreed upon exceptions.

As of March 31, 2019, \$528,570 is available under the Amended Credit Agreement, and the Company was in compliance with all associated covenants, as amended by the Amended Credit Agreement.

The Amended Credit Agreement provides that loans will bear interest at rates based on (a) the Eurocurrency Rate, as defined in the Credit Agreement, plus a rate ranging from 0.875% to 2.50% per annum; or (b) the Base Rate, as defined in the Credit Agreement, plus a rate ranging from 0.00% to 1.50% per annum, the relevant rate being the Applicable Rate. The Applicable Rate will be determined in accordance with a leverage-based pricing grid, as set forth in the Amended Credit Agreement. Swing line loans and Global Swing Line loans denominated in U.S. dollars will bear interest at the Base Rate plus the Applicable Rate, and Global Swing Line loans denominated in foreign currencies shall bear interest based on the overnight Eurocurrency Rate for loans denominated in such currency plus the Applicable Rate. The weighted average interest rate on outstanding borrowings under the Amended Credit Agreement at March 31, 2019 was 4.30%. Additionally, the Amended Credit Agreement contains a Commitment Fee, as defined in the Amended Credit Agreement, on the amount unused under the Amended Credit Agreement ranging from 0.20% to 0.45% per annum, and such Commitment Fee is determined in accordance with a leverage-based pricing grid.

The term loan has required installment payments due on the last day of each fiscal quarter commencing June 30, 2018 in an amount equal to \$3,750 and can be prepaid in whole or in part without premium or penalty.

Tilda Short-Term Borrowing Arrangements

Tilda, a component of our United Kingdom reportable segment, maintains short-term borrowing arrangements primarily used to fund the purchase of rice from India and other countries. The maximum borrowings permitted under all such arrangements are £52,000. Outstanding borrowings are collateralized by the current assets of Tilda, typically have six-month terms and bear interest at variable rates typically based on LIBOR plus a margin (weighted average interest rate of approximately 3.27% at March 31, 2019). As of March 31, 2019 and June 30, 2018, there were \$6,654 and \$9,338 of borrowings under these arrangements, respectively.

11. INCOME TAXES

In general, the Company uses an estimated annual effective tax rate, which is based on expected annual income and statutory tax rates in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes. In the first quarter of fiscal 2019, the Company used an estimated annual effective tax rate to calculate its provision for income taxes. For the quarters ended March 31, 2019 and December 31, 2018, the Company calculated its effective tax rate on a discrete basis due to significant variations in the relationship between tax expense and projected pre-tax income. The Company's effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes and tax audit settlements.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation pursuant to the Tax Cuts and Jobs Act (the "Tax Act"), which significantly revised the ongoing U.S. corporate income tax law by lowering the U.S. federal corporate income tax rate from 35% to 21%, implementing a territorial tax system, imposing a one-time tax on foreign unremitted earnings and setting limitations on deductibility of certain costs (e.g., interest expense and executive compensation), among other things.

Due to the complexities involved in accounting for the Tax Act, the U.S. Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 118 required that the Company include in its financial statements a reasonable estimate of the impact of the Tax Act on earnings to the extent such reasonable estimate has been determined. Pursuant to SAB 118, the Company was allowed a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. As of December 31, 2018, the Company finalized its accounting for the income tax effects of the Tax Act and recorded an additional expense of \$8,205 related to its transition tax liability. The net increase in the transition tax was due to the finalization of the Company's earnings and profits study for our foreign subsidiaries. The adjustment of the Company's provisional tax expense was recorded as a change in estimate in accordance with SAB No. 118. Despite the completion of the Company's accounting for the Tax Act under SAB 118, many aspects of the law remain unclear, and we expect ongoing guidance to be issued at both the federal and state levels. There was no new guidance issued in the third quarter of fiscal 2019 that impacted the Company's liability. The Company will continue to monitor and assess the impact of any new developments.

The Tax Act also includes a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries. The FASB Staff Q&A Topic No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election either to recognize deferred taxes for temporary differences that are expected to reverse as GILTI in future years or provide

for the tax expense related to GILTI resulting from those items in the year the tax is incurred. We have elected to recognize the resulting tax on GILTI as a period expense in the period the tax is incurred. We have computed the impact on our effective tax rate on a discrete basis.

The effective income tax rate from continuing operations was expense of 23.2% and a benefit of 5.5% for the three months ended March 31, 2019 and March 31, 2018, respectively. The effective income tax rate from continuing operations was a benefit of 3.9% and 15.3% for the nine months ended March 31, 2019 and March 31, 2018, respectively. The effective income tax rate from continuing operations for the three and nine months ended March 31, 2019 was impacted by provisions in the Tax Act including GILTI, finalization of the transition tax liability, and limitations on the deductibility of executive compensation. The effective income tax rate was also impacted by the geographical mix of earnings and state taxes. The effective rate for the three and nine months ended March 31, 2018 was primarily impacted by the enactment of the Tax Act on December 22, 2017, specifically the revalue of net deferred tax liabilities to the enacted 21% tax rate, repealing the deduction for domestic production activities, inclusion of the transition tax liability estimate and deductibility of executive officers' compensation. The effective income tax rate from continuing operations for the three and nine months ended March 31, 2018 was also favorably impacted by the geographical mix of earnings, as well as a \$3,754 benefit relating to the release of the Company's domestic uncertain tax position as a result of the expiration of the statute of limitations.

The income tax benefit from discontinued operations was \$21,415 and \$49,035 for the three and nine months ended March 31, 2019, while the income tax expense from discontinued operations was \$10,431 and \$12,738 for the three and nine months ended March 31, 2018. The benefit for income taxes for the nine months ended March 31, 2019 includes the reversal of the \$12,250 deferred tax liability previously recorded related to Hain Pure Protein being classified as held for sale. In addition, the three and nine month tax benefit is impacted by the tax effect of current period book losses including the loss on the sale of Plainville Farms assets in the third quarter of fiscal 2019 as well as the deferred tax benefit arising from asset impairment charges.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the changes in accumulated other comprehensive income (loss):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Foreign currency translation adjustments:				
Other comprehensive income (loss) before reclassifications ⁽¹⁾	\$ 20,934	\$ 37,868	\$ (20,533)	\$ 80,065
Deferred (losses)/gains on cash flow hedging instruments:				
Other comprehensive (loss) income before reclassifications	(42)	—	(42)	39
Amounts reclassified into income ⁽²⁾	—	—	—	(106)
Unrealized gains/(losses) on equity investment:				
Other comprehensive loss before reclassifications	—	(101)	—	(103)
Net change in accumulated other comprehensive income (loss)	\$ 20,892	\$ 37,767	\$ (20,575)	\$ 79,895

(1) Foreign currency translation adjustments included intra-entity foreign currency transactions that were of a long-term investment nature and were a net loss of \$403 and a net gain of \$670 for the three months ended March 31, 2019 and 2018, respectively, and a net loss of \$875 and a net gain of \$1,736 for the nine months ended March 31, 2019 and 2018, respectively.

(2) Amounts reclassified into income for deferred (losses)/gains on cash flow hedging instruments are recorded in "Cost of sales" in the Consolidated Statements of Operations and, before taxes, were \$132 for the nine months ended March 31, 2018. There were no amounts reclassified into income for deferred (losses)/gains on cash flow hedging instruments for the three and nine months ended March 31, 2019 and for the three months ended March 31, 2018.

13. STOCK-BASED COMPENSATION AND INCENTIVE PERFORMANCE PLANS

The Company has two stockholder-approved plans, the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan and the 2000 Directors Stock Plan, under which the Company's officers, senior management, other key employees, consultants and directors may be granted options to purchase the Company's common stock or other forms of equity-based awards. The Company also grants shares under its 2019 Equity Inducement Award Program to induce selected individuals to become employees of the Company.

Compensation cost and related income tax benefits recognized in the Consolidated Statements of Operations for stock-based compensation plans were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Selling, general and administrative expense	\$ 3,937	\$ 2,936	\$ 5,502	\$ 10,258
Chief Executive Officer Succession Plan expense, net	—	—	429	—
Discontinued operations	6	—	58	—
Total compensation cost recognized for stock-based compensation plans	\$ 3,943	\$ 2,936	\$ 5,989	\$ 10,258
Related income tax benefit	\$ 470	\$ 971	\$ 765	\$ 3,391

In the nine months ended March 31, 2019, the Company recorded a benefit of \$1,867 related to the reversal of expense associated with the TSR Grant under the 2017-2019 LTIP, as defined and discussed further below.

Restricted Stock

A summary of the restricted stock and restricted share unit activity for the nine months ended March 31, 2019 is as follows:

	Number of Shares and Units	Weighted Average Grant Date Fair Value (per share)
Non-vested restricted stock, restricted share units, and performance units at June 30, 2018	1,057	\$ 22.29
Granted	3,470	\$ 7.13
Vested	(291)	\$ 26.50
Forfeited	(333)	\$ 17.68
Non-vested restricted stock, restricted share units, and performance units at March 31, 2019	3,903	\$ 8.89

	Nine Months Ended March 31,	
	2019	2018
Fair value of restricted stock and restricted share units granted	\$ 24,734	\$ 14,595
Fair value of shares vested	\$ 7,725	\$ 14,622
Tax benefit recognized from restricted shares vesting	\$ 3,331	\$ 4,970

At March 31, 2019, \$24,083 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to non-vested restricted stock awards was expected to be recognized over a weighted average period of approximately 2.3 years.

Stock Options

A summary of the stock option activity for the nine months ended March 31, 2019 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Aggregate Intrinsic Value
Options outstanding and exercisable at June 30, 2018	122	\$ 2.26		
Exercised	—	—		
Options outstanding and exercisable at March 31, 2019	122	\$ 2.26	12.3	\$ 2,544

At March 31, 2019, there was no unrecognized compensation expense related to stock option awards.

Long-Term Incentive Plan

The Company maintains a long-term incentive program (the “LTI Plan”). The LTI Plan currently consists of four performance-based long-term incentive plans (the “2016-2018 LTIP”, “2017-2019 LTIP”, “2018-2020 LTIP” and “2019-2021 LTIP”) that provide for performance equity awards that can be earned over defined performance periods. Participants in the LTI Plan include certain of the Company’s executive officers and other key executives.

The Compensation Committee administers the LTI Plan and is responsible for, among other items, selecting the specific performance measures for awards and setting the target performance required to receive an award after the completion of the performance period. The Compensation Committee determines the specific payout to the participants. Any such stock-based awards shall be issued pursuant to and be subject to the terms and conditions of the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan, as in effect and as amended from time-to-time, and the 2019 Equity Inducement Award Program, as applicable.

2019-2021 LTIP

Grants Made Pursuant to the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan

On January 24, 2019, upon adoption of the 2019-2021 LTIP, the Compensation Committee granted 912 performance share units (“PSUs”), the achievement of which is dependent upon a defined calculation of relative total shareholder return (“TSR”) over the period from November 6, 2018 to November 6, 2021. The PSUs granted represent 100% of the targeted award, and will vest pursuant to the achievement of pre-established three-year compound annual TSR levels that are aligned with the CEO Inducement Grant. The number of shares actually issued will range from zero to 300% of the shares granted. No PSUs will vest if the three-year compound annual TSR is below 15%. Of the 912 PSUs issued, 451 are subject to a holding period of one year after the vesting date. As such, an illiquidity discount was applied to the grant date fair value for those shares subject to the one year holding period. The total grant date fair value with and without the illiquidity discount was estimated to be \$5.99 and \$5.26 per share, respectively. The total grant date fair value of this award was \$5,132. Total compensation cost related to this PSU award was \$432 in the three and nine months ended March 31, 2019.

The Company also issued 156 three-year time-based restricted share units under the 2019-2021 LTIP.

Grants Made Pursuant to the 2019 Equity Inducement Award Program

The primary purpose of the 2019 Equity Inducement Award Program is to further the long term stability and success of the Company by providing a program to reward selected individuals newly hired as employees of the Company with grants of inducement awards. Shares issued under this program are granted outside of the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan.

In the three months ended March 31, 2019, the Compensation Committee granted 926 PSUs to selected individuals hired as employees of the Company, the achievement of which is dependent upon a defined calculation of relative TSR over the period from November 6, 2018 to November 6, 2021. The PSUs granted represent 300% of the targeted award and will vest pursuant to the achievement of pre-established three-year compound annual TSR levels, which are aligned with the CEO Inducement Grant.

The number of PSUs expected to be earned, based upon the achievement of the TSR market condition, is factored into the grant date Monte Carlo valuation. Compensation expense is recognized on a straight-line basis over the service period, regardless of the eventual number of PSUs that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense is reversed if at any time during the service period a grantee is no longer an employee. These PSUs are subject to a holding period of one year after the vesting date. As such, an illiquidity discount was applied to the grant date fair value.

Grant Date	Shares Issued	Fair Value Per Share	Grant Date Fair Value
February 19, 2019	739	\$ 1.79	\$ 1,324
March 29, 2019	187	\$ 3.01	563
Total	926		\$ 1,887

The total number of shares actually issued will range from zero to 926. No PSUs will vest if the three-year compound annual TSR is below 15%.

2018-2020 LTIP

Upon adoption of the 2018-2020 LTIP, the Compensation Committee granted 45 PSUs, the achievement of which is dependent upon a defined calculation of relative TSR over the period from January 24, 2019 to June 30, 2020. The total grant date fair value of this award was estimated to be \$18.32 per share, or \$819.

2016-2018 and 2017-2019 LTIP

Upon adoption of the 2016-2018 LTIP and 2017-2019 LTIP, the Compensation Committee granted PSUs to each participant, the achievement of which is dependent upon a defined calculation of relative TSR over the period from July 1, 2015 to June 30, 2018 and from July 1, 2017 to June 30, 2019 (the "TSR Grant"), respectively. The grant date fair value for these awards was separately estimated based on a Monte Carlo simulation that calculated the likelihood of goal attainment. Each performance unit translates into one unit of common stock. The TSR Grant represents half of each participant's target award. The other half of the 2016-2018 LTIP and 2017-2019 LTIP is based on the Company's achievement of specified net sales growth targets over the respective three-year period. If the targets are achieved, the award in connection with the 2017-2019 LTIP may be paid only in unrestricted shares of the Company's common stock.

During the three months ended September 30, 2018, in connection with the 2016-2018 LTIP, for the three-year performance period of July 1, 2015 through June 30, 2018, the Compensation Committee determined that the adjusted operating income goal required to be met for Section 162(m) funding was not achieved and determined that no awards would be paid or vested pursuant to the 2016-2018 LTIP. Accordingly, the 223 unvested performance stock unit awards previously granted in connection with the relative TSR portion of the award were forfeited, and amounts accrued relating to the net sales portion of the award were reversed. As such, in the three months ended September 30, 2018, the Company recorded a benefit of \$6,482 associated with the reversal of previously accrued amounts under the net sales portion of the 2016-2018 LTIP, of which \$5,065 was recorded in Chief Executive Officer Succession Plan expense, net on the Consolidated Statement of Operations.

In connection with the 2017-2019 LTIP, in the three months ended September 30, 2018, the Company determined that the achievement of the adjusted operating income goal required to be met for Section 162(m) funding was not probable. Accordingly, during the three months ended September 30, 2018, the Company recorded benefits of \$1,129 and \$1,867 associated with the reversal of previously accrued amounts under the portions of the 2017-2019 LTIP that were dependent on the achievement of pre-determined performance measures of net sales and relative TSR, respectively.

Other Grants

In the nine months ended March 31, 2019, the Company granted 201 time-based restricted share units to certain key employees and members of the Company's Board of Directors that vest primarily over three years. Additionally, the Company issued 101 PSUs to certain key executives vesting over a period of one to two years based upon the achievement of certain market and/or performance based metrics being met.

CEO Inducement Grant

On November 6, 2018, Mr. Schiller received an award of 1,050 PSUs intended to represent the total three-year long-term incentive opportunity that would have been made in fiscal years 2019 – 2021. The PSUs will vest pursuant to the achievement of pre-established three-year compound annual TSR levels. The number of shares actually issued will range from zero to 1,050. No PSUs will vest if the three-year compound annual TSR is below 15%. This award was granted outside of Amended and Restated 2002 Long-Term Incentive and Stock Award Plan and the 2019 Equity Inducement Award Program.

The number of PSUs expected to be earned, based upon the achievement of the TSR market condition, is factored into the grant date Monte Carlo valuation. Compensation expense is recognized on a straight-line basis over the three-year service period, regardless of the eventual number of PSUs that are earned based upon the market condition, provided Mr. Schiller remains an employee at the end of the three-year period. Compensation expense is reversed if at any time during the three-year service period Mr. Schiller is no longer an employee, subject to certain termination and change in control eligibility provisions. These PSUs are subject to a holding period of one year after the vesting date. As such, an illiquidity discount was applied to the grant date fair value. The total grant date fair value of the award was estimated to be \$7,571, or \$7.21 per share.

Total compensation cost related to this award recognized in the three and nine months ended March 31, 2019 was \$621 and \$1,008, respectively.

The Company also issued 79 three-year time-based restricted share units to Mr. Schiller.

14. INVESTMENTS

Equity method investment

On October 27, 2015, the Company acquired a 14.9% interest in Chop't Creative Salad Company LLC ("Chop't"). Chop't develops and operates fast-casual, fresh salad restaurants in the Northeast and Mid-Atlantic United States. Chop't markets and sells certain of the Company's branded products and provides consumer insight and feedback. The investment is being accounted for as an equity method investment due to the Company's representation on the Board of Directors of Chop't. During fiscal 2018, the Company's ownership interest was reduced to 13.4% due to the distribution of additional ownership interests. Further ownership interest distributions could potentially dilute the Company's ownership interest to as low as 11.9%. At March 31, 2019 and June 30, 2018, the carrying value of the Company's investment in Chop't was \$14,622 and \$15,524, respectively, and is included in the Consolidated Balance Sheets as a component of "Investments and joint ventures."

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company's financial assets and liabilities measured at fair value are required to be grouped in one of three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table presents by level within the fair value hierarchy assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Rabbi trust investments	\$ 34,452	\$ 34,452	\$ —	\$ —
Forward foreign currency contracts	40	—	40	—
Equity investment	661	661	—	—
Contingent consideration, current	1,735	—	—	1,735
Total	\$ 36,888	\$ 35,113	\$ 40	\$ 1,735
Liabilities:				
Forward foreign currency contracts	\$ 702	\$ —	\$ 702	\$ —
Contingent consideration, non-current	—	—	—	—
Total	\$ 702	\$ —	\$ 702	\$ —

The following table presents by level within the fair value hierarchy assets and liabilities measured at fair value on a recurring basis as of June 30, 2018:

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	\$ 99	\$ 99	\$ —	\$ —
Forward foreign currency contracts	365	—	365	—
Equity investments	692	692	—	—
Total	\$ 1,156	\$ 791	\$ 365	\$ —
Liabilities:				
Forward foreign currency contracts	\$ 27	\$ —	\$ 27	\$ —
Contingent consideration, non-current	1,909	—	—	1,909
Total	\$ 1,936	\$ —	\$ 27	\$ 1,909

The rabbi trust investments consist of cash and mutual funds whose fair value is based on quoted prices in active markets for identical assets, and are designated as Level 1 within the valuation hierarchy. The equity investment consists of the Company's less than 1% investment in Yeo Hiap Seng Limited, a food and beverage manufacturer and distributor based in Singapore. Fair value is measured using the market approach based on quoted prices. The Company utilizes the income approach to measure fair value for its foreign currency forward contracts. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices.

The Company estimates the original fair value of the contingent consideration as the present value of the expected contingent payments, determined using the weighted probabilities of the possible payments. The Company reassesses the fair value of contingent payments on a periodic basis. Although the Company believes its estimates and assumptions are reasonable, different assumptions, including those regarding the operating results of the respective businesses, or changes in the future may result in different estimated amounts.

The following table summarizes the Level 3 activity for the nine months ended March 31, 2019:

Balance as of June 30, 2018	\$	1,909
Contingent consideration adjustment ^(a)		(147)
Translation adjustment		(27)
Balance as of March 31, 2019	\$	<u>1,735</u>

(a) The change in the fair value of contingent consideration is included in "Project Terra costs and other" in the Company's Consolidated Statements of Operations.

There were no transfers of financial instruments between the three levels of fair value hierarchy during the nine months ended March 31, 2019 and March 31, 2018.

The carrying amount of cash and cash equivalents, accounts receivable, net, accounts payable and certain accrued expenses and other current liabilities approximate fair value due to the short-term maturities of these financial instruments. The Company's debt approximates fair value due to the debt bearing fluctuating market interest rates (See Note 10, *Debt and Borrowings*).

In addition to the instruments named above, the Company also makes fair value measurements in connection with its interim and annual goodwill and trade name impairment testing. These measurements fall into Level 3 of the fair value hierarchy (See Note 9, *Goodwill and Other Intangible Assets*).

Derivative Instruments

The Company primarily has exposure to changes in foreign currency exchange rates relating to certain anticipated cash flows and firm commitments from its international operations. The Company may enter into certain derivative financial instruments, when available on a cost-effective basis, to manage such risk. Derivative financial instruments are not used for speculative purposes. The fair value of these derivatives is included in prepaid expenses and other current assets and accrued expenses and other current liabilities in the Consolidated Balance Sheet. For derivative instruments that qualify as hedges of probable forecasted cash flows, the effective portion of changes in fair value is temporarily reported in accumulated other comprehensive income and recognized in earnings when the hedged item affects earnings. Fair value hedges and derivative instruments not designated as hedges are marked-to-market each reporting period with any unrealized gains or losses recognized in earnings.

Derivative instruments designated at inception as hedges are measured for effectiveness at the inception of the hedge and on a quarterly basis. These assessments determine whether derivatives designated as qualifying hedges continue to be highly effective in offsetting changes in the cash flows of hedged items. Any ineffective portion of change in fair value is not deferred in accumulated other comprehensive (loss) income and is included in current period results. The Company will discontinue cash flow hedge accounting when the forecasted transaction is no longer probable of occurring on the originally forecasted date or when the hedge is no longer effective. There were no discontinued foreign exchange hedges for the three and nine months ended March 31, 2019 and March 31, 2018.

The notional and fair value amounts of cash flow hedges at March 31, 2019 were \$3,920 and \$52 of net liabilities, respectively. There were no cash flow hedges or fair value hedges outstanding as of June 30, 2018.

The notional amounts of foreign currency exchange contracts not designated as hedges at March 31, 2019 and June 30, 2018 were \$54,884 and \$20,986, respectively. The fair values of foreign currency exchange contracts not designated as hedges at March 31, 2019 and June 30, 2018 were \$610 of net liabilities and \$338 of net assets, respectively.

Gains and losses related to both designated and non-designated foreign currency exchange contracts are recorded in the Company's Consolidated Statements of Operations based upon the nature of the underlying hedged transaction and were not material for the three and nine months ended March 31, 2019 and March 31, 2018.

16. COMMITMENTS AND CONTINGENCIES

Securities Class Actions Filed in Federal Court

On August 17, 2016, three securities class action complaints were filed in the Eastern District of New York against the Company alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The three complaints are: (1) *Flora v. The Hain Celestial Group, Inc., et al.* (the “Flora Complaint”); (2) *Lynn v. The Hain Celestial Group, Inc., et al.* (the “Lynn Complaint”); and (3) *Spadola v. The Hain Celestial Group, Inc., et al.* (the “Spadola Complaint” and, together with the Flora and Lynn Complaints, the “Securities Complaints”). On June 5, 2017, the court issued an order for consolidation, appointment of Co-Lead Plaintiffs and approval of selection of co-lead counsel. Pursuant to this order, the Securities Complaints were consolidated under the caption *In re The Hain Celestial Group, Inc. Securities Litigation* (the “Consolidated Securities Action”), and Rosewood Funeral Home and Salomon Gimpel were appointed as Co-Lead Plaintiffs. On June 21, 2017, the Company received notice that plaintiff Spadola voluntarily dismissed his claims without prejudice to his ability to participate in the Consolidated Securities Action as an absent class member. The Co-Lead Plaintiffs in the Consolidated Securities Action filed a Consolidated Amended Complaint on August 4, 2017 and a Corrected Consolidated Amended Complaint on September 7, 2017 on behalf of a purported class consisting of all persons who purchased or otherwise acquired Hain Celestial securities between November 5, 2013 and February 10, 2017 (the “Amended Complaint”). The Amended Complaint names as defendants the Company and certain of its current and former officers (collectively, the “Defendants”) and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegedly materially false or misleading statements and omissions in public statements, press releases and SEC filings regarding the Company’s business, prospects, financial results and internal controls. Defendants filed a motion to dismiss on October 3, 2017. Co-Lead Plaintiffs filed an opposition on December 1, 2017, and Defendants filed the reply on January 16, 2018. On April 4, 2018, the Court requested additional briefing relating to certain aspects of Defendants’ motion to dismiss. In accordance with this request, Lead Plaintiffs submitted their supplemental brief on April 18, 2018, and Defendants submitted an opposition on May 2, 2018. Lead Plaintiffs filed a reply brief on May 9, 2018, and Defendants submitted a sur-reply on May 16, 2018.

On March 29, 2019, the Court granted Defendant’s motion, dismissing the Amended Complaint in its entirety, without prejudice to replead. Lead Plaintiffs filed a seconded amended complaint on May 6, 2019.

Stockholder Derivative Complaints Filed in State Court

On September 16, 2016, a stockholder derivative complaint, *Paperny v. Heyer, et al.* (the “Paperny Complaint”), was filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers of the Company alleging breach of fiduciary duty, unjust enrichment, lack of oversight and corporate waste. On December 2, 2016 and December 29, 2016, two additional stockholder derivative complaints were filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers under the captions *Scarola v. Simon* (the “Scarola Complaint”) and *Shakir v. Simon* (the “Shakir Complaint”) and, together with the Paperny Complaint and the Scarola Complaint, the “Derivative Complaints”, respectively. Both the Scarola Complaint and the Shakir Complaint allege breach of fiduciary duty, lack of oversight and unjust enrichment. On February 16, 2017, the parties for the Derivative Complaints entered into a stipulation consolidating the matters under the caption *In re The Hain Celestial Group* (the “Consolidated Derivative Action”) in New York State Supreme Court in Nassau County, ordering the Shakir Complaint as the operative complaint. On November 2, 2017, the parties agreed to stay the Consolidated Derivative Action until April 11, 2018. On April 6, 2018, the parties filed a proposed stipulation agreeing to stay the Consolidated Derivative Action until October 4, 2018, which the Court granted on May 3, 2018. On October 9, 2018, the Court further stayed this matter until December 4, 2018 and on December 4, 2018 further stayed the matter until January 14, 2019. On January 14, 2019, the Court held a status conference and granted Plaintiffs leave to file an amended complaint by March 7, 2019, while continuing the stay as to all other aspects of the case. On March 7, 2019, Plaintiffs filed an amended complaint. The Court held a status conference on March 13, 2019 and continued the stay until a subsequent conference scheduled for May 6, 2019. At the May 6 conference, the Court indicated that the stay will be lifted, and after a preliminary conference for June 13, 2019, a scheduling order will be entered and the case will proceed.

Additional Stockholder Class Action and Derivative Complaints Filed in Federal Court

On April 19, 2017 and April 26, 2017, two class action and stockholder derivative complaints were filed in the Eastern District of New York against the Board of Directors and certain officers of the Company under the captions *Silva v. Simon, et al.* (the “Silva Complaint”) and *Barnes v. Simon, et al.* (the “Barnes Complaint”), respectively. Both the Silva Complaint and the Barnes Complaint allege violation of securities law, breach of fiduciary duty, waste of corporate assets and unjust enrichment.

On May 23, 2017, an additional stockholder filed a complaint under seal in the Eastern District of New York against the Board of Directors and certain officers of the Company. The complaint alleges that the Company’s directors and certain officers made

materially false and misleading statements in press releases and SEC filings regarding the Company's business, prospects and financial results. The complaint also alleges that the Company violated its by-laws and Delaware law by failing to hold its 2016 Annual Stockholders Meeting and includes claims for breach of fiduciary duty, unjust enrichment and corporate waste. On August 9, 2017, the Court granted an order to unseal this case and reveal Gary Merenstein as the plaintiff (the "Merenstein Complaint").

On August 10, 2017, the court granted the parties stipulation to consolidate the Barnes Complaint, the Silva Complaint and the Merenstein Complaint under the caption *In re The Hain Celestial Group, Inc. Stockholder Class and Derivative Litigation* (the "Consolidated Stockholder Class and Derivative Action") and to appoint Robbins Arroyo LLP and Scott+Scott as Co-Lead Counsel, with the Law Offices of Thomas G. Amon as Liaison Counsel for Plaintiffs. On September 14, 2017, a related complaint was filed under the caption *Oliver v. Berke, et al.* (the "Oliver Complaint"), and on October 6, 2017, the Oliver Complaint was consolidated with the Consolidated Stockholder Class and Derivative Action. The Plaintiffs filed their consolidated amended complaint under seal on October 26, 2017. On December 20, 2017, the parties agreed to stay Defendants' time to answer, move, or otherwise respond to the consolidated amended complaint through and including 30 days after a decision is rendered on the motion to dismiss the Amended Complaint in the consolidated Securities Class Actions, described above.

After the Court dismissed the Amended Complaint in the Securities Class Actions, the parties to the Consolidated Stockholder Class and Derivative Action agreed to continue the stay of Defendants' time to answer, move, or otherwise respond to the consolidated amended complaint. The stay is continued through the later of: (a) thirty (30) days after the deadline for plaintiffs to file a second amended complaint in the Securities Class Actions; or, (b) if plaintiffs file a second amended complaint, and Defendants file a motion to dismiss the second amended complaint, thirty (30) days after the Court rules on the motion to dismiss the second amended complaint in the Securities Class Actions.

Other

In addition to the litigation described above, the Company is and may be a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company's consolidated results of operations, financial position, cash flows or liquidity.

17. SEGMENT INFORMATION

Beginning in the third quarter of fiscal 2018, the Hain Pure Protein operations were classified as discontinued operations as discussed in "Note 5, *Discontinued Operations*." Therefore, segment information presented excludes the results of Hain Pure Protein. As a result, the Company is now managed in seven operating segments: the United States, United Kingdom, Tilda, Ella's Kitchen UK, Europe, Canada and Hain Ventures (formerly known as Cultivate).

The prior period segment information contained below has been adjusted to reflect the Company's revised operating and reporting structure.

Net sales and operating income are the primary measures used by the Company's Chief Operating Decision Maker ("CODM") to evaluate segment operating performance and to decide how to allocate resources to segments. The CODM is the Company's Chief Executive Officer. Expenses related to certain centralized administration functions that are not specifically related to an operating segment are included in Corporate and Other. Corporate and Other expenses are comprised mainly of the compensation and related expenses of certain of the Company's senior executive officers and other selected employees who perform duties related to the entire enterprise, as well as expenses for certain professional fees, facilities and other items which benefit the Company as a whole. Additionally, certain Project Terra costs are included in "Corporate and Other." Expenses that are managed centrally, but can be attributed to a segment, such as employee benefits and certain facility costs, are allocated based on reasonable allocation methods. Assets are reviewed by the CODM on a consolidated basis and therefore are not reported by operating segment.

The following tables set forth financial information about each of the Company's reportable segments. Transactions between reportable segments were insignificant for all periods presented.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net Sales:				
United States	\$ 266,445	\$ 281,052	\$ 769,585	\$ 815,013
United Kingdom	227,206	238,321	671,121	698,968
Rest of World	106,146	113,347	304,080	324,190
	<u>\$ 599,797</u>	<u>\$ 632,720</u>	<u>\$ 1,744,786</u>	<u>\$ 1,838,171</u>
Operating Income/(Loss):				
United States	\$ 17,099	\$ 24,974	\$ 26,449	\$ 67,696
United Kingdom	18,147	13,863	36,822	37,062
Rest of World	10,868	11,059	27,078	30,591
	<u>\$ 46,114</u>	<u>\$ 49,896</u>	<u>\$ 90,349</u>	<u>\$ 135,349</u>
Corporate and Other ^(a)	(22,249)	(20,642)	(105,975)	(45,889)
	<u>\$ 23,865</u>	<u>\$ 29,254</u>	<u>\$ (15,626)</u>	<u>\$ 89,460</u>

(a) For the three months ended March 31, 2019, Corporate and Other includes \$455 of Chief Executive Officer Succession Plan expense, net and \$7,562 of Project Terra costs and other. For the three months ended March 31, 2018, Corporate and Other includes \$4,175 of Project Terra costs and other \$3,313 of accounting review and remediation costs.

For the nine months ended March 31, 2019, Corporate and Other includes \$30,156 of Chief Executive Officer Succession Plan expense, net, \$21,045 of Project Terra costs and other and \$4,334 of accounting review and remediation costs. Corporate and Other for the nine months ended March 31, 2019 also includes impairment charges of \$17,900 (\$11,300 related to the United States segment, \$2,787 related to the United Kingdom segment and \$3,813 in Rest of World) related to certain of the Company's tradenames. For the nine months ended March 31, 2018, Corporate and Other included \$7,429 of Project Terra costs and other and net expense of \$6,406 of accounting review and remediation costs, net of insurance proceeds, consisting of \$11,406 of costs incurred in the nine months ended March 31, 2018 offset by insurance proceeds of \$5,000.

The Company's long-lived assets, which primarily represent net property, plant and equipment, by geographic area were as follows:

	March 31, 2019	June 30, 2018
United States	\$ 115,243	\$ 99,650
United Kingdom	179,226	174,214
All Other	86,331	86,700
Total	<u>\$ 380,800</u>	<u>\$ 360,564</u>

The Company's net sales by geographic region, which are generally based on the location of the Company's subsidiary, were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
United States	\$ 279,609	\$ 296,635	\$ 807,899	\$ 860,987
United Kingdom	227,206	238,321	671,121	698,968
All Other	92,982	97,764	265,766	278,216
Total	<u>\$ 599,797</u>	<u>\$ 632,720</u>	<u>\$ 1,744,786</u>	<u>\$ 1,838,171</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Consolidated Financial Statements and the related Notes for the period ended March 31, 2019 thereto contained in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended June 30, 2018. Forward looking statements in this Form 10-Q are qualified by the cautionary statement included in this Form 10-Q under the sub-heading "Cautionary Note Regarding Forward Looking Information" in the introduction of this Form 10-Q.

Overview

The Hain Celestial Group, Inc. (the "Company"), a Delaware corporation, was founded in 1993 and is headquartered in Lake Success, New York. The Company's mission has continued to evolve since its founding, with health and wellness being the core tenet — To Create and Inspire A Healthier Way of Life™ and be the leading marketer, manufacturer and seller of organic and natural, "better-for-you" products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes.

The Company manufactures, markets, distributes and sells organic and natural products under brand names that are sold as "better-for-you" products, providing consumers with the opportunity to lead A Healthier Way of Life™. Hain Celestial is a leader in many organic and natural products categories, with many recognized brands in the various market categories it serves, including Almond Dream®, Arrowhead Mills®, Bearitos®, Better Bean®, BluePrint®, Casbah®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth's Best®, Ella's Kitchen®, Europe's Best®, Farmhouse Fare™, Frank Cooper's®, Gale's®, Garden of Eatin'®, GG UniqueFiber®, Hain Pure Foods®, Hartley's®, Health Valley®, Imagine®, Johnson's Juice Co.™, Joya®, Lima®, Linda McCartney® (under license), MaraNatha®, Mary Berry (under license), Natumi®, New Covent Garden Soup Co.®, Orchard House®, Rice Dream®, Robertson's®, Rudi's Gluten-Free Bakery™, Rudi's Organic Bakery®, Sensible Portions®, Spectrum® Organics, Soy Dream®, Sun-Pat®, Sunripe®, SunSpire®, Terra®, The Greek Gods®, Tilda®, Walnut Acres®, Yorkshire Provender®, Yves Veggie Cuisine® and William's™. The Company's personal care products are marketed under the Alba Botanica®, Avalon Organics®, Earth's Best®, JASON®, Live Clean® and Queen Helene® brands.

The Company sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide.

Appointment of New CEO

On October 26, 2018, the Company's Board of Directors appointed Mark L. Schiller as President and Chief Executive Officer, succeeding Irwin D. Simon. In connection with the appointment, on October 26, 2018, the Company and Mr. Schiller entered into an employment agreement, which was approved by the Board, with Mr. Schiller's employment commencing on November 5, 2018. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional information.

Discontinued Operations

In March 2018, the Company's Board of Directors approved a plan to sell all of the operations of the Hain Pure Protein Corporation ("HPPC") and EK Holdings, Inc. ("Empire") operating segments, which were reported in the aggregate as the Hain Pure Protein reportable segment. These dispositions are being undertaken to reduce complexity in the Company's operations and simplify the Company's brand portfolio, in addition to allowing additional flexibility to focus on opportunities for growth and innovation in the Company's more profitable core businesses.

Collectively, these dispositions represent a strategic shift that will have a major impact on the Company's operations and financial results and have been accounted for as discontinued operations.

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC).

On May 8, 2019, the Company entered into a definitive agreement to sell all of its equity interest in Hain Pure Protein Corporation, which includes the FreeBird™ and Empire® Kosher businesses, for a purchase price of \$80.0 million, subject to adjustments. The transaction is expected to close before June 30, 2019, the end of the Company's fiscal year.

See Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional information on discontinued operations.

Project Terra

During fiscal 2016, the Company commenced a strategic review, referred to as “Project Terra,” of which a key initiative is the identification of global cost savings, as well as removing complexities from the business. Under this plan, the Company aims to achieve \$350 million in global savings by fiscal 2020, a portion of which the Company intends to reinvest into its brands. This review includes streamlining the Company’s manufacturing plants, co-packers, and supply chain, in addition to product rationalization initiatives which are aimed at eliminating slow moving stock keeping units (“SKUs”).

Comparison of Three Months Ended March 31, 2019 to Three Months Ended March 31, 2018

Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the three months ended March 31, 2019 and 2018 (amounts in thousands, other than percentages which may not add due to rounding):

	Three Months Ended				Change in	
	March 31, 2019		March 31, 2018		Dollars	Percentage
Net sales	\$ 599,797	100.0%	\$ 632,720	100.0%	\$ (32,923)	(5.2)%
Cost of sales	474,528	79.1%	499,707	79.0%	(25,179)	(5.0)%
Gross profit	125,269	20.9%	133,013	21.0%	(7,744)	(5.8)%
Selling, general and administrative expenses	87,739	14.6%	86,063	13.6%	1,676	1.9%
Amortization of acquired intangibles	3,802	0.6%	4,713	0.7%	(911)	(19.3)%
Project Terra costs and other	9,408	1.6%	4,831	0.8%	4,577	94.7%
Chief Executive Officer Succession Plan expense, net	455	0.1%	—	—%	455	*
Accounting review and remediation costs, net of insurance proceeds	—	—	3,313	0.5%	(3,313)	(100.0)%
Long-lived asset and intangibles impairment	—	—	4,839	0.8%	(4,839)	(100.0)%
Operating income	23,865	4.0%	29,254	4.6%	(5,389)	(18.4)%
Interest and other financing expense, net	9,390	1.6%	6,782	1.1%	2,608	38.5%
Other expense/(income), net	1,068	0.2%	(1,560)	(0.2)%	2,628	(168.5)%
Income from continuing operations before income taxes and equity in net loss of equity-method investees	13,407	2.2%	24,032	3.8%	(10,625)	(44.2)%
Provision (benefit) for income taxes	3,114	0.5%	(1,310)	(0.2)%	4,424	(337.7)%
Equity in net loss of equity-method investees	205	—%	101	—%	104	103.0%
Net income from continuing operations	\$ 10,088	1.7%	\$ 25,241	4.0%	\$ (15,153)	(60.0)%
Net loss from discontinued operations, net of tax	\$ (75,925)	(12.7)%	\$ (12,555)	(2.0)%	\$ (63,370)	(504.7)%
Net (loss) income	\$ (65,837)	(11.0)%	\$ 12,686	2.0%	\$ (78,523)	(619.0)%
Adjusted EBITDA	\$ 55,507	9.3%	\$ 73,440	11.6%	\$ (17,933)	(24.4)%

* Percentage is not meaningful

Net Sales

Net sales for the three months ended March 31, 2019 were \$599.8 million, a decrease of \$32.9 million, or 5.2%, from net sales of \$632.7 million for the three months ended March 31, 2018. On a constant currency basis, net sales decreased approximately 1.8% from the prior year quarter. Net sales on a constant currency basis decreased in the United States and Rest of World reportable segments, partially offset by an increase in net sales in the United Kingdom reportable segment. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit for the three months ended March 31, 2019 was \$125.3 million, a decrease of \$7.7 million, or 5.8%, as compared to the prior year quarter. Gross profit margin was 20.9% of net sales, compared to 21.0% in the prior year quarter. Gross profit was unfavorably impacted by higher trade and promotional investments to drive future period growth. These increased costs were partially offset by Project Terra cost savings.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$87.7 million for the three months ended March 31, 2019, an increase of \$1.7 million, or 1.9%, from \$86.1 million for the prior year quarter. Selling, general and administrative expenses increased primarily due to increased consulting costs in the United States associated with the Fountain of Truth product launch and e-commerce, as well as increased variable compensation costs, partially offset by Project Terra savings as well as the impact of foreign exchange rates. Selling, general and administrative expenses as a percentage of net sales was 14.6% in the three months ended March 31, 2019 compared to 13.6% in the prior year quarter, reflecting an increase of 100 basis points primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was \$3.8 million for the three months ended March 31, 2019, a decrease of \$0.9 million from \$4.7 million in the prior year quarter. The decrease was due to finite-lived intangibles from certain historical acquisitions becoming fully amortized subsequent to March 31, 2018.

Project Terra Costs and Other

Project Terra costs and other was \$9.4 million for the three months ended March 31, 2019, an increase of \$4.6 million from \$4.8 million in the prior year quarter. The increase was primarily due to increased consulting fees incurred in connection with the Company's Project Terra strategic review as well as increased severance costs for the three months ended March 31, 2019 as compared to the prior year period.

Chief Executive Officer Succession Plan Expense, net

Net costs and expenses associated with the Company's Chief Executive Officer Succession Plan were \$0.5 million for the three months ended March 31, 2019. There were no comparable expenses in the three months ended March 31, 2018. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for further discussion.

Accounting Review and Remediation Costs, net of Insurance Proceeds

Costs and expenses associated with the internal accounting review, remediation and other related matters were \$3.3 million for the three months ended March 31, 2018. No such costs were incurred in the three months ended March 31, 2019.

Long-lived Asset and Intangibles Impairment

During the three months ended March 31, 2018, the Company recorded non-cash impairment charges of \$2.6 million related to the closure of a manufacturing facility in the United Kingdom and \$2.2 million to write down the value of certain machinery and equipment. There were no impairment charges recorded in the three months ended March 31, 2019.

Operating Income

Operating income for the three months ended March 31, 2019 was \$23.9 million compared to \$29.3 million in the prior year quarter. The decrease in operating income resulted from the items described above.

Interest and Other Financing Expense, net

Interest and other financing expense, net totaled \$9.4 million for the three months ended March 31, 2019, an increase of \$2.6 million, or 38.5%, from \$6.8 million in the prior year quarter. The increase in interest and other financing expense, net resulted primarily from higher interest expense related to our revolving credit facility as a result of higher variable interest rates. See Note 10, *Debt and Borrowings*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Other Expense/(Income), net

Other expense/(income), net, totaled \$1.1 million of expense for the three months ended March 31, 2019, compared to \$1.6 million of income in the prior year quarter. Included in other expense/(income), net were net unrealized foreign currency losses, compared to net unrealized foreign currency gains in the prior year quarter principally due to the effect of foreign currency movements on the remeasurement of foreign currency denominated loans.

Income From Continuing Operations Before Income Taxes and Equity in Net Loss of Equity-Method Investees

Income before income taxes and equity in net loss of our equity-method investees for the three months ended March 31, 2019 was \$13.4 million compared to \$24.0 million for the three months ended March 31, 2018. The decrease was due to the items discussed above.

Income Taxes

The provision for income taxes includes federal, foreign, state and local income taxes. For the three months ended March 31, 2019, the Company calculated its effective tax rate based on a discrete basis due to significant variations in the relationship between income tax expense and projected pre-tax income. As a result, the actual effective tax rate for the three months ended March 31, 2019 is being utilized. Our income tax expense from continuing operations was \$3.1 million for the three months ended March 31, 2019 compared to \$1.3 million of tax benefit in the prior year quarter.

The effective income tax rate from continuing operations was an expense of 23.2% for the three months ended March 31, 2019, compared to a benefit of 5.5% for the three months ended March 31, 2018. The effective income tax rate from continuing operations for the three months ended March 31, 2019 was impacted by the provisions in the Tax Act including global intangible low-taxed income and limitations on the deductibility of executive compensation. The effective income tax rate was also negatively impacted by the geographical mix of earnings and state taxes. For an additional discussion on the impact of the Tax Act, see Note 11, *Income Taxes*, in the Notes to the Consolidated Financial Statements included in Item 1 of this Form 10-Q.

The effective income tax rate from continuing operations for the three months ended March 31, 2018 was primarily impacted by the enactment of the Tax Act on December 22, 2017, specifically the revalue of net deferred tax liabilities to the enacted 21% tax rate, repealing the deduction for domestic production activities, inclusion of the transition tax liability estimate and limitation on the deductibility of executive officers' compensation. The effective income tax rate from continuing operations for the three months ended March 31, 2018 was also favorably impacted by the geographical mix of earnings, as well as a \$3.8 million benefit relating to the release of the Company's domestic uncertain tax position as a result of the expiration of the statute of limitations.

The income tax benefit from discontinued operations was \$21.4 million for the three months ended March 31, 2019, compared to income tax expense from discontinued operations of \$10.4 million for the three months ended March 31, 2018. The tax benefit in the three months ended March 31, 2019 is impacted by the tax effect of current period book losses including the loss on the sale of Plainville Farms assets in the third quarter of fiscal 2019 as well as the deferred tax benefit arising from asset impairment charges. Income tax expense for the three months ended March 31, 2018 includes a \$10.7 million deferred tax liability related to Hain Pure Protein being classified as held for sale.

Our effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes and tax audit settlements.

Equity in Net Loss of Equity-Method Investees

Our equity in net loss from our equity-method investments for the three months ended March 31, 2019 was \$0.2 million, compared to \$0.1 million in the three months ended March 31, 2018. See Note 14, *Investments*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Net Income from Continuing Operations

Net income from continuing operations for the three months ended March 31, 2019 was \$10.1 million compared to \$25.2 million for the three months ended March 31, 2018. Net income per diluted share from continuing operations was \$0.10 for the three months ended March 31, 2019 compared to \$0.24 in the prior year quarter. The decrease was attributable to the factors noted above.

Net Loss from Discontinued Operations

Net loss from discontinued operations for the three months ended March 31, 2019 was \$75.9 million compared to \$12.6 million in the three months ended March 31, 2018. Diluted net loss per common share from discontinued operations was \$0.73 and \$0.12 in the three months ended March 31, 2019 and 2018, respectively. Net loss from discontinued operations for the three months ended March 31, 2019 included a loss on sale recorded in connection with the disposition of the Plainville Farms business of \$40.2 million and asset impairment charges of \$51.3 million to write-down the net assets of the remaining Hain Pure Protein components to the estimated selling price, less costs to sell, as discussed in Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Net (Loss) Income

Net loss for the three months ended March 31, 2019 was \$65.8 million compared to net income of \$12.7 million in the prior year quarter. Net loss per diluted share was \$0.63 in the three months ended March 31, 2019 compared to net income per diluted share of \$0.12 in the three months ended March 31, 2018. The decrease was attributable to the factors noted above.

Adjusted EBITDA

Our Adjusted EBITDA was \$55.5 million and \$73.4 million for the three months ended March 31, 2019 and 2018, respectively, as a result of the factors discussed above and the adjustments described in the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* presented following the discussion of our results of operations.

Segment Results

The following table provides a summary of net sales and operating income by reportable segment for the three months ended March 31, 2019 and 2018:

<i>(dollars in thousands)</i>	United States	United Kingdom	Rest of World	Corporate and Other	Consolidated
Net sales					
Three months ended 3/31/19	\$ 266,445	\$ 227,206	\$ 106,146	\$ —	\$ 599,797
Three months ended 3/31/18	281,052	238,321	113,347	—	632,720
\$ change	\$ (14,607)	\$ (11,115)	\$ (7,201)	n/a	\$ (32,923)
% change	(5.2)%	(4.7)%	(6.4)%	n/a	(5.2)%
Operating income					
Three months ended 3/31/19	\$ 17,099	\$ 18,147	\$ 10,868	\$ (22,249)	\$ 23,865
Three months ended 3/31/18	24,974	13,863	11,059	(20,642)	29,254
\$ change	\$ (7,875)	\$ 4,284	\$ (191)	\$ (1,607)	\$ (5,389)
% change	(31.5)%	30.9 %	(1.7)%	(7.8)%	(18.4)%
Operating income margin					
Three months ended 3/31/19	6.4 %	8.0 %	10.2 %	n/a	4.0 %
Three months ended 3/31/18	8.9 %	5.8 %	9.8 %	n/a	4.6 %

United States

Our net sales in the United States segment for the three months ended March 31, 2019 were \$266.4 million, a decrease of \$14.6 million, or 5.2%, from net sales of \$281.1 million for the three months ended March 31, 2018. The decrease in net sales was primarily driven by declines in our Pantry and Better-For-You-Baby platforms. In addition, the declines were also driven by the strategic decision to no longer support certain lower margin SKUs in order to reduce complexity and increase gross margins. Operating income in the United States for the three months ended March 31, 2019 was \$17.1 million, a decrease of \$7.9 million from operating income of \$25.0 million for the three months ended March 31, 2018. The decrease in operating income was the result of the aforementioned decrease in net sales and increased consulting costs associated with the Fountain of Truth product launch and e-commerce, as well as increased variable compensation costs in the three months ended March 31, 2019 compared to the three months ended March 31, 2018, partially offset by Project Terra savings.

United Kingdom

Our net sales in the United Kingdom segment for the three months ended March 31, 2019 were \$227.2 million, a decrease of \$11.1 million, or 4.7%, from net sales of \$238.3 million for the three months ended March 31, 2018. On a constant currency basis, net sales increased 1.8% from the prior year quarter. The net sales increase on a constant currency basis was primarily due to growth from the Company's Linda McCartney® and Hartley's® brands and in our Tilda and Ella's Kitchen businesses. Operating income in the United Kingdom segment for the three months ended March 31, 2019 was \$18.1 million, an increase of \$4.3 million from \$13.9 million for the three months ended March 31, 2018. The increase in operating income was primarily due to operating efficiencies achieved at Hain Daniels driven by Project Terra and decreased sales and marketing costs in our Ella's Kitchen business.

Rest of World

Our net sales in Rest of World were \$106.1 million for the three months ended March 31, 2019, a decrease of \$7.2 million, or 6.4%, from net sales of \$113.3 million for the three months ended March 31, 2018. On a constant currency basis, net sales decreased 0.7% from the prior year. The decrease in net sales was driven by declines in Canada from the Company's Europe's Best[®], Live Clean[®] and Dream[®] brands, offset in part by growth in our Yves Veggie Cuisine[®], Sensible Portions[®], Terra[®] and Tilda[®] brands. Hain Ventures (formerly known as Cultivate) net sales decreased from the prior year quarter, primarily driven by declines from the Blueprint[®], SunSpire[®] and DeBoles[®] brands, offset in part by growth from the GG UniqueFiber[™] brand. Hain Europe net sales decreased from the prior year quarter, but increased on a constant currency basis, primarily due to growth from the Company's Joya[®] and Natumi[®] brands and private label sales, offset in part by declines from the Lima[®], Danival[®] and Dream[®] brands. Operating income in the segment for the three months ended March 31, 2019 was \$10.9 million, a decrease of \$0.2 million, from \$11.1 million for the three months ended March 31, 2018. The decrease in operating income was primarily due to start-up costs incurred in connection with a new manufacturing facility in Canada.

Corporate and Other

Our Corporate and Other category consists of expenses related to the Company's centralized administrative functions, which do not specifically relate to an operating segment. Such Corporate and Other expenses are comprised mainly of compensation and related expenses of certain of the Company's senior executive officers and other employees who perform duties related to our entire enterprise as well as expenses for certain professional fees, facilities, and other items which benefit the Company as a whole. Additionally, Chief Executive Officer Succession Plan expense, net, Project Terra costs and other, net are included in Corporate and Other and were \$0.5 million and \$7.6 million, respectively, for the three months ended March 31, 2019. Project Terra costs and other and Accounting review and remediation costs, net were \$4.2 million and \$3.3 million, respectively, for the three months ended March 31, 2018.

Refer to Note 17, *Segment Information*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Comparison of Nine Months Ended March 31, 2019 to Nine Months Ended March 31, 2018
Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the nine months ended March 31, 2019 and 2018 (amounts in thousands, other than percentages which may not add due to rounding):

	Nine Months Ended				Change in	
	March 31, 2019		March 31, 2018		Dollars	Percentage
Net sales	\$ 1,744,786	100.0%	\$ 1,838,171	100.0%	\$ (93,385)	(5.1)%
Cost of sales	1,405,650	80.6%	1,447,820	78.8%	(42,170)	(2.9)%
Gross profit	339,136	19.4%	390,351	21.2%	(51,215)	(13.1)%
Selling, general and administrative expenses	255,383	14.6%	258,586	14.1%	(3,203)	(1.2)%
Amortization of acquired intangibles	11,567	0.7%	13,859	0.8%	(2,292)	(16.5)%
Project Terra costs and other	29,613	1.7%	13,750	0.7%	15,863	115.4%
Chief Executive Officer Succession Plan expense, net	30,156	1.7%	—	—%	30,156	*
Accounting review and remediation costs, net of insurance proceeds	4,334	0.2%	6,406	0.3%	(2,072)	(32.3)%
Long-lived asset and intangibles impairment	23,709	1.4%	8,290	0.5%	15,419	186.0%
Operating (loss) income	(15,626)	(0.9)%	89,460	4.9%	(105,086)	(117.5)%
Interest and other financing expense, net	25,912	1.5%	19,543	1.1%	6,369	32.6%
Other expense/(income), net	2,041	0.1%	(5,447)	(0.3)%	7,488	(137.5)%
(Loss) income from continuing operations before income taxes and equity in net loss (income) of equity-method investees	(43,579)	(2.5)%	75,364	4.1%	(118,943)	(157.8)%
Benefit for income taxes	(1,679)	(0.1)%	(11,516)	(0.6)%	9,837	(85.4)%
Equity in net loss (income) of equity-method investees	391	—%	(104)	—%	495	(476.0)%
Net (loss) income from continuing operations	\$ (42,291)	(2.4)%	\$ 86,984	4.7%	\$ (129,275)	(148.6)%
Net loss from discontinued operations, net of tax	\$ (127,472)	(7.3)%	\$ (7,349)	(0.4)%	\$ (120,123)	*
Net (loss) income	\$ (169,763)	(9.7)%	\$ 79,635	4.3%	\$ (249,398)	(313.2)%
Adjusted EBITDA	\$ 134,433	7.7%	\$ 194,560	10.6%	\$ (60,127)	(30.9)%

* Percentage is not meaningful

Net Sales

Net sales for the nine months ended March 31, 2019 were \$1.74 billion, a decrease of \$93.4 million, or 5.1%, from net sales of \$1.84 billion for the nine months ended March 31, 2018. On a constant currency basis, net sales decreased approximately 3.1% from the prior year period. Net sales decreased across all three of our reportable segments. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit for the nine months ended March 31, 2019 was \$339.1 million, a decrease of \$51.2 million, or 13.1%, as compared to the prior year period. Gross profit margin was 19.4% of net sales, compared to 21.2% in the prior year period. Gross profit was unfavorably impacted by higher trade and promotional investments and increased freight and commodity costs primarily in the United States segment. These increased costs were partially offset by Project Terra cost savings.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$255.4 million for the nine months ended March 31, 2019, a decrease of \$3.2 million, or 1.2%, from \$258.6 million for the prior year. Selling, general and administrative expenses decreased primarily due to a decrease of \$2.5 million associated with the reversal of previously accrued amounts under the net sales portion of the 2016-2018 and 2017-2019 LTIPs and a \$4.8 million decrease in stock-based compensation expense, which included the reversal of \$1.9 million of previously recognized stock-based compensation expense associated with the relative TSR portion of the 2017-2019 LTIP due to specified performance metrics not being attained. See Note 13, *Stock-based Compensation and Incentive Performance Plans*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for further discussion on the aforementioned reversals under the Company's LTIPs. This decrease was offset in part by higher marketing investment costs in the Company's international businesses and increased consulting costs in the United States associated with the Fountain of Truth product launch and e-commerce, as well as increased variable compensation costs. Selling, general and administrative expenses as a percentage of net sales was 14.6% in the nine months ended March 31, 2019 and 14.1% in the prior year period, reflecting an increase of 50 basis points primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was \$11.6 million for the nine months ended March 31, 2019, a decrease of \$2.3 million from \$13.9 million in the prior year period. The decrease was due to finite-lived intangibles from certain historical acquisitions becoming fully amortized subsequent to March 31, 2018.

Project Terra Costs and Other

Project Terra costs and other was \$29.6 million for the nine months ended March 31, 2019, an increase of \$15.9 million from \$13.8 million in the prior year period. The increase was primarily due to increased consulting fees incurred in connection with the Company's Project Terra strategic review as well as increased severance costs for the nine months ended March 31, 2019 as compared to the prior year period. Project Terra costs and other for the nine months ended March 31, 2019 also included \$2.1 million in costs associated with the exit of a leased production facility in the United Kingdom.

Chief Executive Officer Succession Plan Expense, net

Net costs and expenses associated with the Company's Chief Executive Officer Succession Plan were \$30.2 million for the nine months ended March 31, 2019. There were no comparable expenses in the nine months ended March 31, 2018. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for further discussion.

Accounting Review and Remediation Costs, net of Insurance Proceeds

Costs and expenses associated with the internal accounting review, remediation and other related matters were \$4.3 million for the nine months ended March 31, 2019, compared to \$6.4 million in the prior year period. Included in accounting review and remediation costs for the nine months ended March 31, 2019 and 2018 were insurance proceeds of \$0.2 million and \$5.0 million, respectively, related to the reimbursement of costs incurred as part of the internal accounting review and the independent review by the Audit Committee and other related matters.

Long-lived Asset and Intangibles Impairment

In the nine months ended March 31, 2019, the Company recorded a pre-tax impairment charge of \$17.9 million (\$11.3 million related to the United States, \$3.8 million related to Rest of World and \$2.8 million related to the United Kingdom segment) related to certain tradenames of the Company. See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q. Additionally, the Company recorded \$5.8 million of non-cash impairment charges primarily related to the Company's decision to consolidate manufacturing of certain fruit-based products in the United Kingdom. During the nine months ended March 31, 2018, the Company recorded a \$6.2 million non-cash impairment charge related to the closures of manufacturing facilities in the United Kingdom and United States. Additionally, during the nine months ended March 31, 2018, the Company recorded a \$2.1 million non-cash impairment charge to write down the value of certain machinery and equipment.

Operating (Loss) Income

Operating loss for the nine months ended March 31, 2019 was \$15.6 million compared to operating income of \$89.5 million in the prior year period. The decrease in operating income resulted from the items described above.

Interest and Other Financing Expense, net

Interest and other financing expense, net totaled \$25.9 million for the nine months ended March 31, 2019, an increase of \$6.4 million, or 32.6%, from \$19.5 million in the prior year period. The increase in interest and other financing expense, net resulted primarily from higher interest expense related to our revolving credit facility as a result of higher variable interest rates. See Note 10, *Debt and Borrowings*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Other Expense/(Income), net

Other expense/(income), net totaled \$2.0 million of expense for the nine months ended March 31, 2019, compared to \$5.4 million of income in the prior year period. Included in other expense/(income), net for the nine months ended March 31, 2019 were net unrealized foreign currency losses, which were higher than the prior year period principally due to the effect of foreign currency movements on the remeasurement of foreign currency denominated loans.

(Loss) Income From Continuing Operations Before Income Taxes and Equity in Net Loss (Income) of Equity-Method Investees

Loss from continuing operations before income taxes and equity in net loss (income) of our equity-method investees for the nine months ended March 31, 2019 was \$43.6 million compared to income of \$75.4 million for the nine months ended March 31, 2018. The decrease was due to the items discussed above.

Income Taxes

The provision for income taxes includes federal, foreign, state and local income taxes. For the nine months ended March 31, 2019, the Company calculated its effective tax rate based on a discrete basis due to significant variations in the relationship between income tax expense and projected pre-tax income. As a result, the actual effective tax rate for the nine months ended March 31, 2019 is being utilized. Our income tax expense from continuing operations was a benefit of \$1.7 million for the nine months ended March 31, 2019 compared to \$11.5 million of tax benefit in the prior year quarter.

The effective income tax rate from continuing operations was a benefit of 3.9% and 15.3% for the nine months ended March 31, 2019 and March 31, 2018, respectively. The effective income tax rate from continuing operations for the nine months ended March 31, 2019 was impacted by the provisions in the Tax Act including global intangible low-taxed income, finalization of the Transition Tax liability, and limitations on the deductibility of executive compensation. The effective income tax rate was also impacted by the geographical mix of earnings and state taxes. For an additional discussion on the impact of the Tax Act, see Note 11, *Income Taxes*, in the Notes to the Consolidated Financial Statements included in Item 1 of this Form 10-Q.

The effective income tax rate from continuing operations for the nine months ended March 31, 2018 was primarily impacted by the enactment of the Tax Act on December 22, 2017, specifically related to the revalue of net deferred tax liabilities to the enacted 21% tax rate, repealing the deduction for domestic production activities, inclusion of a transition tax liability estimate and the deductibility of executive officers' compensation. The effective income tax rate from continuing operations for the nine months ended March 31, 2018 was also favorably impacted by the geographical mix of earnings, as well as a \$3.8 million benefit relating to the release of the Company's domestic uncertain tax position as a result of the expiration of the statute of limitations.

The income tax benefit from discontinued operations was \$49.0 million for the nine months ended March 31, 2019, compared to income tax expense from discontinued operations of \$12.7 million for the nine months ended March 31, 2018. The benefit for income taxes for the nine months ended March 31, 2019 includes the reversal of the \$12.3 million deferred tax liability previously recorded related to Hain Pure Protein being classified as held for sale. In addition, the nine month tax benefit is impacted by the tax effect of current period book losses including the loss on the sale of Plainville Farms assets in the third quarter of fiscal 2019 as well as the deferred tax benefit arising from asset impairment charges.

Our effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes and tax audit settlements.

Equity in Net Loss (Income) of Equity-Method Investees

Our equity in net loss from our equity-method investments for the nine months ended March 31, 2019 was \$0.4 million, compared to equity in net income of \$0.1 million in the three months ended March 31, 2018. See Note 14, *Investments*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Net (Loss) Income from Continuing Operations

Net loss from continuing operations for the nine months ended March 31, 2019 was \$42.3 million compared to net income of \$87.0 million for the nine months ended March 31, 2018. Net loss per diluted share was \$0.41 for the nine months ended March 31, 2019 compared to net income per diluted share of \$0.83 in the prior year period. The net loss from continuing operations was attributable to the factors noted above.

Net Loss from Discontinued Operations

Net loss from discontinued operations for the nine months ended March 31, 2019 was \$127.5 million compared to \$7.3 million in the nine months ended March 31, 2018, or \$1.23 and \$0.07 net loss per diluted share from discontinued operations, respectively. The increase in net loss from discontinued operations was primarily attributable to asset impairment charges of \$109.3 million and a loss on sale in connection with the disposition of the Plainville Farms business of \$40.2 million, in each case recorded in the nine months ended March 31, 2019 and as discussed in Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Net (Loss) Income

Net loss for the nine months ended March 31, 2019 was \$169.8 million compared to net income of \$79.6 million in the prior year period. Net loss per diluted share was \$1.63 in the nine months ended March 31, 2019 compared to net income per diluted share of \$0.76 in the nine months ended March 31, 2018. The decrease was attributable to the factors noted above.

Adjusted EBITDA

Our Adjusted EBITDA was \$134.4 million and \$194.6 million for the nine months ended March 31, 2019 and 2018, respectively, as a result of the factors discussed above and the adjustments described in the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* presented following the discussion of our results of operations.

Segment Results

The following table provides a summary of net sales and operating (loss)/income by reportable segment for the nine months ended March 31, 2019 and 2018:

<i>(dollars in thousands)</i>	United States	United Kingdom	Rest of World	Corporate and Other	Consolidated
Net sales					
Nine months ended 3/31/19	\$ 769,585	\$ 671,121	\$ 304,080	\$ —	\$ 1,744,786
Nine months ended 3/31/18	815,013	698,968	324,190	—	1,838,171
\$ change	\$ (45,428)	\$ (27,847)	\$ (20,110)	n/a	\$ (93,385)
% change	(5.6)%	(4.0)%	(6.2)%	n/a	(5.1)%
Operating (loss)/income					
Nine months ended 3/31/19	\$ 26,449	\$ 36,822	\$ 27,078	\$ (105,975)	\$ (15,626)
Nine months ended 3/31/18	67,696	37,062	30,591	(45,889)	89,460
\$ change	\$ (41,247)	\$ (240)	\$ (3,513)	\$ (60,086)	\$ (105,086)
% change	(60.9)%	(0.6)%	(11.5)%	(130.9)%	(117.5)%
Operating (loss)/income margin					
Nine months ended 3/31/19	3.4 %	5.5 %	8.9 %	n/a	(0.9)%
Nine months ended 3/31/18	8.3 %	5.3 %	9.4 %	n/a	4.9 %

United States

Our net sales in the United States segment for the nine months ended March 31, 2019 were \$769.6 million, a decrease of \$45.4 million, or 5.6%, from net sales of \$815.0 million for the nine months ended March 31, 2018. The decrease in net sales was primarily driven by declines in our Pantry, Better-For-You-Baby, Fresh Living and Tea platforms. In addition, the declines were also driven by the strategic decision to no longer support certain lower margin SKUs in order to reduce complexity and increase gross margins. Operating income in the United States for the nine months ended March 31, 2019 was \$26.4 million, a decrease of \$41.2 million from operating income of \$67.7 million for the nine months ended March 31, 2018. The decrease in operating income was the result of the aforementioned decrease in net sales, higher trade investments to drive future period growth and increased freight and logistics costs, offset in part by Project Terra cost savings.

United Kingdom

Our net sales in the United Kingdom segment for the nine months ended March 31, 2019 were \$671.1 million, a decrease of \$27.8 million, or 4.0%, from net sales of \$699.0 million for the nine months ended March 31, 2018. On a constant currency basis, net sales decreased 0.6% from the prior year. The net sales decrease was primarily due to declines of private label sales and declines in sales of the Company's Hartley's®, New Covent Garden Soup Co.®, Cully & Sully® and Johnson's Juice Co.™ brands, partially offset by growth in the Company's Tilda and Ella's Kitchen businesses and growth in our Linda McCartney® brand. Operating income in the United Kingdom segment for the nine months ended March 31, 2019 was \$36.8 million, a decrease of \$0.2 million from \$37.1 million for the nine months ended March 31, 2018. The decrease in operating income was primarily due to the aforementioned decrease in sales and a \$4.3 million non-cash impairment charge associated with the consolidation of manufacturing of certain fruit-based products in the United Kingdom in the nine months ended March 31, 2019, partially offset by operating efficiencies achieved at Hain Daniels driven by Project Terra.

Rest of World

Our net sales in Rest of World were \$304.1 million for the nine months ended March 31, 2019, a decrease of \$20.1 million, or 6.2%, from net sales of \$324.2 million for the nine months ended March 31, 2018. On a constant currency basis, net sales decreased 2.6% from the prior year. The decrease in net sales was driven by declines in Canada from the Company's Europe's Best® and Dream® brands and private label sales, partially offset by growth in our Yves Veggie Cuisine®, Sensible Portions® and Imagine® brands. Hain Europe net sales decreased from the prior year quarter, primarily driven by declines from the Danival®, Lima® and Dream® brands, offset in part by growth from the Natumi® and Joya® brands and private label sales. Hain Ventures (formerly known as Cultivate) net sales decreased from the prior year, primarily driven by declines from the Blueprint®, SunSpire® and DeBoles® brands, offset in part by growth from the GG UniqueFiber™ brand. Operating income in the segment for the nine months ended March 31, 2019 was \$27.1 million, a decrease of \$3.5 million, from \$30.6 million for the nine months ended March 31, 2018. The decrease in operating income was primarily due to the aforementioned decrease in sales, start-up costs incurred in connection with a new manufacturing facility in Canada and costs associated with the planned closure of a manufacturing facility in the United States due to the Company's decision to utilize a third-party manufacturer.

Corporate and Other

Our Corporate and Other category consists of expenses related to the Company's centralized administrative functions, which do not specifically relate to an operating segment. Such Corporate and Other expenses are comprised mainly of the compensation and related expenses of certain of the Company's senior executive officers and other employees who perform duties related to our entire enterprise, as well as expenses for certain professional fees, facilities, and other items which benefit the Company as a whole. Additionally, Chief Executive Officer Succession Plan expense, net, Project Terra costs and other and accounting review and remediation costs, net are included in Corporate and Other and were \$30.2 million, \$21.0 million and \$4.3 million, respectively, for the nine months ended March 31, 2019. Corporate and Other in the nine months ended March 31, 2019 also includes tradename impairment charges of \$17.9 million. Project Terra costs and other and accounting review and remediation costs, net were \$7.4 million and \$6.4 million, respectively, for the nine months ended March 31, 2018.

Refer to Note 17, *Segment Information*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Liquidity and Capital Resources

We finance our operations and growth primarily with the cash flows we generate from our operations and from borrowings available to us under our Credit Agreement and Amended Credit Agreement (defined below).

Our cash and cash equivalents balance decreased \$79.0 million at March 31, 2019 to \$27.6 million as compared to \$106.6 million at June 30, 2018. At March 31, 2019, our restricted cash balance was \$34.5 million which was associated with the cash separation payment provided by the Chief Executive Officer Succession Agreement, which was paid on May 6, 2019. Our working capital from continuing operations was \$364.9 million at March 31, 2019, a decrease of \$73.2 million from \$438.1 million at the end of fiscal 2018.

Liquidity is affected by many factors, some of which are based on normal ongoing operations of the Company's business and some of which arise from fluctuations related to global economics and markets. Our cash balances are held in the United States, United Kingdom, Canada, Europe and India. As of March 31, 2019, approximately 82.9% (\$22.8 million) of the total cash balance from continuing operations was held outside of the United States. Our cash balance for discontinued operations was \$3.7 million and held in the United States at March 31, 2019. It is our current intent to indefinitely reinvest our foreign earnings outside the United States. However, we intend to further study changes enacted by the Tax Cuts and Jobs Act, costs of repatriation and the current and future cash needs of foreign operations to determine whether there is an opportunity to repatriate foreign cash balances in the future on a tax-efficient basis.

We maintain our cash and cash equivalents primarily in money market funds or their equivalent. As of March 31, 2019, all of our investments were expected to mature in less than three months. Accordingly, we do not believe that our investments have significant exposure to interest rate risk. Cash provided by (used in) operating, investing and financing activities is summarized below.

(amounts in thousands)	Nine Months Ended March 31,		Change in	
	2019	2018	Dollars	Percentage
Cash flows provided by (used in):				
Operating activities from continuing operations	\$ 12,043	\$ 67,370	\$ (55,327)	(82)%
Investing activities from continuing operations	(52,029)	(61,308)	9,279	15 %
Financing activities from continuing operations	(3,333)	(31,849)	28,516	90 %
Decrease in cash from continuing operations	(43,319)	(25,787)	(17,532)	(68)%
Decrease in cash from discontinued operations	(2,782)	(3,303)	521	16 %
Effect of exchange rate changes on cash	(1,225)	5,884	(7,109)	(121)%
Net decrease in cash and cash equivalents	\$ (47,326)	\$ (23,206)	\$ (24,120)	(104)%

Cash provided by operating activities from continuing operations was \$12.0 million for the nine months ended March 31, 2019, a decrease of \$55.3 million from \$67.4 million of cash provided by operating activities from continuing operations for the nine months ended March 31, 2018. This decrease resulted primarily from an increase of \$79.8 million in net loss adjusted for non-cash charges offset in part by \$24.5 million of cash provided by working capital accounts.

Cash used in investing activities from continuing operations was \$52.0 million for the nine months ended March 31, 2019, a decrease of \$9.3 million from \$61.3 million of cash used in investing activities from continuing operations for the nine months ended March 31, 2018. Capital expenditures in the nine months ended March 31, 2019 and March 31, 2018 were \$55.9 million and \$48.4 million, respectively. In the nine months ended March 31, 2018, cash used in investing activities included a \$13.1 million payment for the acquisition of Clarks UK Limited.

Cash used in financing activities from continuing operations was \$3.3 million for the nine months ended March 31, 2019, a decrease of \$28.5 million from \$31.8 million of net cash used in financing activities from continuing operations for the nine months ended March 31, 2018. The decrease was due to net repayments of \$7.8 million on our revolving credit facility and other debt for the nine months ended March 31, 2018, compared with net borrowings of \$37.2 million for the nine months ended March 31, 2019. Additionally, included in the nine months ended March 31, 2019 was \$3.1 million related to stock repurchases to satisfy employee payroll tax withholdings and \$37.5 million to fund the operations of discontinued operations. Cash used in financing activities from continuing operations in the nine months ended March 31, 2018 included \$6.9 million related to stock repurchases to satisfy employee payroll tax withholdings and \$17.2 million to fund operations of discontinued operations.

Operating Free Cash Flow from Continuing Operations

Our operating free cash flow from continuing operations was negative \$43.8 million for the nine months ended March 31, 2019, a decrease of \$62.9 million from the nine months ended March 31, 2018. This decrease resulted primarily from a decrease of \$79.8 million in net loss adjusted for non-cash charges and an increase of \$7.5 million in capital expenditures offset in part by \$24.5 million of cash provided by working capital accounts. We expect that our capital spending for fiscal 2019 will be approximately \$70-\$80 million, and we may incur additional costs in connection with Project Terra. We refer the reader to the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* following the discussion of our results of operations for definitions and a reconciliation from our net cash provided by operating activities from continuing operations to operating free cash flow from continuing operations.

Credit Agreement

On February 6, 2018, the Company entered into the Third Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement provides for a \$1,000,000 revolving credit facility through February 6, 2023 and provides for a \$300,000 term loan. Under the Credit Agreement, the revolving credit facility may be increased by an additional uncommitted \$400,000, provided certain conditions are met. Loans under the Credit Agreement bear interest at a Base Rate or a Eurocurrency Rate (both of which are defined in the Credit Agreement) plus an applicable margin, which is determined in accordance with a leverage-based pricing grid, as set forth in the Credit Agreement. Borrowings may be used to provide working capital, finance capital expenditures and permitted acquisitions, refinance certain existing indebtedness and for other general corporate purposes.

On May 8, 2019, the Company entered into the Third Amendment to the Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”), whereby, among other things, its allowable consolidated leverage ratio increased to no more than 5.0 to 1.0 from March 31, 2019 to December 31, 2019, no more than 4.75 to 1.0 at March 31, 2020, no more than 4.25 to 1.0 at June 30, 2020 and no more than 4.0 to 1.0 on September 30, 2020 and thereafter. The allowable consolidated leverage ratio for each period will be decreased by 0.25 upon sale of the Company’s remaining Hain Pure Protein business. Additionally, the Company’s required consolidated interest coverage ratio (as defined in the Amended Credit Agreement) was reduced to no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter. The Amended Credit Agreement also required that the Company and the subsidiary guarantors enter into a Security and Pledge Agreement pursuant to which all of the obligations under Amended Credit Agreement are secured by liens on assets of the Company and its material domestic subsidiaries, including stock of each of their direct subsidiaries and intellectual property, subject to agreed upon exceptions. Additionally, the Company is now required to maintain a consolidated interest coverage ratio (as defined in the Amended Credit Agreement) of no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter. The allowable consolidated leverage ratio will be decreased by 0.25 upon sale of the Company’s remaining Hain Pure Protein business.

The Amended Credit Agreement provides that loans will bear interest at rates based on (a) the Eurocurrency Rate, as defined in the Amended Credit Agreement, plus a rate ranging from 0.875% to 2.50% per annum; or (b) the Base Rate, as defined in the Amended Credit Agreement, plus a rate ranging from 0.00% to 1.50% per annum, the relevant rate being the Applicable Rate. The Applicable Rate will be determined in accordance with a leverage-based pricing grid, as set forth in the Amended Credit Agreement. Swing line loans and Global Swing Line loans denominated in U.S. dollars will bear interest at the Base Rate plus the Applicable Rate, and Global Swing Line loans denominated in foreign currencies shall bear interest based on the overnight Eurocurrency Rate for loans denominated in such currency plus the Applicable Rate. The weighted average interest rate on outstanding borrowings under the Amended Credit Agreement at March 31, 2019 was 4.30%. Additionally, the Amended Credit Agreement contains a Commitment Fee, as defined in the Amended Credit Agreement, on the amount unused under the Amended Credit Agreement ranging from 0.20% to 0.45% per annum, and such Commitment Fee is determined in accordance with a leverage-based pricing grid. As part of the Amended Credit Agreement, HPPC was released from its obligations as a borrower and a guarantor under the Credit Agreement.

As of March 31, 2019 and June 30, 2018, there were \$740.2 million and \$698.1 million of borrowings outstanding, respectively, under the Credit Agreement. The weighted average interest rate on outstanding borrowings under the Credit Agreement at March 31, 2019 was 4.30%.

Tilda Short-Term Borrowing Arrangements

Tilda maintains short-term borrowing arrangements primarily used to fund the purchase of rice from India and other countries. The maximum borrowings permitted under all such arrangements are £52.0 million. Outstanding borrowings are collateralized by the current assets of Tilda, typically have six-month terms and bear interest at variable rates typically based on LIBOR plus a margin (weighted average interest rate of approximately 3.27% at March 31, 2019). As of March 31, 2019 and June 30, 2018, there were \$6.7 million and \$9.3 million of borrowings under these arrangements, respectively.

Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures

We have included in this report measures of financial performance that are not defined by U.S. GAAP. We believe that these measures provide useful information to investors and include these measures in other communications to investors.

For each of these non-U.S. GAAP financial measures, we are providing below a reconciliation of the differences between the non-U.S. GAAP measure and the most directly comparable U.S. GAAP measure, an explanation of why our management and Board of Directors believes the non-U.S. GAAP measure provides useful information to investors and any additional purposes for which our management and Board of Directors uses the non-U.S. GAAP measures. These non-U.S. GAAP measures should be viewed in addition to, and not in lieu of, the comparable U.S. GAAP measures.

Constant Currency Presentation

We believe that this measure provides useful information to investors because it provides transparency to underlying performance in our consolidated net sales by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given the volatility in foreign currency exchange markets. To present this information for historical periods, current period net sales for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average monthly exchange rates in effect during the corresponding period of the prior fiscal year, rather than at the actual average monthly exchange rate in effect during the current period of the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

A reconciliation between reported and constant currency net sales decrease is as follows:

(amounts in thousands)

	United Kingdom	Rest of World	Hain Consolidated
Net sales - Three months ended 3/31/19	\$ 227,206	\$ 106,146	\$ 599,797
Impact of foreign currency exchange	15,378	6,414	21,792
Net sales on a constant currency basis - Three months ended 3/31/19	<u>\$ 242,584</u>	<u>\$ 112,560</u>	<u>\$ 621,589</u>
Net sales - Three months ended 3/31/18	\$ 238,321	\$ 113,347	\$ 632,720
Net sales growth on a constant currency basis	1.8 %	(0.7)%	(1.8)%
Net sales - Nine months ended 3/31/19	\$ 671,121	\$ 304,080	\$ 1,744,786
Impact of foreign currency exchange	23,897	11,689	35,586
Net sales on a constant currency basis - Nine months ended 3/31/19	<u>\$ 695,018</u>	<u>\$ 315,769</u>	<u>\$ 1,780,372</u>
Net sales - Nine months ended 3/31/18	\$ 698,968	\$ 324,190	\$ 1,838,171
Net sales growth on a constant currency basis	(0.6)%	(2.6)%	(3.1)%

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income before income taxes, net interest expense, depreciation and amortization, impairment of long-lived and intangible assets, equity in the earnings of equity-method investees, stock-based compensation, Project Terra costs and other, and other non-recurring items. The Company's management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses this measure for reviewing the financial results of the Company and as a component of performance-based executive compensation. Adjusted EBITDA is a non-U.S. GAAP measure and may not be comparable to similarly titled measures reported by other companies.

We do not consider Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with U.S. GAAP. The principal limitation of Adjusted EBITDA is that it excludes certain expenses and income that are required by U.S. GAAP to be recorded in our consolidated financial statements. In addition, Adjusted EBITDA is subject to inherent limitations as this metric reflects the exercise of judgment by management about which expenses and income are excluded or included in determining Adjusted EBITDA. In order to compensate for these limitations, management presents Adjusted EBITDA in connection with U.S. GAAP results.

A reconciliation of net (loss) income to Adjusted EBITDA is as follows:

(amounts in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net (loss) income	\$ (65,837)	\$ 12,686	\$ (169,763)	\$ 79,635
Net loss from discontinued operations	(75,925)	(12,555)	(127,472)	(7,349)
Net income (loss) from continuing operations	10,088	25,241	(42,291)	86,984
Provision (benefit) for income taxes	3,114	(1,310)	(1,679)	(11,516)
Interest expense, net	8,677	6,108	24,093	17,535
Depreciation and amortization	13,968	15,074	42,074	45,139
Equity in net loss (income) of equity-method investees	205	101	391	(104)
Stock-based compensation, net	3,937	2,936	5,502	10,258
Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement	—	—	429	—
Long-lived asset and intangibles impairment	—	4,839	23,709	8,290
Unrealized currency losses/(gains)	1,522	(1,465)	2,551	(5,170)
EBITDA	\$ 41,511	\$ 51,524	\$ 54,779	\$ 151,416
Project Terra costs and other	9,259	4,831	29,464	13,750
Chief Executive Officer Succession Plan expense, net	455	—	29,727	—
Accounting review and remediation costs, net of insurance proceeds	—	3,313	4,334	6,406
Warehouse/manufacturing facility start-up costs	3,222	—	9,529	1,155
Plant closure related costs	184	3,246	3,503	3,946
SKU rationalization	505	4,913	2,035	4,913
Litigation and related expenses	371	235	1,062	235
Losses on terminated chilled desserts contract	—	2,939	—	6,553
Co-packer disruption	—	952	—	3,692
Regulated packaging change	—	—	—	1,007
Toys "R" Us bad debt	—	897	—	897
Machine break-down costs	—	317	—	317
Recall and other related costs	—	273	—	273
Adjusted EBITDA	\$ 55,507	\$ 73,440	\$ 134,433	\$ 194,560

Operating Free Cash Flow from Continuing Operations

In our internal evaluations, we use the non-U.S. GAAP financial measure “operating free cash flow from continuing operations.” The difference between operating free cash flow from continuing operations and cash flow provided by or used in operating activities from continuing operations, which is the most comparable U.S. GAAP financial measure, is that operating free cash flow from continuing operations reflects the impact of capital expenditures. Since capital spending is essential to maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider capital spending when evaluating our cash provided by or used in operating activities. We view operating free cash flow from continuing operations as an important measure because it is one factor in evaluating the amount of cash available for discretionary investments. We do not consider operating free cash flow from continuing operations in isolation or as an alternative to financial measures determined in accordance with U.S. GAAP.

A reconciliation from Cash flow provided by operating activities from continuing operations to Operating free cash flow from continuing operations is as follows:

(amounts in thousands)	Nine Months Ended March 31,	
	2019	2018
Cash flow provided by operating activities from continuing operations	\$ 12,043	\$ 67,370
Purchase of property, plant and equipment	(55,892)	(48,368)
Operating free cash flow from continuing operations	\$ (43,849)	\$ 19,002

Off Balance Sheet Arrangements

At March 31, 2019, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K that have had, or are likely to have, a material current or future effect on our consolidated financial statements.

Critical Accounting Estimates

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. The accounting principles we use require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting periods presented. We believe in the quality and reasonableness of our critical accounting policies; however, materially different amounts may be reported under different conditions or using assumptions different from those that we have applied. The accounting policies that have been identified as critical to our business operations and to understanding the results of our operations pertain to revenue recognition, trade promotions and sales incentives, valuation of accounts and chargebacks receivable, accounting for acquisitions, valuation of long-lived assets, goodwill and intangible assets, stock-based compensation, and valuation allowances for deferred tax assets. The application of each of these critical accounting policies and estimates is discussed in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

Recent Accounting Pronouncements

Refer to Note 2, *Basis of Presentation*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Seasonality

Certain of our product lines have seasonal fluctuations. Hot tea, baking products, hot cereal, hot-eating desserts and soup sales are stronger in colder months, while sales of snack foods, sunscreen and certain of our prepared food and personal care products are stronger in the warmer months. Additionally, due to the nature of our Tilda business, our net sales and earnings may further fluctuate based on the timing of certain holidays throughout the year. As such, our results of operations and our cash flows for any particular quarter are not indicative of the results we expect for the full year, and our historical seasonality may not be indicative of future quarterly results of operations. In recent years, net sales and diluted earnings per share in the first fiscal quarter have typically been the lowest of our four quarters.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in market risk for the three and nine months ended March 31, 2019 from those addressed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018. See the information set forth in Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), with the assistance of other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Our disclosure controls and procedures are intended to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Based on this review, although the Company continues to work to remediate the material weakness in internal control over financial reporting as described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018 and significant progress has been made to date, our CEO and CFO have concluded that the disclosure controls and procedures related to this material weakness were not effective as of March 31, 2019.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect every misstatement. An evaluation of effectiveness is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may decrease over time.

Changes in Internal Control Over Financial Reporting

Under applicable SEC rules (Exchange Act Rules 13a-15(c) and 15d-15(c)), management is required to evaluate any change in internal control over financial reporting that occurred during each fiscal quarter that had materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

As explained in greater detail under Item 9A, *Controls and Procedures*, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, we have undertaken a broad range of remedial procedures prior to May 9, 2019, the filing date of this report, to address the material weakness in our internal control over financial reporting identified as of June 30, 2018. Our efforts to improve our internal controls are ongoing and focused on organizational enhancements, control design enhancements to rework certain internal control gaps and documentation and training practices. Therefore, while we determined, with the participation of our CEO and CFO, that there have been no changes in our internal control over financial reporting in the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, we continue to monitor the operation of these remedial measures through the date of this report.

For a more comprehensive discussion of the material weakness in internal control over financial reporting identified by management as of June 30, 2018, and the remedial measures undertaken to address this material weakness, investors are encouraged to review Item 9A, *Controls and Procedures*, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Securities Class Actions Filed in Federal Court

On August 17, 2016, three securities class action complaints were filed in the Eastern District of New York against the Company alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The three complaints are: (1) Flora v. The Hain Celestial Group, Inc., et al. (the “Flora Complaint”); (2) Lynn v. The Hain Celestial Group, Inc., et al. (the “Lynn Complaint”); and (3) Spadola v. The Hain Celestial Group, Inc., et al. (the “Spadola Complaint” and, together with the Flora and Lynn Complaints, the “Securities Complaints”). On June 5, 2017, the court issued an order for consolidation, appointment of Co-Lead Plaintiffs and approval of selection of co-lead counsel. Pursuant to this order, the Securities Complaints were consolidated under the caption In re The Hain Celestial Group, Inc. Securities Litigation (the “Consolidated Securities Action”), and Rosewood Funeral Home and Salomon Gimpel were appointed as Co-Lead Plaintiffs. On June 21, 2017, the Company received notice that plaintiff Spadola voluntarily dismissed his claims without prejudice to his ability to participate in the Consolidated Securities Action as an absent class member. The Co-Lead Plaintiffs in the Consolidated Securities Action filed a Consolidated Amended Complaint on August 4, 2017 and a Corrected Consolidated Amended Complaint on September 7, 2017 on behalf of a purported class consisting of all persons who purchased or otherwise acquired Hain Celestial securities between November 5, 2013 and February 10, 2017 (the “Amended Complaint”). The Amended Complaint names as defendants the Company and certain of its current and former officers (collectively, the “Defendants”) and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegedly materially false or misleading statements and omissions in public statements, press releases and SEC filings regarding the Company’s business, prospects, financial results and internal controls. Defendants filed a motion to dismiss on October 3, 2017. Co-Lead Plaintiffs filed an opposition on December 1, 2017, and Defendants filed the reply on January 16, 2018. On April 4, 2018, the Court requested additional briefing relating to certain aspects of Defendants’ motion to dismiss. In accordance with this request, Lead Plaintiffs submitted their supplemental brief on April 18, 2018, and Defendants submitted an opposition on May 2, 2018. Lead Plaintiffs filed a reply brief on May 9, 2018, and Defendants submitted a sur-reply on May 16, 2018.

On March 29, 2019, the Court granted Defendants’ motion, dismissing the Amended Complaint in its entirety, without prejudice to replead. Lead Plaintiffs filed a seconded amended complaint on May 6, 2019.

Stockholder Derivative Complaints Filed in State Court

On September 16, 2016, a stockholder derivative complaint, Paperny v. Heyer, et al. (the “Paperny Complaint”), was filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers of the Company alleging breach of fiduciary duty, unjust enrichment, lack of oversight and corporate waste. On December 2, 2016 and December 29, 2016, two additional stockholder derivative complaints were filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers under the captions Scarola v. Simon (the “Scarola Complaint”) and Shakir v. Simon (the “Shakir Complaint” and, together with the Paperny Complaint and the Scarola Complaint, the “Derivative Complaints”), respectively. Both the Scarola Complaint and the Shakir Complaint allege breach of fiduciary duty, lack of oversight and unjust enrichment. On February 16, 2017, the parties for the Derivative Complaints entered into a stipulation consolidating the matters under the caption In re The Hain Celestial Group (the “Consolidated Derivative Action”) in New York State Supreme Court in Nassau County, ordering the Shakir Complaint as the operative complaint. On November 2, 2017, the parties agreed to stay the Consolidated Derivative Action until April 11, 2018. On April 6, 2018, the parties filed a proposed stipulation agreeing to stay the Consolidated Derivative Action until October 4, 2018, which the Court granted on May 3, 2018. On October 9, 2018, the Court further stayed this matter until December 4, 2018 and on December 4, 2018 further stayed the matter until January 14, 2019. On January 14, 2019, the Court held a status conference and granted Plaintiffs leave to file an amended complaint by March 7, 2019, while continuing the stay as to all other aspects of the case. On March 7, 2019, Plaintiffs filed an amended complaint. The Court held a status conference on March 13, 2019 and continued the stay until a subsequent conference scheduled for May 6, 2019. At the May 6 conference, the Court indicated that the stay will be lifted, and after a preliminary conference for June 13, 2019, a scheduling order will be entered and the case will proceed.

Additional Stockholder Class Action and Derivative Complaints Filed in Federal Court

On April 19, 2017 and April 26, 2017, two class action and stockholder derivative complaints were filed in the Eastern District of New York against the Board of Directors and certain officers of the Company under the captions Silva v. Simon, et al. (the “Silva Complaint”) and Barnes v. Simon, et al. (the “Barnes Complaint”), respectively. Both the Silva Complaint and the Barnes Complaint allege violation of securities law, breach of fiduciary duty, waste of corporate assets and unjust enrichment.

On May 23, 2017, an additional stockholder filed a complaint under seal in the Eastern District of New York against the Board of Directors and certain officers of the Company. The complaint alleges that the Company’s directors and certain officers made materially false and misleading statements in press releases and SEC filings regarding the Company’s business, prospects and financial results. The complaint also alleges that the Company violated its by-laws and Delaware law by failing to hold its 2016 Annual Stockholders Meeting and includes claims for breach of fiduciary duty, unjust enrichment and corporate waste.

On August 10, 2017, the court granted the parties stipulation to consolidate the Barnes Complaint, the Silva Complaint and the Merenstein Complaint under the caption In re The Hain Celestial Group, Inc. Stockholder Class and Derivative Litigation (the “Consolidated Stockholder Class and Derivative Action”) and to appoint Robbins Arroyo LLP and Scott+Scott as Co-Lead Counsel, with the Law Offices of Thomas G. Amon as Liaison Counsel for Plaintiffs. On September 14, 2017, a related complaint was filed under the caption Oliver v. Berke, et al. (the “Oliver Complaint”), and on October 6, 2017, the Oliver Complaint was consolidated with the Consolidated Stockholder Class and Derivative Action. The Plaintiffs filed their consolidated amended complaint under seal on October 26, 2017. On December 20, 2017, the parties agreed to stay Defendants’ time to answer, move, or otherwise respond to the consolidated amended complaint through and including 30 days after a decision is rendered on the motion to dismiss the Amended Complaint in the consolidated Securities Class Actions, described above.

After the Court dismissed the Amended Complaint in the Securities Class Actions, the parties to the Consolidated Stockholder Class and Derivative Action agreed to continue the stay of Defendants’ time to answer, move, or otherwise respond to the consolidated amended complaint. The stay is continued through the later of: (a) thirty (30) days after the deadline for plaintiffs to file a second amended complaint in the Securities Class Actions; or, (b) if plaintiffs file a second amended complaint, and Defendants file a motion to dismiss the second amended complaint, thirty (30) days after the Court rules on the motion to dismiss the second amended complaint in the Securities Class Actions.

Other

In addition to the litigation described above, the Company is and may be a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company’s consolidated results of operations, financial position, cash flows or liquidity.

Item 1A. Risk Factors

We have disclosed the risk factors affecting our business, results of operations and financial condition in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, filed with the SEC on August 29, 2018. There have been no material changes from the risk factors previously disclosed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The table below sets forth information regarding repurchases by the Company of its common stock during the periods indicated.

<u>Period</u>	(a) Total number of shares purchased (1)	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans	(d) Maximum number of shares that may yet be purchased under the plans (in millions of dollars) (2)
January 1, 2019 - January 31, 2019	6,556	\$ 18.07	—	250
February 1, 2019 - February 28, 2019	—	—	—	250
March 1, 2019 - March 31, 2019	1,368	22.55	—	250
Total	<u>7,924</u>	<u>\$ 18.84</u>		

(1) Shares surrendered for payment of employee payroll taxes due on shares issued under stockholder-approved stock-based compensation plans.

(2) On June 21, 2017, the Company’s Board of Directors authorized the repurchase of up to \$250 million of the Company’s issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to preset trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date.

Item 6. Exhibits

See Exhibit Index immediately preceding the signature page hereto, which is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of The Hain Celestial Group, Inc. (incorporated by reference to Exhibit 3.1 of Amendment No. 1 to the Company's Registration Statement on Form S-4 (Commission File No. 333-33830) filed with the SEC on April 24, 2000).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of The Hain Celestial Group, Inc. (incorporated by reference to Exhibit 3.2(b) of the Company's Current Report on Form 8-K filed with the SEC on November 26, 2014).
3.3	The Hain Celestial Group, Inc. Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on December 7, 2018).
10.1	Second Amendment to the Third Amended and Restated Credit Agreement dated February 6, 2019 by and among the Company, Hain Pure Protein Corporation, certain wholly-owned subsidiaries of the Company party thereto from time to time, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on February 7, 2019).
10.2	The Hain Celestial Group, Inc. 2019 Equity Inducement Award Program (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 (Commission File No. 333-229739) filed with the SEC on February 19, 2019).
10.3	Form of Inducement Award Agreement under The Hain Celestial Group, Inc. 2019 Equity Inducement Award Program.
10.4	Amended and Restated 2002 Long Term Incentive and Stock Award Plan.
10.5	Form of Performance Unit Agreement with the Company's executive officers under the Company's Amended and Restated 2002 Long Term Incentive and Stock Award Plan (2019-2021 Long Term Incentive Plan).
10.6	Offer Letter dated December 28, 2018, between the Company and Christopher Boever.
10.7	Separation Agreement, dated as of January 16, 2019, between the Company and Gary Tickle.
10.8	Form of Confidentiality, Non-Interference, and Invention Assignment Agreement
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in eXtensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statement of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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.
(Registrant)

Date: May 9, 2019

/s/ Mark L. Schiller

**Mark L. Schiller,
President and
Chief Executive Officer**

Date: May 9, 2019

/s/ James Langrock

**James Langrock,
Executive Vice President and
Chief Financial Officer**

THE HAIN CELESTIAL GROUP, INC.
PERFORMANCE UNITS AGREEMENT

This Performance Units Agreement (this “**Agreement**”) is made and entered into as of [1] (the “**Grant Date**”) by and between The Hain Celestial Group, Inc., a Delaware corporation (the “**Company**”) and [1] (the “**Participant**”).

WHEREAS, the Company has adopted The Hain Celestial Group, Inc. 2019 Equity Inducement Award Program (the “**Plan**”), the provisions of which are incorporated herein by reference;

WHEREAS, as an inducement to the Participant to commence employment with the Company, the Board of Directors of the Company (the “**Board of Directors**”) has determined that it is in the best interests of the Company and its shareholders to grant the award of Performance Units (as defined herein) provided for herein;

WHEREAS, the [Board of Directors] has determined that it is in the best interests of the Company and its shareholders that certain terms and conditions applicable to the Performance Units be consistent with the terms and conditions set forth in the Inducement Award Agreement, dated November 6, 2018, between the Company and the Chief Executive Officer of the Company (the “**CEO Award**”); and

WHEREAS, it is intended that the award of Performance Units comply with the exemption from the stockholder approval requirement for “inducement grants” provided under Rule 5635(c)(4) of the NASDAQ Listing Rules.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meaning set forth in the Plan (the “**Applicable Plan Provisions**”).

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

2. ADMINISTRATION.

In accordance with Section 5 of the Plan (and by reference to Section 3 of The Hain Celestial Group, Inc. Amended and Restated 2002 Long Term Incentive and Stock Award Plan), all questions of interpretation concerning this Agreement shall be determined by the Compensation Committee of the Board of Directors (the "**Compensation Committee**"). All determinations by the Compensation Committee made reasonably and in good faith shall be final and binding upon all persons having an interest in the Award.

3. THE AWARD.

3.1 **Grant of Units.** On the Grant Date, subject to the provisions of this Agreement, the Participant has been granted a right (the "**Units**") to receive Shares based on the terms and conditions set forth in this Agreement, which will be earned and vested (or not) as set forth in Section 4. The Participant will receive a grant of a number of Units for fiscal years 2019-2021 as set forth in Section 4, subject to adjustment for dividends. The number of Units that may become Vested Units are set forth in Section 4, all subject to adjustment as provided in Section 8. Each Unit represents a right to receive one (1) Share on the Settlement Date (as defined below).

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or Shares issued upon settlement of the Units, the consideration for which shall be past services actually rendered and/or future services to be rendered to the Company and/or its Subsidiaries for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to the Company or for its benefit having a value not less than the par value of the Shares issued upon settlement of the Units.

4. VESTING OF UNITS.

4.1 **General.** Subject to the Participant's continued employment or other service with the Company or its Subsidiaries through the last day of the Performance Period (as defined below), a Non-Change in Control Qualifying Termination or a Change in Control Qualifying Termination, as defined in Section 4.3, the maximum number of Units that may be earned (the "**Performance Units**") shall be based upon the TSR (as defined below), using the Initial Share Price (as defined below) for the Performance Period (as defined below). ***For illustrative purposes only***, the following schedule sets forth the number of Performance Units, assuming no dividend payments, that the Participant may be eligible to earn based on achievement of various TSR performance levels:

<u>Compound annual TSR over Performance Period</u>	<u>Illustrative Target Share Price</u>	<u>Number of Performance Units</u>
At least 15% but below 20%	\$39.74	[1]
At least 20% but below 25%	\$45.15	[1]
At least 25% but below 30%	\$51.04	[1]
At least 30% but below 35%	\$57.41	[1]
At least 35%	\$64.29	[1]

The maximum award that may be achieved shall be [1] Performance Units and no Performance Units will vest if the TSR over the Performance Period is below 15%.

In addition to the performance vesting requirements described above, the Performance Units shall be subject to the time-based vesting requirements set forth in Section 4.3 below.

4.2 Performance Based Vesting - Determination of 3-Year Compound Annual Total Shareholder Return. Compound Annual Total Shareholder Return (“**TSR**”) means the compound annual growth rate over the Performance Period, expressed as a percentage, from the Initial Share Price to the Ending Average Share Price, plus reinvested dividends over the Performance Period, subject to the following definitions and parameters associated with the calculation:

- “**Cause**” has the meaning set forth in the Change in Control Agreement between the Company and the Participant (the “**Change in Control Agreement**”) or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then “Cause” shall mean the occurrence of any of the following events: (i) any material violation by the Participant of any law or regulation applicable to the Company or its Affiliates; (ii) the Participant’s commission of, plea of guilty or nolo contendere to, or indictment for, a felony or any other crime involving moral turpitude; (iii) the Participant’s commission of an act of personal dishonesty in connection with the Company or any other entity having a business relationship with the Company; (iv) any breach by the Participant of any written agreement between the Company and the Participant, or the terms of the Participant’s service as an employee of the Company, including, without limitation, the breach of any written non-competition, non-solicitation, invention assignment, confidentiality or similar written restrictive covenants; (v) the Participant’s violation of the written policies of the Company, commission of sexual harassment, or any other conduct causing the Company or any of its Affiliates public disgrace or disrepute or economic harm; (vi) reporting to work under the influence of alcohol or illegal drugs or the use of illegal drugs (whether or not at the workplace); or (vii) a willful failure to substantially perform the Participant’s duties and obligations to the Company and its Subsidiaries, other than failure resulting from complete or partial incapacity due to physical or mental illness or impairment; provided, that clause (vii) shall constitute “Cause” only if the Participant fails to cure

such event (if curable) within ten (10) business days after receipt from the Company of written notice specifying the Participant's actions that constitute Cause.

- **"Date of Determination"** will mean the earlier of (A) the effective date of a Change in Control; (B) the Participant's Non-Change in Control Qualifying Termination; or (C) November 6, 2021, consistent with the CEO Award.
- **"Disability"** has the meaning set forth in the Change in Control Agreement between the Company and the Participant or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then "Disability" shall mean the permanent and total disability of the Participant within the meaning of Section 22(e)(3) of the Code.
- **"Ending Average Share Price"** will mean the average of the daily closing prices per share of the Company's common stock, as reported on the stock exchange or market on which such stock is listed, for the 60 trading days ending on and including the applicable Date of Determination, except that in the event of a Change in Control, the Ending Average Share Price will be equal to the value of the consideration paid or exchanged for a Share pursuant to the terms of the Change in Control. For avoidance of doubt, in the event of a Change in Control, the Ending Average Share Price will not be based on the average of the daily closing prices on the 60 trading days ending on the Date of Determination as described above.
- **"Good Reason"** has the meaning set forth in the Change in Control Agreement between the Company and the Participant or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then "Good Reason" shall mean the occurrence of any of the following events, without the express written consent of the Participant: (i) a material diminution in the Participant's duties or responsibilities, excluding for this purpose any diminution during any period of the Participant's incapacity or Disability, so long as such diminution ceases upon the cessation of the Participant's incapacity or Disability; (ii) the relocation or transfer of the Participant's principal office to a location that increases the Participant's one-way commute from the Participant's residence by more than fifty (50) miles; or (iii) a reduction in the Participant's annual base salary; provided, that the Participant may not terminate the Participant's employment for Good Reason unless: (a) the Participant provides the Board with written notice of the event constituting Good Reason within thirty (30) days following the Participant's initial knowledge of such event, which notice shall specify the facts and circumstances constituting Good Reason, (b) the Company fails to cure such event within thirty (30) days following receipt by the Board of such written notice, and (c) the Participant actually resigns for Good Reason no later than thirty (30) days following the expiration of such thirty (30) day cure period.
- **"Initial Share Price"** will mean the closing stock price on November 6, 2018 of \$26.13, consistent with the CEO Award.
- **"Performance Period"** will mean the period beginning on November 6, 2018 and ending on the Date of Determination, consistent with the CEO Award.

Dividends that have an ex-dividend date during the Performance Period shall be included in the calculation assuming the reinvestment of such dividends as of the applicable ex-dividend date, and dividends shall include the per share value of any cash or stock dividends, including the per share value as determined in good faith by the Company's Board of Directors of a dividend issued in any Company spin-off of assets or subsidiary stock.

Notwithstanding the foregoing, if the Participant has a Non-Change in Control Qualifying Termination, Change in Control Qualifying Termination, or if a Change in Control occurs prior to November 6, 2019, TSR will be computed as if the Date of Determination were November 6, 2019. For avoidance of doubt, if the Participant has a Non-Change in Control Qualifying Termination, Change in Control Qualifying Termination, or if a Change in Control occurs prior to November 6, 2019, the Performance Period shall be treated as one year for purposes of computing TSR.

The Compensation Committee shall determine the TSR in its sole discretion.

4.3 **Time-Based Vesting.** Subject to the performance vesting requirements set forth in Section 4.1, the Performance Units shall become vested and earned (the "**Vested Units**") on the following vesting dates (each such date a Vesting Date):

(a) If the Participant remains in the continuous employment or other service relationship with the Company through November 6, 2021 (including on or after a Change in Control), 100% of the Performance Units as determined pursuant to Section 4.1 shall be vested on November 6, 2021; and

(b) In the event that the Participant experiences a termination prior to November 6, 2021, the Performance Units shall be treated as follows:

(i.) In the event that the Participant's service is terminated by reason of death or Disability prior to a Change in Control (each of which shall be a "**Non-Change in Control Qualifying Termination**"), then the number of Performance Units that will be vested on the Non-Change in Control Qualifying Termination date will be prorated based on the number of full calendar months the Participant spent on the active payroll during the Performance Period, divided by 36 months.

(ii.) If, prior to a Change in Control, the Participant's service is terminated for any reason other than the foregoing, including by the Company without Cause or, by the Participant for Good Reason, the Performance Units shall be immediately forfeited and cancelled without consideration.

(c) In the event that the Participant's service is terminated by the Company without Cause, by the Participant for Good Reason or by reason of death or Disability

on or after a Change in Control (each of which shall be a “**Change in Control Qualifying Termination**”), then the number of Performance Units that will be vested on the date of the Change In Control Qualifying Termination will be prorated as follows:

- (i.) If the Participant has a Change In Control Qualifying Termination on or after a Change in Control, and such qualifying termination occurs on or prior to the first anniversary of the Grant Date the number of Performance Units that will vest as calculated based on performance and as determined pursuant to Section 4.1 will be multiplied by 1/3;
- (ii.) If the Participant has a Change In Control Qualifying Termination on or after a Change in Control, and such qualifying termination occurs after the first anniversary of the Grant Date but on or prior to the second anniversary of the Grant Date, the number of Performance Units that will vest as calculated based on performance and as determined pursuant to Section 4.1 will be multiplied by 2/3; and
- (iii.) If the Participant has a Change In Control Qualifying Termination on or after a Change in Control, and such qualifying termination occurs after the second anniversary of the Grant Date, no proration will be applied to the Performance Units and 100% of the Performance Units as determined pursuant to Section 4.1 shall be vested.
- (iv.) For the avoidance of doubt, if the Participant’s service is terminated for any reason other than the foregoing, the Units shall be immediately forfeited and cancelled without consideration.

4.4 Definition of Change in Control. Change in Control for purposes of this Agreement has the meaning set forth in the Change in Control Agreement between the Company and the Participant or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then “Change in Control” shall mean the occurrence of:

- (a) the acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company; provided, however, that for purposes of this clause (1), the following acquisitions shall not constitute a Change of Control: (A) any issuance of voting securities of the Company directly from the Company that is approved by the Incumbent Board (as defined below), or (B) any acquisition of voting securities of the Company

by any Person pursuant to a Business Combination (as defined below) that complies with clauses (A), (B) and (C) of clause (3) below; or

(b) 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

(c) 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 securities 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 voting securities 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 such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of the combined voting power of the then outstanding voting securities 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

(d) the stockholders of the Company approve a complete liquidation or dissolution of the Company.

(e) “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 voting securities of the Company.

5. **DIVIDENDS CREDITED ON THE UNITS.**

5.1 The Vested Units will earn dividend equivalents in the form of additional Units. Specifically, as of each dividend payment date for Company common stock during the period beginning on the Grant Date and ending on the Vesting Date, the Participant's account will be credited with additional Units ("**Dividend Equivalent Units**") equal in number to the number of shares of Company common stock that could be bought with the cash dividends that would be paid on the Vested Units if each Unit were a Share. The number of Units that results from the calculation will be to two decimal places.

5.2 The number of shares of Company common stock that could be bought with the cash dividends will be calculated based on the "Fair Market Value" of Company common stock on the applicable dividend payment date. For purposes of this Agreement, "Fair Market Value" here means the average of the high and the low per share trading prices for Company common stock as reported in The Wall Street Journal for the specific dividend payment date, or in such other source as the Company deems reliable.

5.3 Dividend Equivalent Units will vest at the same time and in the same manner as the Vested Units with which they are associated.

6. **SETTLEMENT OF THE AWARD.**

6.1 **Issuance of Shares of Stock.** Subject to the provisions of Section 6.3 below, within 30 days of the Vesting Date (the "**Settlement Date**"), the Company shall issue to the Participant in settlement of the Vested Units, the number of Shares equal to the Vested Units, and all Units will terminate and cease to be outstanding upon such issuance of the Shares.

6.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares acquired by the Participant pursuant to the settlement of the Award. Except as provided by the preceding sentence, a certificate for the shares as to which the Award is settled shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

6.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities and issuance of the Shares may be delayed where the Company reasonably anticipates that the making of the payment will violate Federal securities law or other applicable law; provided that the payment is made at the earliest date at which the Company reasonably anticipates that the making of the payment will not cause such violation.

6.4 **Retention of Shares.** The Participant must hold any Shares (net of any Shares withheld to pay applicable taxes) earned pursuant to a Vested Unit until the earlier of (a) the first anniversary of the Settlement Date, (b) a Non-Change in Control Qualifying Termination or Change

in Control Qualifying Termination of the Participant's employment or other service relationship with the Company, or (c) a Change in Control. In furtherance of the foregoing, until the earlier of the foregoing dates, the Shares delivered hereunder will be subject to such stop transfer orders and other restrictions as the Compensation Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, any applicable federal or state laws and any agreement with, or policy of the Company or the Compensation Committee to which the Participant is a party or subject, and the Compensation Committee may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.

7. **TAX IMPLICATIONS.**

7.1 **In General.** The Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Company (or its Affiliate or Subsidiary), if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof (the "**Tax Liability**"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company's (or its Affiliate's or Subsidiary's) actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's responsibility and liability.

7.2 **Withholding in Shares.** The Company may require the Participant to satisfy all or any portion of tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable maximum statutory withholding rates.

8. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.** The Compensation Committee shall make adjustments in accordance with the Plan (by reference to Section 4(d) of The Hain Celestial Group, Inc. Amended and Restated 2002 Long Term Incentive and Stock Award Plan).

9. **RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.** The Participant shall have no rights as a stockholder with respect to any Performance Units until the date of the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the Shares are issued, except as provided in Sections 5 and 8. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between the Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the service of the Company or any Subsidiary or interfere in any way with any right of such entities to terminate the Participant's service at any time.

10. **MISCELLANEOUS PROVISIONS.**

10.1 **Termination or Amendment.** The Board may terminate or amend the Plan or this Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A of the Code. No amendment or addition to this Agreement shall be effective unless in writing.

10.2 **Nontransferability of the Award.** Prior to the issuance of Shares on the applicable Settlement Date, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

10.3 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

10.4 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

10.5 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature hereto or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, this Agreement, the Plan's prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, the Participant may deliver electronically the Agreement to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery and Execution.** The Participant acknowledges that the Participant has read Section 10.5 of this Agreement and consents to the electronic delivery of the Plan documents, as described in Section 10.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery or execution of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 10.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 10.5(a). Electronic execution of this Agreement shall have the same binding effect as a written or hard copy signature and accordingly, shall bind the Participant and the Company to all of the terms and conditions set forth in the Applicable Plan Provisions and this Agreement.

10.6 **Integrated Agreement.** This Agreement and the Applicable Plan Provisions shall constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties between the Participant and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Agreement shall survive any settlement of the Award and shall remain in full force and effect.

10.7 **Section 409A.** This Agreement and the Units granted hereunder are intended to fit within the “short-term deferral” exemption from Section 409A of the Code as set forth in Treasury Regulation Section 1.409A-1(b)(4). In administering this Agreement, the Company shall interpret this Agreement in a manner consistent with such exemption. Notwithstanding the foregoing, if it is determined that the Units fail to satisfy the requirements of the short-term deferral rule and are otherwise deferred compensation subject to Section 409A, and if you are a “Specified Employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Section 409A of the Code and Treasury Regulation Section 1.409A-2(b)(2).

10.8 **Applicable Law.** This Agreement shall be governed by the laws of the State of New York as such laws are applied to agreements between New York residents entered into and to be performed entirely within the State of New York.

10.9 **Severability.** If any term or provision of this Agreement or the application thereof to any Participant or circumstance shall to any extent be invalid or unenforceable, such provision will be modified, rewritten or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten or interpreted to be enforceable in any respect, it will not be given effect and the remainder of this Agreement, or the application of such term or provision to Participants or circumstances other than those held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

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

10.11 **Acceptance.** By signing the Agreement, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with this Agreement and the Applicable Plan Provisions, (b) accepts the Award subject to all of the terms and conditions of this Agreement and the Applicable Plan Provisions and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under this Agreement except as otherwise provided in this Agreement. The Participant acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Units or disposition of the underlying shares and that the Participant has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE HAIN CELESTIAL GROUP, INC.

By: _____

Name:

Title:

Address:

By: _____

Name:

Title:

Address: _____

THE HAIN CELESTIAL GROUP, INC.

AMENDED AND RESTATED 2002 LONG TERM INCENTIVE AND STOCK AWARD PLAN

1. Purposes.

The purposes of the Amended and Restated 2002 Long Term Incentive and Stock Award Plan are to advance the interests of The Hain Celestial Group, Inc. and its stockholders by providing a means to attract, retain, and motivate employees, consultants and directors of the Company upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent.

2. Definitions.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Affiliate" means any entity other than the Company and its Subsidiaries that is designated by the Board or the Committee as a participating employer under the Plan; provided, however, that the Company directly or indirectly owns at least 50% of the combined voting power of all classes of stock of such entity or at least 50% of the ownership interests in such entity.

(b) "Award" means any Option, SAR, Restricted Share, RSU, Performance Share, Performance Unit, Dividend Equivalent, or Other Share-Based Award granted to an Eligible Person under the Plan.

(c) "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award.

(d) "Beneficiary" means the person, persons, trust or trusts which have been designated by an Eligible Person in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under this Plan upon the death of the Eligible Person, or, if there is no designated Beneficiary or surviving designated Beneficiary, then the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(e) "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code shall be deemed to include successor provisions thereto and regulations thereunder.

(g) "Committee" means the Compensation Committee of the Board, or such other Board committee (which may include the entire Board) as may be designated by the Board to administer the Plan; provided, however, that, unless otherwise determined by the Board, the Committee shall consist of two or more directors of the Company, each of whom is a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, to the extent applicable, and each of whom is an "outside director" within the meaning of Section 162(m) of the Code, to the extent applicable; provided, further, that the mere fact that the Committee shall fail to qualify under either of the foregoing requirements shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan.

(h) "Company" means The Hain Celestial Group, Inc., a corporation organized under the laws of Delaware, or any successor corporation.

(i) "Director" means a member of the Board who is not an employee of the Company, a Subsidiary or an Affiliate.

(j) "Dividend Equivalent" means a right, granted under Section 5(g), to receive cash, Shares, or other property equal in value to dividends paid with respect to a specified number of Shares. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award, and may be paid currently or on a deferred basis.

(k) “Eligible Person” means (i) an employee of the Company, a Subsidiary or an Affiliate, including any director who is an employee, (ii) a consultant to the Company or (iii) a Director.

(l) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time. References to any provision of the Exchange Act shall be deemed to include successor provisions thereto and regulations thereunder.

(m) “Fair Market Value” means, with respect to Shares or other property, the fair market value of such Shares or other property determined by such methods or procedures as shall be established from time to time by the Granting Authority. If the Shares are listed on any established stock exchange or a national market system, the Fair Market Value of Shares shall mean the closing price on the date of the grant (or, if the Shares were not traded on that day, the next preceding day that the Shares are traded) on the principal exchange or market system on which the Shares are traded, as such prices are officially quoted on such exchange.

(n) “Granting Authority” means the Independent Members or the Committee that grants an Award as specified in Section 3, or each of them as required by the context.

(o) “ISO” means any Option intended to be and designated as an incentive stock option within the meaning of Section 422 of the Code.

(p) “Independent Members” means each Director, but no less than two, who is a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and each of whom is an “outside director” within the meaning of Section 162(m) of the Code; provided that the mere fact that the Independent Members shall fail to qualify under either of the foregoing requirements shall not invalidate any Award made by the Independent Members which Award is otherwise validly made under the Plan.

(q) “NQSO” means any Option that is not an ISO.

(r) “Option” means a right, granted under Section 5(b), to purchase Shares.

(s) “Other Share-Based Award” means a right, granted under Section 5(h), that relates to or is valued by reference to Shares.

(t) “Participant” means an Eligible Person who has been granted an Award under the Plan.

(u) “Performance Share” means a performance share granted under Section 5(f).

(v) “Performance Unit” means a performance unit granted under Section 5(f).

(w) “Plan” means this Amended and Restated 2002 Long Term Incentive and Stock Award Plan.

(x) “Restricted Shares” means an Award of Shares under Section 5(d) that may be subject to certain restrictions and to a risk of forfeiture.

(y) “Restricted Share Unit” or “RSU” means a right, granted under Section 5(e), to receive Shares or cash at the end of a specified deferral period.

(z) “Rule 16b-3” means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(aa) “SAR” or “Share Appreciation Right” means the right, granted under Section 5(c), to be paid an amount measured by the difference between the exercise price of the right and the Fair Market Value of Shares on the date of exercise of the right, with payment to be made in cash, Shares, or property as specified in the Award or determined by the Committee.

(bb) “Shares” means common stock, \$.01 par value per share, of the Company.

(cc) “Subsidiary.” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns shares possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

3. Administration.

(a) *Granting Authority.* The Independent Members shall have the authority to make grants of Awards under the Plan, provided that the Committee shall have authority to make grants of Awards under the Plan on a quarterly basis to Eligible Persons newly hired or retained since the most recent grants awarded by the Independent Members. Each Granting Authority shall have full and final authority to take the following actions with respect to the Awards granted by it, in each case subject to and consistent with the provisions of the Plan:

(i) to select Eligible Persons to whom Awards may be granted;

(ii) to designate Affiliates;

(iii) to determine the type or types of Awards to be granted to each Eligible Person;

(iv) to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate, the terms and conditions of any Award granted under the Plan (including, but not limited to, any exercise price, grant price, or purchase price, any restriction or condition, any schedule for lapse of restrictions or conditions relating to transferability or forfeiture, exercisability, or settlement of an Award, and waiver or accelerations thereof, and waivers of performance conditions relating to an Award, based in each case on such considerations as the Granting Authority shall determine), and all other matters to be determined in connection with an Award;

(v) to determine whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, exchanged, or surrendered;

(vi) to determine whether, to what extent, and under what circumstances cash, Shares, other Awards, or other property payable with respect to an Award will be deferred either automatically, at the election of the Granting Authority, or at the election of the Eligible Person;

(vii) to prescribe the form of each Award Agreement, which need not be identical for each Eligible Person;

(viii) to correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Agreement, or other instrument hereunder;

(ix) to accelerate the exercisability or vesting of all or any portion of any Award or to extend the period during which an Award is exercisable;

(x) to determine whether uncertificated Shares may be used in satisfying Awards and otherwise in connection with the Plan; and

(xi) to make all other decisions and determinations as may be required under the terms of the Plan or as the Granting Authority may deem necessary or advisable for the administration of the Awards granted by it.

Subject to the foregoing authority expressly granted to the Independent Members with respect to Awards granted by them, the Committee shall have general authority and responsibility for the administration of the Plan, including the authority to adopt, amend, suspend, waive, and rescind such rules and regulations and appoint such agents as the Committee may deem necessary or advisable to administer the Plan.

(b) *Manner of Exercise of Authority.* Each Granting Authority shall have sole discretion in exercising its authority under the Plan. Any action of a Granting Authority with respect to grants made by it shall be final, conclusive, and binding on all persons, including the Company, Subsidiaries, Affiliates, Eligible Persons, any person claiming any rights under the Plan from or through any Eligible Person, and stockholders. The express grant of any specific power to a Granting Authority, and the taking of any action by the Granting Authority, shall not be construed as limiting any power or authority of a Granting Authority. A Granting Authority may delegate to other members of the Board or officers or managers of the Company or any Subsidiary or Affiliate the authority, subject to such terms as the Granting Authority shall determine, to perform administrative functions and, with respect to Awards granted to persons not subject to Section 16 of the Exchange Act, to perform such other functions as the Granting Authority may determine, to the extent permitted under Rule 16b-3 (if applicable) and applicable law.

(c) *Limitation of Liability.* Each member of the Granting Authority shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any Subsidiary or Affiliate, the Company's independent certified public accountants, or other professional retained by the Company to assist in the administration of the Plan. No member of the Granting Authority, and no officer or employee of the Company acting on behalf of the Granting Authority, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Granting Authority and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

(d) *Limitation on Committee's Discretion.* Anything in this Plan to the contrary notwithstanding, in the case of any Award which is intended to qualify as "performance-based compensation" within the meaning of Section 162(m) (4)(C) of the Code, unless otherwise provided in an Award Agreement, there shall not be an increase in the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as such performance-based compensation.

4. Shares Subject to the Plan.

(a) Subject to adjustment as provided in Section 4(d) hereof, the total number of Shares reserved for issuance in connection with Awards under the Plan shall be 15,750,000. Each Share subject to an Award (other than an Option or SAR) shall count as 2.07 Shares for the purposes of the limit set forth in the preceding sentence. No Award may be granted if the number of Shares to which such Award relates, when added to the number of Shares previously issued under the Plan, exceeds the number of Shares reserved under the preceding sentence. If any Awards are forfeited, canceled, terminated, exchanged or surrendered or such Award is settled in cash or otherwise terminates without a distribution of Shares to the Participant, any Shares counted against the number of Shares reserved and available under the Plan with respect to such Award shall, to the extent of any such forfeiture, settlement, termination, cancellation, exchange or surrender, again be available for Awards under the Plan. Upon the exercise of any Award granted in tandem with any other Awards, such related Awards shall be canceled to the extent of the number of Shares as to which the Award is exercised.

(b) Notwithstanding anything to the contrary: (i) shares tendered or withheld in payment of the exercise price of an Option shall not be added to the maximum share limitations described in Section 4(a) above; (ii) shares tendered or withheld to satisfy the tax withholding obligation shall not be added to the maximum share limitations described in Section 4(a) above; (iii) shares repurchased on the open market with the proceeds of the exercise price of an Option shall not be added to the maximum share limitations described in Section 4(a) above; and (iv) all shares covered by a SAR, to the extent that it is exercised and whether or not the Shares are actually issued to the Participant upon exercise of the right, shall be considered issued or transferred pursuant to the Plan.

(c) Subject to adjustment as provided in Section 4(d) hereof and notwithstanding anything to the contrary contained herein, the maximum number of Shares (i) with respect to which Options or SARs may be granted during a calendar year to any Eligible Person under this Plan shall be 1,000,000 Shares, and (ii) with respect to Performance Shares, Performance Units, Restricted Shares or RSUs intended to qualify as performance-based compensation within the meaning of Section 162(m)(4)(C) of the Code shall be the equivalent of 800,000 Shares

during a calendar year to any Eligible Person under this Plan. Notwithstanding the foregoing, no more than 25,000 Shares may be subject to awards granted to a Director in any fiscal year.

(d) In the event that the Committee shall determine that any dividend in Shares, recapitalization, Share split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Shares such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Eligible Persons under the Plan, then the Committee shall make such equitable changes or adjustments as it deems appropriate and, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of shares which may thereafter be issued under the Plan, (ii) the number and kind of shares, other securities or other consideration issued or issuable in respect of outstanding Awards, and (iii) the exercise price, grant price, or purchase price relating to any Award; provided, however, in each case that, with respect to ISOs, such adjustment shall be made in accordance with Section 424(a) of the Code, unless the Committee determines otherwise. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria and performance objectives, if any, included in, Awards in recognition of unusual or non-recurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Subsidiary or Affiliate or the financial statements of the Company or any Subsidiary or Affiliate, or in response to changes in applicable laws, regulations, or accounting principles; provided, however, that, unless otherwise provided in an Award Agreement, there shall be no increase in the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Section 162(m)(4)(C) of the Code and the regulations thereunder.

(e) Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or treasury Shares including Shares acquired by purchase in the open market or in private transactions.

5. *Specific Terms of Awards.*

(a) *General.* Awards may be granted on the terms and conditions set forth in this Section 5. In addition, the Granting Authority may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 7(d)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Granting Authority shall determine, including terms regarding forfeiture of Awards or continued exercisability of Awards in the event of termination of service by the Eligible Person.

(b) *Options.* The Granting Authority is authorized to grant Options, which may be NQSOs or ISOs, to Eligible Persons on the following terms and conditions:

(i) *Exercise Price.* The exercise price per Share purchasable under an Option shall not be less than the Fair Market Value of the Shares on the date such Option is granted.

(ii) *Option Term.* The term of each Option shall be a maximum of seven (7) years from the date of grant of the Option.

(iii) *Time and Method of Exercise.* The Granting Authority shall determine at the date of grant or thereafter the time or times at which an Option may be exercised in whole or in part (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Granting Authority), the methods by which such exercise price may be paid or deemed to be paid (including, without limitation, broker-assisted exercise arrangements), the form of such payment (including, without limitation, cash, Shares, or other property), and the methods by which Shares will be delivered or deemed to be delivered to Eligible Persons.

(iv) *ISOs.* The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, including but not limited to the requirement that the ISO shall be granted within ten years from the earlier of the date of adoption or stockholder approval of the Plan. ISOs may only be granted to employees of the Company or a Subsidiary.

(c) *SARs*. The Granting Authority is authorized to grant SARs (Share Appreciation Rights) to Eligible Persons on the following terms and conditions:

(i) *Right to Payment*. A SAR shall confer on the Eligible Person to whom it is granted a right to receive with respect to each Share subject thereto, upon exercise thereof, the excess of (1) the Fair Market Value of one Share on the date of exercise (or, if the Granting Authority shall so determine in the case of any such right, the Fair Market Value of one Share at any time during a specified period before or after the date of exercise) over (2) the exercise price per Share of the SAR on the date of grant of the SAR, which shall not be less than Fair Market Value (which in the case of a SAR granted in tandem with an Option, shall be equal to the exercise price of the underlying Option).

(ii) *SAR Term*. The term of each SAR shall be a maximum of seven (7) years from the date of grant of the SAR.

(iii) *Other Terms*. The Granting Authority shall determine, at the time of grant or thereafter, the time or times at which a SAR may be exercised in whole or in part, the method of exercise, method of settlement, form of consideration payable in settlement, method by which Shares will be delivered or deemed to be delivered to Eligible Persons, whether or not a SAR shall be in tandem with any other Award, and any other terms and conditions of any SAR. Unless the Granting Authority determines otherwise, a SAR (1) granted in tandem with an NQSO may be granted at the time of grant of the related NQSO or at any time thereafter and (2) granted in tandem with an ISO may only be granted at the time of grant of the related ISO.

(d) *Restricted Shares*. The Granting Authority is authorized to grant Restricted Shares to Eligible Persons on the following terms and conditions:

(i) *Issuance and Restrictions*. Restricted Shares shall be subject to such restrictions on transferability and other restrictions, if any, as the Granting Authority may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Granting Authority), in such installments, or otherwise, as the Granting Authority may determine. Except to the extent restricted under the Award Agreement relating to the Restricted Shares, an Eligible Person granted Restricted Shares shall have all of the rights of a stockholder including, without limitation, the right to vote Restricted Shares and the right to receive dividends thereon. If the lapse of restrictions is conditioned on the achievement of performance criteria, the Granting Authority shall select the criterion or criteria from the list of criteria set forth in Section 5(f)(i). The Granting Authority must certify in writing prior to the lapse of restrictions conditioned on achievement of performance criteria that such performance criteria were in fact satisfied.

(ii) *Forfeiture*. Except as otherwise determined by the Granting Authority, at the date of grant or thereafter, upon termination of service during the applicable restriction period, Restricted Shares and any accrued but unpaid dividends or Dividend Equivalents that are at that time subject to restrictions shall be forfeited; provided, however, that the Granting Authority may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and the Granting Authority may in other cases waive in whole or in part the forfeiture of Restricted Shares.

(iii) *Certificates for Shares*. Restricted Shares granted under the Plan may be evidenced in such manner as the Granting Authority shall determine. If certificates representing Restricted Shares are registered in the name of the Eligible Person, such certificates shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company shall retain physical possession of the certificate.

(iv) *Dividends*. Dividends paid on Restricted Shares shall be either paid at the dividend payment date, or deferred for payment to such date as determined by the Granting Authority, in cash or in unrestricted

Shares having a Fair Market Value equal to the amount of such dividends. Shares distributed in connection with a Share split or dividend in Shares, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Shares with respect to which such Shares or other property has been distributed.

(e) *RSUs*. The Granting Authority is authorized to grant RSUs to Eligible Persons, subject to the following terms and conditions:

(i) *Award and Restrictions*. Delivery of Shares or cash, as the case may be, will occur upon expiration of the deferral period specified for RSUs by the Granting Authority (or, if permitted by the Granting Authority, as elected by the Eligible Person). In addition, RSUs shall be subject to such restrictions as the Granting Authority may impose, if any (including, without limitation, the achievement of performance criteria if deemed appropriate by the Granting Authority), at the date of grant or thereafter, which restrictions may lapse at the expiration of the deferral period or at earlier or later specified times, separately or in combination, in installments or otherwise, as the Granting Authority may determine. If the lapse of restrictions is conditioned on the achievement of performance criteria, the Granting Authority shall select the criterion or criteria from the list of criteria set forth in Section 5(f)(i). The Granting Authority must certify in writing prior to the lapse of restrictions conditioned on the achievement of performance criteria that such performance criteria were in fact satisfied.

(ii) *Forfeiture*. Except as otherwise determined by the Granting Authority at date of grant or thereafter, upon termination of service (as determined under criteria established by the Granting Authority) during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the RSUs), or upon failure to satisfy any other conditions precedent to the delivery of Shares or cash to which such RSUs relate, all RSUs that are at that time subject to deferral or restriction shall be forfeited; provided, however, that the Granting Authority may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to RSUs will be waived in whole or in part in the event of termination resulting from specified causes, and the Granting Authority may in other cases waive in whole or in part the forfeiture of RSUs.

(f) *Performance Shares and Performance Units*. The Granting Authority is authorized to grant Performance Shares or Performance Units or both to Eligible Persons on the following terms and conditions:

(i) *Performance Period*. The Granting Authority shall determine a performance period (the "Performance Period") of one or more years and shall determine the performance objectives for grants of Performance Shares and Performance Units. Performance objectives may vary from Eligible Person to Eligible Person and shall be based upon one or more of the following performance criteria as the Granting Authority may deem appropriate: share price; earnings per share; return to shareholders (including dividends); return on equity; revenues; sales; sales by category, brand, territory or geography; unit growth; customer growth (including new customers and increased sales to existing customers); EBITDA or EBIT; operating income or operating profit; net income; gross margin; operating margin; return on capital or return on invested capital; economic value added; economic profit; cash flows; cash flow from operations; market share; inventory levels; inventory days outstanding; consumption; size of line in total or by category or type; consumer and strategic investments; advertising, brand and product innovation; research and development; costs; managing commodity costs; capital expenditures; working capital; net fixed assets; accounts receivable; days sales outstanding; period overhead; expenses; productivity; market capitalization; customer satisfaction; pro forma net income; return on designated assets; expenses; free cash flow; cash flow return on investment; net profit margin; cash conversion cycle; and service levels. The performance objectives may be determined by reference to the performance of the Company, or of a Subsidiary or Affiliate, or of a division or unit of any of the foregoing. Performance Periods may overlap and Eligible Persons may participate simultaneously with respect to Performance Shares and Performance Units for which different Performance Periods are prescribed.

(ii) *Award Value*. At the beginning of a Performance Period, the Granting Authority shall determine for each Eligible Person or group of Eligible Persons with respect to that Performance Period the range of

number of Shares, if any, in the case of Performance Shares, and the range of dollar values, if any, in the case of Performance Units, which may be fixed or may vary in accordance with such performance or other criteria specified by the Granting Authority, which shall be paid to an Eligible Person as an Award if the relevant measure of Company performance for the Performance Period is met. The Granting Authority must certify in writing that the applicable performance criteria were satisfied prior to payment under any Performance Shares or Performance Units.

(iii) *Significant Events.* If during the course of a Performance Period there shall occur significant events as determined by the Granting Authority which the Granting Authority expects to have a substantial effect on a performance objective during such period, the Granting Authority may revise such objective; provided, however, unless otherwise provided in an Award Agreement, there shall not be an increase in the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Section 162(m)(4)(C) of the Code and the regulations thereunder.

(iv) *Forfeiture.* Except as otherwise determined by the Granting Authority, at the date of grant or thereafter, upon termination of service during the applicable Performance Period, Performance Shares and Performance Units for which the Performance Period was prescribed shall be forfeited; provided, however, that the Granting Authority may provide, by rule or regulation or in any Award Agreement, or may determine in an individual case, that restrictions or forfeiture conditions relating to Performance Shares and Performance Units will be waived in whole or in part in the event of terminations resulting from specified causes, and the Granting Authority may in other cases waive in whole or in part the forfeiture of Performance Shares and Performance Units.

(v) *Payment.* Each Performance Share or Performance Unit may be paid in whole Shares, or cash, or a combination of Shares and cash either as a lump sum payment or in installments, all as the Granting Authority shall determine, at the time of grant of the Performance Share or Performance Unit or otherwise, commencing as soon as practicable after the end of the relevant Performance Period. The Granting Authority must certify in writing prior to the payment of any Performance Share or Performance Unit that the performance objectives and any other material terms were in fact satisfied.

(g) *Dividend Equivalents.* The Granting Authority is authorized to grant Dividend Equivalents to Eligible Persons, except that no Dividend Equivalent right may be granted in connection with, or related to, an Option or SAR. The Granting Authority may provide, at the date of grant or thereafter, that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, or other investment vehicles as the Granting Authority may specify; provided, however, that Dividend Equivalents (other than freestanding Dividend Equivalents) shall be subject to all conditions and restrictions of the underlying Awards to which they relate.

(h) *Other Share-Based Awards.* The Granting Authority is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Granting Authority to be consistent with the purposes of the Plan, including, without limitation, unrestricted shares awarded purely as a "bonus" and not subject to any restrictions or conditions, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Granting Authority, and Awards valued by reference to the performance of specified Subsidiaries or Affiliates. The Granting Authority shall determine the terms and conditions of such Awards at date of grant or thereafter. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 5(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, notes or other property, as the Granting Authority shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, shall also be authorized pursuant to this Section 5(h).

6. *Certain Provisions Applicable to Awards.*

(a) *Stand-Alone, Additional, and Tandem.* Awards granted under the Plan may, in the discretion of the Granting Authority, be granted to Eligible Persons either alone or in addition to, in tandem with, any other Award granted under the Plan or any award granted under any other plan or agreement of the Company, any Subsidiary or Affiliate.

(b) *Substitute Awards in Transactions.* Nothing contained in the Plan shall be construed to limit the right of the Granting Authority to grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other transaction, of the business or assets of any corporation or other entity. Without limiting the foregoing, the Granting Authority may grant Awards under the Plan to an employee or director of another corporation or other entity who becomes an Eligible Person by reason of any such transaction in substitution for awards previously granted by such corporation or entity to such employee or director. The terms and conditions of the substitute Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Granting Authority deems necessary for such purpose.

(c) *Term of Awards.* The term of each Award granted to an Eligible Person shall be for such period as may be determined by the Granting Authority; provided, however, that in no event shall the term of any Option or a SAR exceed a period of seven years from the date of its grant (or such shorter period as may be applicable under Section 422 of the Code).

(d) *Repricing Prohibited.* Subject to the anti-dilution adjustment provisions contained in Section 4(d) hereof, without the prior approval of the Company's stockholders, neither the Granting Authority nor the Board shall cause the amendment of an Option or SAR that would have the effect of reducing the exercise price of an Option or SAR previously granted under the Plan, the cancellation or exchange of an Option or SAR for cash, other awards, or an Option or SAR with an exercise price that is less than the exercise price of the original Option or SAR or otherwise approve any modification to an Option or SAR that would be treated as a "repricing" of such Option or SAR under any then applicable rules, regulations or listing requirements.

(e) *Form of Payment Under Awards.* Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Subsidiary or Affiliate upon the grant, maturation, or exercise of an Award may be made in such forms as the Granting Authority shall determine at the date of grant or thereafter, including, without limitation, cash, Shares, notes or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The Granting Authority may make rules relating to installment or deferred payments with respect to Awards, including the rate of interest to be credited with respect to such payments, subject to applicable law.

(f) *Nontransferability.* Awards shall not be transferable by an Eligible Person except (i) by will or the laws of descent and distribution (except pursuant to a Beneficiary designation) or (ii) with respect to NQSOs, by gift to a family member of the Participant to the extent permitted in the applicable Award Agreement and shall be exercisable during the lifetime of an Eligible Person only by such Eligible Person or his guardian or legal representative unless it has been transferred by gift to a family member of the Participant, in which case it shall be exercisable only by such transferee. For the purpose of this provision, a "family member" shall have the meaning set forth in the General Instructions to Form S-8 Registration Statement under the Securities Act of 1933, as amended. An Eligible Person's rights under the Plan may not be pledged, mortgaged, hypothecated, or otherwise encumbered, and shall not be subject to claims of the Eligible Person's creditors.

(g) *Repayment.* If the Company is required to prepare an accounting restatement to correct an accounting error included in a report on Form 10-Q or 10-K caused by the misconduct of a Participant, the Participant shall return to the Company, or forfeit if not paid, any Award arising out of the misconduct for or during such restated period.

(h) *Noncompetition.* The Granting Authority may, by way of the Award Agreements or otherwise, establish such other terms, conditions, restrictions and/or limitations, if any, of any Award, provided they are not inconsistent with the Plan, including, without limitation, the requirement that the Participant not engage in competition with the Company.

7. General Provisions.

(a) *Compliance with Legal and Trading Requirements.* The Plan, the granting and exercising of Awards thereunder, and the other obligations of the Company under the Plan and any Award Agreement, shall be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company, in its discretion, may postpone the issuance or delivery of Shares under any Award until completion of such stock exchange or market system listing or registration or qualification of such Shares or other required action under any state or federal law, rule or regulation as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. No provisions of the Plan shall be interpreted or construed to obligate the Company to register any Shares under federal, state or foreign law. The Shares issued under the Plan may be subject to such other restrictions on transfer as determined by the Committee.

(b) *No Right to Continued Employment or Service.* Neither the Plan nor any action taken thereunder shall be construed as giving any employee, consultant, or director the right to be retained in the employ or service of the Company or any of its Subsidiaries or Affiliates, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries or Affiliates to terminate any employee's, consultant's or director's employment or service at any time.

(c) *Taxes.* The Company or any Subsidiary or Affiliate is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to an Eligible Person, amounts of withholding and other taxes due in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Eligible Persons to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of an Eligible Person's tax obligations; provided, however, that the amount of tax withholding to be satisfied by withholding Shares shall be limited to the minimum amount of taxes, including employment taxes, required to be withheld under applicable Federal, state and local law.

(d) *Amendment.* The Board may at any time and from time to time and in any respect, amend or modify the Plan and any Award granted under the Plan. The Board may seek the approval of any amendment or modification by the Company's stockholders to the extent it deems necessary or advisable in its discretion for purposes of compliance with Section 162(m) or Section 422 of the Code, the listing requirements of the applicable exchange or securities market or for any other purpose. Except as may be required to comply with Section 409A of the Code, no amendment or modification of the Plan or any Award shall adversely affect any Award theretofore granted without the consent of the Eligible Person or the permitted transferee of the Award.

(e) *No Rights to Awards; No Stockholder Rights.* No Eligible Person or employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons and employees. No Award shall confer on any Eligible Person any of the rights of a stockholder of the Company unless and until Shares are duly issued or transferred to the Eligible Person in accordance with the terms of the Award.

(f) *Unfunded Status of Awards.* The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares, other Awards, or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(g) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the

granting of options and other awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(h) *Not Compensation for Benefit Plans.* No Award payable under this Plan shall be deemed salary or compensation for the purpose of computing benefits under any benefit plan or other arrangement of the Company for the benefit of its employees, consultants or directors unless the Company shall determine otherwise.

(i) *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) *Governing Law.* The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan, and any Award Agreement shall be determined in accordance with the laws of New York without giving effect to principles of conflict of laws thereof.

(k) *Effective Date; Plan Termination.* The Plan shall become effective as of January 7, 2019 (the "Effective Date"). Notwithstanding the foregoing, the adoption of this Plan is expressly conditioned upon the approval of the stockholders of the Company. The Plan shall terminate as to future awards on the date which is ten (10) years after the Effective Date.

(l) *Titles and Headings.* The titles and headings of the sections in the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(m) *Section 409A.* It is intended that the Plan and Awards issued thereunder will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Awards are subject thereto, and the Plan and such Awards shall be interpreted on a basis consistent with such intent. The Plan and any Award Agreements issued thereunder may be amended in any respect deemed by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

THE HAIN CELESTIAL GROUP, INC.
PERFORMANCE UNITS AGREEMENT

This Performance Units Agreement (this “**Agreement**”) is made and entered into as of [1] (the “**Grant Date**”) by and between The Hain Celestial Group, Inc., a Delaware corporation (the “**Company**”) [1] (the “**Participant**”).

WHEREAS, the Company has adopted The Hain Celestial Group, Inc. Amended and Restated 2002 Long Term Incentive and Stock Award Plan (the “**Plan**”), the provisions of which are incorporated herein by reference;

WHEREAS, the Board of Directors of the Company (the “**Board of Directors**”) has determined that it is in the best interests of the Company and its shareholders to grant the award of Performance Units (as defined herein) provided for herein; and

WHEREAS, the Board of Directors has determined that it is in the best interests of the Company and its shareholders that certain terms and conditions applicable to the Performance Units be consistent with the terms and conditions set forth in the Inducement Award Agreement, dated November 6, 2018, between the Company and the Chief Executive Officer of the Company (the “**CEO Award**”).

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meaning set forth in the Plan (the “**Applicable Plan Provisions**”).

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

2. **ADMINISTRATION.**

In accordance with Section 3 of the Plan, all questions of interpretation concerning this Agreement shall be determined by the Compensation Committee of the Board of Directors (the “**Compensation Committee**”). All determinations by the Compensation Committee made reasonably and in good faith shall be final and binding upon all persons having an interest in the Award.

3. **THE AWARD.**

3.1 **Grant of Units.** On the Grant Date, subject to the provisions of this Agreement, the Participant has been granted a right (the “*Units*”) to receive Shares based on the terms and conditions set forth in this Agreement, which will be earned and vested (or not) as set forth in Section 4. The Participant will receive a grant of a number of Units for fiscal years 2019-2021 as set forth in Section 4, subject to adjustment for dividends. The number of Units that may become Vested Units are set forth in Section 4, all subject to adjustment as provided in Section 8. Each Unit represents a right to receive one (1) Share on the Settlement Date (as defined below).

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or Shares issued upon settlement of the Units, the consideration for which shall be past services actually rendered and/or future services to be rendered to the Company and/or its Subsidiaries for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to the Company or for its benefit having a value not less than the par value of the Shares issued upon settlement of the Units.

4. **VESTING OF UNITS.**

4.1 **General.** Subject to the Participant’s continued employment or other service with the Company or its Subsidiaries through the last day of the Performance Period (as defined below), a Non-Change in Control Qualifying Termination or a Change in Control Qualifying Termination, as defined in Section 4.3, the maximum number of Units that may be earned (the “*Performance Units*”) shall be based upon the TSR (as defined below), using the Initial Share Price (as defined below) for the Performance Period (as defined below). *For illustrative purposes only*, the following schedule sets forth the number of Performance Units, assuming no dividend payments, that the Participant may be eligible to earn based on achievement of various TSR performance levels:

<u>Compound annual TSR over Performance Period</u>	<u>Illustrative Target Share Price</u>	<u>Number of Performance Units</u>
At least 15% but below 20%	\$39.74	[1]
At least 20% but below 25%	\$45.15	[1]
At least 25% but below 30%	\$51.04	[1]
At least 30% but below 35%	\$57.41	[1]
At least 35%	\$64.29	[1]

The maximum award that may be achieved shall be [1] Performance Units and no Performance Units will vest if the TSR over the Performance Period is below 15%.

In addition to the performance vesting requirements described above, the Performance Units shall be subject to the time-based vesting requirements set forth in Section 4.3 below.

4.2 Performance Based Vesting - Determination of 3-Year Compound Annual Total Shareholder Return. Compound Annual Total Shareholder Return (“*TSR*”) means the compound annual growth rate over the Performance Period, expressed as a percentage, from the Initial Share Price to the Ending Average Share Price, plus reinvested dividends over the Performance Period, subject to the following definitions and parameters associated with the calculation:

- “*Cause*” has the meaning set forth in the Change in Control Agreement between the Company and the Participant (the “*Change in Control Agreement*”) or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then “*Cause*” shall mean the occurrence of any of the following events: (i) any material violation by the Participant of any law or regulation applicable to the Company or its Affiliates; (ii) the Participant’s commission of, plea of guilty or nolo contendere to, or indictment for, a felony or any other crime involving moral turpitude; (iii) the Participant’s commission of an act of personal dishonesty in connection with the Company or any other entity having a business relationship with the Company; (iv) any breach by the Participant of any written agreement between the Company and the Participant, or the terms of the Participant’s service as an employee of the Company, including, without limitation, the breach of any written non-competition, non-solicitation, invention assignment, confidentiality or similar written restrictive covenants; (v) the Participant’s violation of the written policies of the Company, commission of sexual harassment, or any other conduct causing the Company or any of its Affiliates public disgrace or disrepute or economic harm; (vi) reporting to work under the influence of alcohol or illegal drugs or the use of illegal drugs (whether or not at the workplace); or (vii) a willful failure to substantially perform the Participant’s duties and obligations to the Company and its Subsidiaries, other than failure resulting from complete or partial incapacity due to physical or mental illness or impairment; provided, that clause (vii) shall constitute “*Cause*” only if the Participant fails to cure such event (if curable) within ten (10) business days after receipt from the Company of written notice specifying the Participant’s actions that constitute *Cause*.
- “*Date of Determination*” will mean the earlier of (A) the effective date of a Change in Control; (B) the Participant’s Non-Change in Control Qualifying Termination; or (C) November 6, 2021, consistent with the CEO Award.
- “*Disability*” has the meaning set forth in the Change in Control Agreement between the Company and the Participant or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then “*Disability*” shall mean the permanent and total disability of the Participant within the meaning of Section 22(e)(3) of the Code.
- “*Ending Average Share Price*” will mean the average of the daily closing prices per share of the Company’s common stock, as reported on the stock exchange or market on

which such stock is listed, for the 60 trading days ending on and including the applicable Date of Determination, except that in the event of a Change in Control, the Ending Average Share Price will be equal to the value of the consideration paid or exchanged for a Share pursuant to the terms of the Change in Control. For avoidance of doubt, in the event of a Change in Control, the Ending Average Share Price will not be based on the average of the daily closing prices on the 60 trading days ending on the Date of Determination as described above.

- [**“Good Reason”** has the meaning set forth in the Change in Control Agreement between the Company and the Participant or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then “Good Reason” shall mean the occurrence of any of the following events, without the express written consent of the Participant: (i) a material diminution in the Participant’s duties or responsibilities, excluding for this purpose any diminution during any period of the Participant’s incapacity or Disability, so long as such diminution ceases upon the cessation of the Participant’s incapacity or Disability; (ii) the relocation or transfer of the Participant’s principal office to a location that increases the Participant’s one-way commute from the Participant’s residence by more than fifty (50) miles; or (iii) a reduction in the Participant’s annual base salary; provided, that the Participant may not terminate the Participant’s employment for Good Reason unless: (a) the Participant provides the Board with written notice of the event constituting Good Reason within thirty (30) days following the Participant’s initial knowledge of such event, which notice shall specify the facts and circumstances constituting Good Reason, (b) the Company fails to cure such event within thirty (30) days following receipt by the Board of such written notice, and (c) the Participant actually resigns for Good Reason no later than thirty (30) days following the expiration of such thirty (30) day cure period.]
- **“Initial Share Price”** will mean the closing stock price on November 6, 2018 of \$26.13, consistent with the CEO Award.
- **“Performance Period”** will mean the period beginning on November 6, 2018 and ending on the Date of Determination, consistent with the CEO Award.

Dividends that have an ex-dividend date during the Performance Period shall be included in the calculation assuming the reinvestment of such dividends as of the applicable ex-dividend date, and dividends shall include the per share value of any cash or stock dividends, including the per share value as determined in good faith by the Company’s Board of Directors of a dividend issued in any Company spin-off of assets or subsidiary stock.

Notwithstanding the foregoing, if the Participant has a Non-Change in Control Qualifying Termination, Change in Control Qualifying Termination, or if a Change in Control occurs prior to November 6, 2019, TSR will be computed as if the Date of Determination were November 6, 2019. For avoidance of doubt, if the Participant has a Non-Change in Control Qualifying Termination, Change in Control Qualifying Termination, or if a Change in Control occurs prior to November 6, 2019, the Performance Period shall be treated as one year for purposes of computing TSR.

The Compensation Committee shall determine the TSR in its sole discretion.

4.3 **Time-Based Vesting.** Subject to the performance vesting requirements set forth in Section 4.1, the Performance Units shall become vested and earned (the "**Vested Units**") on the following vesting dates (each such date a Vesting Date):

(a) If the Participant remains in the continuous employment or other service relationship with the Company through November 6, 2021 (including on or after a Change in Control), 100% of the Performance Units as determined pursuant to Section 4.1 shall be vested on November 6, 2021; and

(b) In the event that the Participant experiences a termination prior to November 6, 2021, the Performance Units shall be treated as follows:

(i.) In the event that the Participant's service is terminated by reason of death or Disability prior to a Change in Control (each of which shall be a "**Non-Change in Control Qualifying Termination**"), then the number of Performance Units that will be vested on the Non-Change in Control Qualifying Termination date will be prorated based on the number of full calendar months the Participant spent on the active payroll during the Performance Period, divided by 36 months.

(ii.) If, prior to a Change in Control, the Participant's service is terminated for any reason other than the foregoing, including by the Company without Cause or, by the Participant for Good Reason, the Performance Units shall be immediately forfeited and cancelled without consideration.

(c) In the event that the Participant's service is terminated by the Company without Cause, by the Participant for Good Reason or by reason of death or Disability on or after a Change in Control (each of which shall be a "**Change in Control Qualifying Termination**"), then the number of Performance Units that will be vested on the date of the Change In Control Qualifying Termination will be prorated as follows:

(i.) If the Participant has a Change In Control Qualifying Termination on or after a Change in Control, and such qualifying termination occurs on or prior to the first anniversary of the Grant Date the number of Performance Units that will vest as calculated based on performance and as determined pursuant to Section 4.1 will be multiplied by 1/3;

(ii.) If the Participant has a Change In Control Qualifying Termination on or after a Change in Control, and such qualifying termination occurs after the first anniversary of the Grant Date but

on or prior to the second anniversary of the Grant Date, the number of Performance Units that will vest as calculated based on performance and as determined pursuant to Section 4.1 will be multiplied by 2/3; and

(iii.) If the Participant has a Change In Control Qualifying Termination on or after a Change in Control, and such qualifying termination occurs after the second anniversary of the Grant Date, no proration will be applied to the Performance Units and 100% of the Performance Units as determined pursuant to Section 4.1 shall be vested.

(iv.) For the avoidance of doubt, if the Participant's service is terminated for any reason other than the foregoing, the Units shall be immediately forfeited and cancelled without consideration.

4.4 Definition of Change in Control. Change in Control for purposes of this Agreement has the meaning set forth in the Change in Control

Agreement between the Company and the Participant or if none, the employment agreement between the Company and the Participant, in each case, then in effect, or if the Participant is not party to any such agreement or such term is not defined in any such agreement then "Change in Control" shall mean the occurrence of:

(a) the acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company; provided, however, that for purposes of this clause (1), the following acquisitions shall not constitute a Change of Control: (A) any issuance of voting securities of the Company directly from the Company that is approved by the Incumbent Board (as defined below), or (B) any acquisition of voting securities of the Company by any Person pursuant to a Business Combination (as defined below) that complies with clauses (A), (B) and (C) of clause (3) below; or

(b) 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

(c) 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 securities 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 voting securities 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 such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of the combined voting power of the then outstanding voting securities 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

(d) the stockholders of the Company approve a complete liquidation or dissolution of the Company.

(e) “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 voting securities of the Company.

5. **DIVIDENDS CREDITED ON THE UNITS.**

5.1 The Vested Units will earn dividend equivalents in the form of additional Units. Specifically, as of each dividend payment date for Company common stock during the period beginning on the Grant Date and ending on the Vesting Date, the Participant’s account will be credited with additional Units (“**Dividend Equivalent Units**”) equal in number to the number of shares of Company common stock that could be bought with the cash dividends that would be paid on the Vested Units if each Unit were a Share. The number of Units that results from the calculation will be to two decimal places.

5.2 The number of shares of Company common stock that could be bought with the cash dividends will be calculated based on the “Fair Market Value” of Company common stock on the applicable dividend payment date. For purposes of this Agreement, “Fair Market Value” here means the average of the high and the low per share trading prices for Company common stock as reported in The Wall Street Journal for the specific dividend payment date, or in such other source as the Company deems reliable.

5.3 Dividend Equivalent Units will vest at the same time and in the same manner as the Vested Units with which they are associated.

6. **SETTLEMENT OF THE AWARD.**

6.1 **Issuance of Shares of Stock.** Subject to the provisions of Section 6.3 below, within 30 days of the Vesting Date (the “**Settlement Date**”), the Company shall issue to the Participant in settlement of the Vested Units, the number of Shares equal to the Vested Units, and all Units will terminate and cease to be outstanding upon such issuance of the Shares.

6.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares acquired by the Participant pursuant to the settlement of the Award. Except as provided by the preceding sentence, a certificate for the shares as to which the Award is settled shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

6.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities and issuance of the Shares may be delayed where the Company reasonably anticipates that the making of the payment will violate Federal securities law or other applicable law; provided that the payment is made at the earliest date at which the Company reasonably anticipates that the making of the payment will not cause such violation.

6.4 **Retention of Shares.** The Participant must hold any Shares (net of any Shares withheld to pay applicable taxes) earned pursuant to a Vested Unit until the earlier of (a) the first anniversary of the Settlement Date, (b) a Non-Change in Control Qualifying Termination or Change in Control Qualifying Termination of the Participant’s employment or other service relationship with the Company, or (c) a Change in Control. In furtherance of the foregoing, until the earlier of the foregoing dates, the Shares delivered hereunder will be subject to such stop transfer orders and other restrictions as the Compensation Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, any applicable federal or state laws and any agreement with, or policy of the Company or the Compensation Committee to which the Participant is a party or subject, and the Compensation Committee may cause orders or designations to be placed upon the books and records of the Company’s transfer agent to make appropriate reference to such restrictions.

7. **TAX IMPLICATIONS.**

7.1 **In General.** The Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Company (or its Affiliate or Subsidiary), if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof (the

“**Tax Liability**”). These requirements may change from time to time as laws or interpretations change. Regardless of the Company’s (or its Affiliate’s or Subsidiary’s) actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant’s responsibility and liability.

7.2 **Withholding in Shares.** The Company may require the Participant to satisfy all or any portion of tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable maximum statutory withholding rates.

8. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.** The Compensation Committee shall make adjustments in accordance with Section 4(d) of the Plan.

9. **RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.** The Participant shall have no rights as a stockholder with respect to any Performance Units until the date of the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the Shares are issued, except as provided in Sections 5 and 8. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between the Company and the Participant, the Participant’s employment is “at will” and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the service of the Company or any Subsidiary or interfere in any way with any right of such entities to terminate the Participant’s service at any time.

10. **MISCELLANEOUS PROVISIONS.**

10.1 **Termination or Amendment.** The Board may terminate or amend the Plan or this Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Participant’s rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A of the Code. No amendment or addition to this Agreement shall be effective unless in writing.

10.2 **Nontransferability of the Award.** Prior to the issuance of Shares on the applicable Settlement Date, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant’s beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant’s lifetime only by the Participant or the Participant’s guardian or legal representative.

10.3 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

10.4 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

10.5 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature hereto or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, this Agreement, the Plan's prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, the Participant may deliver electronically the Agreement to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery and Execution.** The Participant acknowledges that the Participant has read Section 10.5 of this Agreement and consents to the electronic delivery of the Plan documents, as described in Section 10.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery or execution of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 10.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 10.5(a). Electronic execution of this Agreement shall have the same binding effect as a written or hard copy signature and accordingly,

shall bind the Participant and the Company to all of the terms and conditions set forth in the Applicable Plan Provisions and this Agreement.

10.6 **Integrated Agreement.** This Agreement and the Applicable Plan Provisions shall constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties between the Participant and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Agreement shall survive any settlement of the Award and shall remain in full force and effect.

10.7 **Section 409A.** This Agreement and the Units granted hereunder are intended to fit within the “short-term deferral” exemption from Section 409A of the Code as set forth in Treasury Regulation Section 1.409A-1(b)(4). In administering this Agreement, the Company shall interpret this Agreement in a manner consistent with such exemption. Notwithstanding the foregoing, if it is determined that the Units fail to satisfy the requirements of the short-term deferral rule and are otherwise deferred compensation subject to Section 409A, and if you are a “Specified Employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Section 409A of the Code and Treasury Regulation Section 1.409A-2(b)(2).

10.8 **Applicable Law.** This Agreement shall be governed by the laws of the State of New York as such laws are applied to agreements between New York residents entered into and to be performed entirely within the State of New York.

10.9 **Severability.** If any term or provision of this Agreement or the application thereof to any Participant or circumstance shall to any extent be invalid or unenforceable, such provision will be modified, rewritten or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten or interpreted to be enforceable in any respect, it will not be given effect and the remainder of this Agreement, or the application of such term or provision to Participants or circumstances other than those held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

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

10.11 **Acceptance.** By signing the Agreement, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with this Agreement and the Applicable Plan Provisions, (b) accepts the Award subject to all of the terms and conditions of this Agreement and the Applicable Plan Provisions and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under this Agreement except as otherwise provided in this Agreement. The Participant acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Units or disposition of the underlying shares and that the Participant has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE HAIN CELESTIAL GROUP, INC.

By: _____

Name:

Title:

Address:

By: _____

Name:

Title:

Address: _____



The Hain Celestial Group, Inc.
Worldwide Headquarters

1111 Marcus Avenue • Lake Success, NY 11042-1034 • phone: +1 (516) 587-5000 • fax: +1 (516) 587-0208 • www.hain.com

December 30, 2018

Personal & Confidential

Mr. Chris Boever

Dear Chris:

We are pleased to offer employment to you as Chief Customer Officer of The Hain Celestial Group, Inc. ("**Hain Celestial**" or the "**Company**"). Your employment will commence on or about January 7, 2019 (the "**Start Date**"), and you will report directly to Mark Schiller, President and Chief Executive Officer. Please note that your job responsibilities are subject to change as Hain Celestial's business needs may require.

1. Your annual base salary will be \$525,000 (less required withholdings and elected deductions), and will be paid in accordance with the Company's payroll practices.

2. You will be eligible to earn an annual incentive award (the "**Annual Incentive Award**") under the terms and conditions of an annual incentive plan to be adopted by the Compensation Committee of the Board of Directors. Your target Annual Incentive Award for fiscal year 2019 shall be equal to 85% of your annual base salary. The amount actually payable to you under the Annual Incentive Award will be determined by the Compensation Committee in its discretion under the terms of the annual incentive plan, and you must be actively employed by the Company at the time of payment. The Annual Incentive Award for fiscal year 2019 will be prorated based on your Start Date.

3. Subject to approval of the Compensation Committee, you will receive a 3-year upfront grant of performance-vesting units ("**PSUs**") for fiscal years 2019 - 2021 based on a \$2.1 million target value at grant (the number of PSUs will be determined by dividing \$2.1 million by the closing stock price on the business day prior to the Start Date). The PSUs will be subject to the terms and conditions set forth in the Performance Units Agreement, and will vest pursuant to the achievement of pre-established stock price goals at the end of the performance period (ending on November 6, 2021, unless as otherwise specified in the Performance Units Agreement) and your continued employment until the end of the performance period.

Beginning in fiscal year 2022, you will be eligible to participate in the Company's long-term incentive program, subject to the terms and conditions of such program and at the level as determined by the Compensation Committee.

4. If Hain Celestial terminates your employment without cause, as determined by the Compensation Committee in good faith, you will be entitled to receive a severance payment of one (1) times your annual base salary in effect at the time of termination and one (1) times your target annual bonus for the year in which the termination date occurs, payable (less applicable withholdings) in 12 equal monthly installments following your termination of employment. Your entitlement to the severance payment will be subject to the execution of a separation agreement and release of claims in a form satisfactory to the Company, including an acknowledgment of the continued effectiveness of your post-employment restrictive covenants and other obligations to the Company.

5. It is expected that the Compensation Committee will designate you to participate in the Company's "Change in Control Agreement," in accordance with and subject to the terms and conditions of such agreement. The Change in Control Agreement will generally provide a severance benefit equal to (2) times your annual base salary and annual target bonus if your employment is terminated under certain circumstances in connection with a Change in Control (as defined in the agreement). Please note however that the current form of the Company's Change in Control Agreement is currently under review by the Compensation Committee and may be subject to amendment before being offered to you.

6. Our group health insurance benefit plan provides for participation by new employees on the first calendar day of the month following completion of 30 days of employment. Additionally, on the first calendar day of the month following completion of 30 days of employment, you will be eligible to participate in the Hain Celestial 401(k) Retirement Plan.

7. You will be entitled to up to four (4) weeks of annual paid vacation and other personal leave in accordance with Company policy, which shall be subject in all respects to the terms and conditions of the Company's paid time off policies, as may be in effect from time to time.

8. This offer is contingent upon your completion of a pre-hire screening, which will require that you execute documents required by Hain Celestial for a background investigation concerning your criminal, employment, education and credit history. You will also be required to enter into a Restrictive Covenant Agreement (which includes requirements relating to non-competition, non-solicitation and confidentiality) within thirty (30) days of the Start Date.

9. You have advised us that you are not a party to or restricted by an agreement with a previous employer that would interfere with or impair in any way your ability to perform the duties of your position with Hain Celestial as described in this letter. It is a condition of your employment with Hain Celestial that you refrain from using or disclosing any proprietary information or trade secrets of any previous employer in the course of your employment with Hain Celestial. If any previous employer asserts a claim that your employment with Hain Celestial violates any contractual obligations owed by you, or that you have otherwise committed a breach of any contractual or other duty to a previous employer, Hain Celestial may immediately terminate your employment, and such termination will be treated as a termination for cause. In the event of such a claim, Hain Celestial is not obligated to indemnify you for any damages or to provide a defense against such claims.

10. This letter does not constitute a contract of employment or a guarantee that your employment will continue for any period of time or any specific treatment. Your employment with us is "at-will", and is therefore terminable by either Hain Celestial or you without cause, notice or liability. Your continued employment is subject to, among other things, your satisfactory completion of your job responsibilities and your compliance with Hain Celestial's policy requirements.

11. This letter and the Company's obligations hereunder are intended to comply with or otherwise be exempt from Section 409A and its corresponding regulations, to the extent applicable, and shall be so construed.

12. This letter supersedes all prior or contemporaneous agreements, understandings, negotiations or representations, whether oral or written, express or implied, on this subject. This letter may not be modified or amended except by a specific, written arrangement signed by you and Hain Celestial's Chief Executive Officer. The terms of this letter shall be governed by New York law.

Please acknowledge your acceptance of these terms by your signature below. Afterwards, kindly return one copy to me and keep one copy for your records.

Sincerely

Kristy Meringolo
Senior Vice President, General Counsel

Accepted: /s/ Chris Boever
Chris Boever

Date: January 3, 2019

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (the "Agreement") is made and entered into this 16th day of January, 2019 by and between The Hain Celestial Group, Inc. ("Hain" or the "Company") and Gary W. Tickle ("Employee").

WHEREAS, Hain and Employee wish to amicably terminate the relationship;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth therein, Hain and Employee agree as follows:

1. Termination of Employment

Employee's last day of employment with Hain is January 16, 2019 (the "Termination Date").

2. Payment by Hain

As consideration for signing this Agreement and Employee's complete compliance therewith, Hain will pay Employee salary continuation equal to his/her bi-weekly base salary rate as of the Termination Date equal to approximately \$23,076.92 less applicable withholdings and deductions (the "Salary Continuation") for a period of 12 months starting from the Effective Date (as defined below). For the avoidance of doubt, the Salary Continuation will not exceed \$600,000. The Salary Continuation will be payable to Employee in regular installments in accordance with the general payroll practices of the Company.

3. Benefits

Hain agrees to continue Employee's medical, dental and vision coverage through January 31, 2019. Thereafter, Employee will be eligible to elect to continue medical, dental and vision plan coverage pursuant to the notice sent to Employee by the insurance provider in accordance with the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Employee properly and timely elects medical, dental and/or vision coverage pursuant to COBRA as coverage existed as of the Termination Date, Hain agrees to pay the cost of the premium for such elected coverage (subject to applicable taxes) for a period of 12 months (provided Employee executes this Agreement, remains eligible for COBRA coverage continuation, and is not eligible to participate in a group health insurance plan available through another employer) regardless of the nature, extent or cost of any other coverage available to Employee or to Employee's spouse for Employee. Thereafter, Employee shall be entitled to elect to continue such COBRA coverage for the remainder of the COBRA period, at his/her own expense, in accordance with applicable law. In the event Employee becomes eligible for coverage under another employer's plan or elects participation in another group medical and dental plan, Hain's obligation to continue paying premiums under this Section shall cease immediately. Employee affirms that he/she shall notify Hain immediately of his/her eligibility for coverage under another employer's plan so that Hain may cease making COBRA payments on Employee's behalf.

In accordance with Employee's offer of employment dated June 21, 2017, and Employee's grant of restricted stock dated September 26, 2017, the unvested portion of his initial stock grant (16,667 shares) and the unvested portion of his restricted stock from the grant dated September 26, 2017 (1,068 shares) will vest upon the termination of his employment. The transferability of such stock shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities and any attempted transfer of such stock may be delayed where the Company reasonably anticipates that such transfer will violate Federal securities law or other applicable law; provided that the transfer will be permitted at the earliest date at which the Company reasonably anticipates that it will not cause such violation.

Employee authorizes withholding from amounts payable to the Employee and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Company, if any, which arise in connection with the vesting of these awards. These requirements may change from time to time as laws or interpretations change. Regardless of the Company's actions in this regard, Employee hereby acknowledges and agrees that the tax liability shall be his responsibility and liability.

Employee's participation in all other benefits and incidents of employment (including, but not limited to, the accrual of vacation and paid time off, Life Insurance, AD&D, Long Term Disability, 401(k), and the vesting of equity grants as applicable) cease on the Termination Date.

4. Payment of Salary

Except with respect to the severance payments and benefits provided by Sections 2 and 3 hereof, Employee acknowledges and represents that, as of the date Employee signed this Agreement, Hain has paid all salary, wages, bonuses, accrued vacation, housing allowances, relocation costs, interest, severance, stock, stock options, outplacement costs, fees, commissions, and any and all other benefits and compensation due to him/her.

5. Indemnification

Notwithstanding anything to the contrary herein, the Company shall indemnify Employee in accordance with the provisions of the Hain Articles of Incorporation and applicable law; provided that Employee shall not be entitled to indemnification hereunder for Claims and Expenses that are (i) incurred by Employee as plaintiff in any action, suit or proceeding brought against the Company or (ii) incurred by Employee as a defendant in any action, suit or proceeding brought against Employee by a third party and found by a court of competent jurisdiction in a final judgment not subject to further appeal to be attributable to such Employee's fraud, gross negligence or willful misconduct.

6. Release by Employee

Employee agrees that he/she would not be entitled to the consideration set forth in Sections 2 and 3 absent his/her execution and fulfillment of this Agreement. As a consequence of execution of this Agreement, Hain and its current and former officers, directors, employees, agents, investors, attorneys, creditors, counsel, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations and assigns and any other affiliated or related person or entity (the "Releasees") have no outstanding obligations to Employee. Employee, on his/her own behalf, and on behalf of his/her present and former heirs, family members, executors, creditors, agents, assigns and any other affiliated or related person or entity, hereby fully and forever releases Hain and the other Releasees from, and agrees not to sue concerning, any claim, duty, obligation

or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess including the Effective Date of this Agreement, including, without limitation:

- a. any and all claims relating to or arising from Employee's employment with Hain, or the termination of that employment;
- b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of, shares of Company stock, including, but not limited to, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;
- c. any and all claims under the law of any jurisdiction, including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; *qui tam*; whistleblower, battery; invasion of privacy; false imprisonment; and conversion;
- d. any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Older Workers Benefit Protection Act; the Family and Medical Leave Act; the Fair Credit Reporting Act; the New York State Executive Law (including its Human Rights Law); the New York City Administrative Code (including its Human Rights Law); the New York State Labor Law; the New York wage, wage payment, wage theft and wage-hour laws; the Sarbanes-Oxley Act;
- e. any and all claims for violation of the federal, or any state, constitution;
- f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;
- g. any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and
- h. any and all claims for attorneys' fees and costs.

Hain and Employee agree that the release set forth in this Section shall be and remain in effect in all respects as a complete general release as to the matters released for all time. Employee agrees and understands this Agreement provides a full and final general release covering all known and unknown and anticipated and unanticipated injuries, debts, or damages which may have arisen, or which may arise, connected with all matters from the beginning of time to the date of this Agreement, as well as those injuries, debts, claims or damages now known or disclosed which may have arisen, or which may arise, from Employee's employment with or separation from Hain on the Termination Date. This release is not intended to bar claims for workers' compensation benefits or unemployment

insurance benefits, but Employee acknowledges that he/she is not aware of any work-related condition or injury. Moreover, Employee and Hain acknowledge that this Agreement does not limit either party's right, where applicable, to file or participate in an investigative proceeding of any federal, state or local governmental agency ("Governmental Agency"), but waives the right to any personal remedy, to the maximum extent permitted by law, except that this Agreement does not limit Employee's right to receive an award for information provided to any Governmental Agency.

7. Acknowledgement of Waiver of Claims Under ADEA

Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and Hain agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that:

- a. he/she should consult with an attorney prior to executing this Agreement;
- b. he/she has up to twenty-one (21) days within which to consider this Agreement;
- c. he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement;
- d. this Agreement shall not be effective until the revocation period has expired; and
- e. nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. However, if the release of ADEA claims or any other claim is set aside or limited, all monies paid hereunder shall be set-off against any relief or recovery.

8. No Admission of Liability

Neither this Agreement, nor anything contained herein, shall be construed as an admission by the Company that it has in any respect violated or abridged any Federal, State, or local law or any right or obligation that it may owe or may have owed to Employee. No final findings or final judgments have been made and Employee does not purport and will not claim to be a prevailing party, to any degree or extent, nor will this Agreement or its terms be admissible in any proceeding other than in a proceeding for breach of the terms contained herein.

9. Cooperation by Employee

To the maximum extent permitted by law, Employee shall assist Hain in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against Hain or any of the Releasees without additional compensation, provided, however that Hain will reimburse Employee for reasonable out-of-pocket and travel-related expenses incurred with providing such assistance. Employee and Hain acknowledge this Section does not limit the right, where applicable, to file or participate in an investigative proceeding of any federal, state or local governmental agency without requiring notice to Hain or any of the Releasees; Employee nevertheless understands that because of the waiver and general release Employee freely provides by signing this Agreement, Employee cannot obtain any monetary relief or recovery in any such proceeding to the extent permitted by law, except that this Agreement does not limit Employee's

right to receive an award for information provided to any Governmental Agency, as set forth below in Section 10.

10. Confidential and Proprietary Information of Hain

In accordance with the Confidentiality Agreement (as defined below) Employee understands and agrees that all books, records, documents and information, whether written or not, pertaining to Hain's business activities, are the confidential and proprietary property of Hain (hereinafter referred to as "trade secrets and confidential and proprietary information") and must be returned in full and without retention of copies. Employee warrants, covenants, and agrees that he/she will not disclose any of Hain's trade secrets and confidential and proprietary information to any person or entity not employed, owned by, or otherwise affiliated with Hain or use such information for his/her own benefit or the benefit of any person or entity not employed, owned by, or otherwise affiliated with Hain. Employee further agrees that he/she shall not be entitled to copies, in any form, of such trade secrets and confidential and proprietary information and he/she shall immediately return to Hain any copies of such information currently in her possession or control. Notwithstanding the foregoing, nothing in this Agreement shall be construed to limit Employee from disclosing Employee's own wages or other employment terms as provided by law.

Notwithstanding anything herein to the contrary, this Agreement does not limit or interfere with Employee's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with any self-regulatory organization or U.S. federal, state, or local governmental or law enforcement branch, agency, commission, or entity (collectively, a "Government Entity") for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Entity, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Entity, provided that in each case, such communications, participation, and disclosures are consistent with applicable law. Additionally, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, Employee may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

11. Post-Employment Restrictive Covenants

Employee acknowledges that all provisions of the Performance Units Agreement dated September 26, 2017, which are designed to survive the termination of such agreement shall survive in full force and effect for the applicable periods contained therein, except as otherwise set forth herein. Specifically, Employee acknowledges that the obligations of Section 14 of the Performance Units Agreement remain in full effect for a period of (12) months immediately following Employee's termination (the "Restricted Period"). Employee hereby reaffirms such obligations in consideration of the Company's commitments and obligations hereunder, including without limitation Employee's right to certain benefits under Section 3 and Section 15 herein.

Notwithstanding the above, to the extent Employee wishes to accept subsequent employment which would constitute providing a "Competing Service" as defined in Section 14 of the Performance Units Agreement, during the Restrictive Period, Employee may seek permission for a limited waiver of this non-compete obligation from the Company, which the Company will evaluate.

12. Return of Physical Property by Employee

Employee acknowledges his/her immediate responsibility to fully and unconditionally return all tangible property of Hain to Hain on or before the Termination Date.

13. Nondisparagement

Employee agrees to refrain from any defamation, libel or slander of Hain or any of the Releasees to any person or entity including but not limited to Hain's past, present or future customers, employees, clients, contractors, vendors, or to the media or health and research professional community via any form of communication including written, oral, or electronic. Employee also agrees not to publish, discuss or comment on any remarks related to Hain or any of the other Releasees in any forum, including the internet, any web site or blog. Further, Employee agrees to refrain from any tortious interference with Hain's or the Releasees' contracts and relationships.

If Hain's Human Resources representatives are contacted by any potential future employers of Employee for a reference, Hain's Human Resources representative shall provide Employee's dates of employment and last position at Hain. Furthermore, Hain will instruct its current Named Executive Officers and the Directors of the Company's Board of Directors, in place as of the Effective Date of this Agreement, to refrain from any defamation, libel or slander of Employee.

14. Confidentiality of Agreement

Employee agrees not to disclose or cause to be disclosed, either directly or indirectly, to any person or organization, except to his/her spouse or domestic partner, his/her legal advisor(s) and his/her financial advisor(s), or as permitted by law, any information regarding the amount of, terms of, facts or circumstances underlying this Agreement.

15. Responsibility for Outplacement

Hain agrees to pay up to \$3,000.00 of outplacement services directly to Right Management, Inc. Thereafter, Employee acknowledges that he shall accept full responsibility for all costs related to his own job search and will not look to Hain for any reimbursement of postage, printing, resume preparation, outplacement counseling or any other related expense.

16. No Consideration Absent Execution of this Agreement

Employee agrees and understands that the Company has no obligation to pay the monies and/or benefits in Sections 2 and 3 above unless Employee signs this Agreement and follows its terms.

17. Entire Agreement and Severability

The parties hereto agree that this Agreement may not be modified, altered or changed, except by a written agreement signed by the parties hereto. This Agreement, the Confidentiality Agreement dated September 26, 2016, by and between Hain and the Employee, which is annexed hereto as Exhibit A (the "Confidentiality Agreement"), and the Performance Units Agreement dated September 26, 2017, which is annexed hereto as Exhibit B, represent the entire agreement and understanding between Hain and Employee concerning the subject matter of this Agreement and Employee's relationship with Hain, and supersede and replace any and all prior agreements and understandings between the parties concerning the subject matter of this Agreement and Employee's relationship with Hain. Your employment offer letter with the Company dated January 21, 2017 is hereby superseded and shall be of no further force or effect. If any provision of this Agreement is held to be invalid, the court rendering that finding shall interpret or modify each such clause to be enforceable to fulfill the parties' stated intent. If that cannot be done, such clause(s) shall be void and the remaining provisions shall remain in full force and effect. If any term or provision of this Agreement or the application thereof to Employee or circumstance shall to any extent be invalid or unenforceable, such provision will be modified, rewritten or interpreted by the parties to include as much of its nature and scope as will render it enforceable. Otherwise, Hain shall be entitled to the return of the entire consideration under this Agreement.

18. Breach of Agreement

Employee acknowledges and agrees that any breach hereof constitutes a material breach of this Agreement and shall entitle the Company immediately to cease making any severance payments and benefits provided by Sections 2 and 3 and to recover any prior payments. In addition, should Employee violate any provision of this Agreement, the Company may apply for appropriate relief. In any proceeding to enforce the terms of this Agreement, the Agreement may be introduced under seal in order to maintain its confidentiality. Employee understands and agrees that the damage to the Company due to any such breach will be extremely difficult to determine. Because of this difficulty, Employee agrees that in the event of a finding of such breach, he/she will forfeit and return to Hain all amounts received pursuant to this Agreement. Notwithstanding any such relief, all of the other terms of this Agreement, including, without limitation, Employee's release of claims, shall remain in full force and effect. The remedies provided for in this provision shall not be construed to be exclusive and do not bar any other claims for relief. In addition, Hain shall be entitled to recover its costs and fees, including reasonable attorneys' fees, incurred in the successful enforcement of any such relief.

19. Resolution of Disputes

Any controversy or claim arising out of this Agreement, or the breach thereof, shall be decided by an appropriate state or federal court nearest to Hain's corporate headquarters, and all such claims shall be adjudicated by a judge sitting without a jury.

20. Governing Law

This Agreement shall be governed by the laws of the State of New York, without regard for choice of law provisions.

21. Effective Date

This Agreement is effective after it has been signed by both parties and after eight (8) days have passed following the date Employee signed the Agreement (the "Effective Date"). Any revocation prior to the eighth day after the Employee has signed this Agreement must be submitted, in writing, to Kristy Meringolo, Senior Vice President, General Counsel and state, "I hereby revoke my acceptance of our Separation Agreement and General Release." The revocation must be delivered to Kristy Meringolo and postmarked within seven (7) calendar days of execution of this Agreement.

22. Capability to Waive Claims

Employee is competent to affect a knowing and voluntary general and unlimited release of all claims and to enter into this Agreement. Employee is not affected or impaired in his/her ability voluntarily and knowingly to consider and to execute this Agreement, whether by illness, use of alcohol, drugs or other substances or conditions. Employee is not a party to any bankruptcy, lien, assignment, creditor-debtor or other proceeding which would impair the right to settle all claims against Hain or to waive all claims that Employee may have against Released Parties.

23. Voluntary Execution

Employee acknowledges that he/she has carefully read this Agreement and understands all of its terms including the general and final release of claims set forth above and covenant not to sue. Employee further acknowledges that he/she has voluntarily entered into this Agreement; that he/she has not relied upon any representation or statement, written or oral, not set forth in this Agreement; that the only consideration for signing this Agreement is as set forth herein; that the consideration received for executing this Agreement is greater than that to which he/she may otherwise be entitled; and that this document gives him/her the opportunity and encourages him/her to have this Agreement reviewed by his/her attorney and tax advisor.

EMPLOYEE HAS TWENTY-ONE (21) CALENDAR DAYS TO CONSIDER THIS AGREEMENT. EMPLOYEE ALSO IS ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT.

EMPLOYEE MAY REVOKE THIS AGREEMENT DURING THE SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY EMPLOYEE SIGNS THIS AGREEMENT. ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO KRISTY MERINGOLO, SENIOR VICE PRESIDENT, GENERAL COUNSEL AND STATE, "I HEREBY REVOKE MY ACCEPTANCE OF OUR SEPARATION AGREEMENT AND GENERAL RELEASE." THE REVOCATION MUST BE PERSONALLY DELIVERED TO KRISTY MERINGOLO OR HER DESIGNEE, OR MAILED TO KRISTY MERINGOLO AT THE HAIN CELESTIAL GROUP, INC., 1111 MARCUS AVENUE, LAKE SUCCESS, NEW YORK 11042 AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS AFTER EMPLOYEE SIGNS THIS AGREEMENT.

EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT, DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS AGAINST HAIN AND RELEASEES.

The parties knowingly and voluntarily sign this Agreement as of the date(s) set forth below:

THE HAIN CELESTIAL GROUP, INC

By: /s/ Gary Tickle
Gary Tickle

By: /s/ Kristy Meringolo
Kristy Meringolo
SVP, General Counsel

Date: 1/18/2019

Date: 1/22/2019

EXHIBIT A

Confidentiality Agreement



Employee Confidentiality Agreement

I acknowledge that during the course of my employment with The Hain Celestial Group, Inc., (“Hain”), I will be exposed to information and materials that are confidential, proprietary and trade secret information that is of vital importance to the economic well being of Hain. I will not at any time disclose or use, either during or subsequent to my employment, any information, knowledge, or data which I receive or develop during my employment which is considered proprietary or confidential by Hain or which relates to the trade secrets of Hain. Information subject to this protection against unauthorized use or disclosure is to be given its broadest definition and shall be defined to include, but not limited to, the following: all information, knowledge, data, processes, know-how, designs, drawings, diagrams, formulas, test data, accounting or financial data, pricing or salary data, marketing data, business plans and strategies, negotiations and contracts, research, customer or vendor lists, inventions, and discoveries, in any and all recorded forms (including but not limited to, writings, videotape, audio or computer) that relates to Hain’s or its vendors or customers’ businesses that is not lawfully known to the general public.

I further agree that upon termination of my employment with Hain (or earlier if requested), I shall return (within 24 hours) any and all materials (and all copies thereof), including, but not limited to, all materials constituting or relating to any proprietary information, data or knowledge or trade secrets of Hain.

During my employment, I agree to devote my entire working time and use my best efforts to further the business of Hain and not to engage in any other business or activity which is determined by Hain to be competitive with Hain, its suppliers or customers or which interferes with performance of any job duties.

I acknowledge that the confidential, proprietary and trade secret information are created at substantial cost and expense to Hain, and that unauthorized use or disclosure would cause irreparable injury to Hain. I hereby consent to entry of an immediate injunction, without bond, from any court of competent jurisdiction, enjoining and restraining me from violating or threatening to violate this provision. If the court, after hearing enters a permanent injunction or awards damages to Hain, I will be liable for the attorney’s fees, expenses and court costs incurred by Hain to obtain that relief and to otherwise enforce the terms of this agreement.

This agreement has been delivered in the State of New York, and shall be interpreted under the laws of said State, without regard to choice or conflict of laws or provisions, to be a binding contract. A court may limit, modify or interpret this agreement to the extent necessary for it to be enforced.

I understand that my continued employment with Hain is contingent upon my compliance with this agreement. This agreement shall be binding upon my successors, heirs, assigns, and personal representatives and shall be for the benefit of the successors and assigns of Hain

Gary Tickle

Employee Name

/s/ Gary Tickle

Employee Signature

Date _____ 9/26/16

Acknowledged and Accepted
The Hain Celestial Group, Inc.

By: /s/ Jenna Tufano
Name
HR Specialist
Title
9/27/2016
Date

EXHIBIT B

Performance Units Agreement

THE HAIN CELESTIAL GROUP, INC.
PERFORMANCE UNITS AGREEMENT

This Performance Units Agreement (this "**Agreement**") is made and entered into as of September 26, 2017 (the "**Grant Date**") by and between The Hain Celestial Group, Inc., a Delaware corporation (the "**Company**") and Gary Tickle (the "**Participant**").

WHEREAS, the Company has adopted the Amended and Restated 2002 Long Term Incentive and Stock Award Plan, as amended to the Date of Grant (the "**Plan**"), the provisions of which are incorporated herein by reference, pursuant to which awards of Performance Units may be granted; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant the award of Performance Units provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Plan.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. **ADMINISTRATION.**

All questions of interpretation concerning this Agreement shall be determined by the Committee. All determinations by the Committee shall be final and binding upon all persons having an interest in the Award. Except with respect to the determination of satisfaction of vesting under Section 4, which shall remain subject to approval by the Committee, the Chief Executive Officer or General Counsel shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein.

3. **THE AWARD.**

3.1 **Grant of Units.** On the Grant Date, subject to the provisions of this Agreement, the Participant has been granted Performance Units (**Units**), which will be earned and vested (or not) as set forth in Section 4, with 5,630 (**the "Target Units"**) representing the target number of Units to be earned and vested at 100%, with the right to receive up to a total of 8,445 (**the "Maximum Units"**) at

maximum vesting as provided in Section 4.1, all subject to adjustment as provided in Section 11. Each Unit represents a right to receive one (1) Share on the Settlement Date (as defined below).

3.2 No Monetary Payment Required. The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or Shares issued upon settlement of the Units, the consideration for which shall be past services actually rendered and/or future services to be rendered to the Company and/or its Subsidiaries for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock issued upon settlement of the Units.

4. VESTING OF UNITS.

4.1 General. Subject to the Participant's continued employment or other service with the Company or its Subsidiaries through the last day of the Performance Period (as defined in Exhibit A) (the "**Vesting Date**") and except as otherwise provided herein, the Units shall become earned and vested ("**Vested Units**") based upon the Company's Relative Total Shareholder Return (as defined in Exhibit A) in terms of percentile ranking as compared to the Peer Group (as defined in Exhibit A) over the Performance Period in accordance with the schedule below:

<u>Relative Total Shareholder Return Ranking over Performance Period</u>	<u>Payout % Level</u>
75 th Percentile or Higher	150%
50 th Percentile	100%
25 th Percentile	50%
Under 25 th Percentile	0%

The payout percentage level shall be interpolated for performance above 25th Percentile, and increased by two (2) percentage points for every one (1) percentile point of improvement in Relative Total Shareholder Return; provided, however that the maximum award that may be achieved shall be a payout percentage level of 150% for a Relative Total Shareholder Return of 75th percentile and above and no Units will vest at Relative Total Shareholder Return at 25% or below.

The number of Vested Units will be determined by multiplying the payout percentage level by the Target Units (excluding Dividend Equivalent Units), with Units being forfeited in the event of a payout percentage level below 100%, equal to the difference between the Target Units and the total number of Vested Units (excluding Dividend Equivalent Units); provided, however, if the Company's TSR at the end of the Performance Period is negative, then the number of Vested Units may not exceed the number of Target Units. In no event will the number of Vested Units exceed the number of Maximum Units.

The "Settlement Date" shall be the date after the end of the Performance Period on which the Compensation Committee certifies the Company's Relative Total Shareholder Return and percentile rank, which will not be later than March 15 of the year following the end of the Performance Period.

5. **DIVIDENDS CREDITED ON THE UNITS.**

5.1 The Target Units will earn dividend equivalents in the form of additional Units. Specifically, as of each dividend payment date for Company common stock, the Participant's account will be credited with additional Units ("**Dividend Equivalent Units**") equal in number to the number of shares of Company common stock that could be bought with the cash dividends that would be paid on the Target Units if each Unit were a share of Company common stock. The number of Units that results from the calculation will be to two decimal places.

5.2 The number of shares of Company common stock that could be bought with the cash dividends will be calculated based on the "Fair Market Value" of Company common stock on the applicable dividend payment date. "Fair Market Value" here means the average of the high and the low per share trading prices for Company common stock as reported in The Wall Street Journal for the specific dividend payment date, or in such other source as the Company deems reliable.

5.3 Dividend Equivalent Units will vest at the same time and in the same manner as the Target Units with which they are associated. Dividend Equivalent Units will be adjusted in accordance with the payout level percentage determined under Section 4.1 in the same manner as the Target Units with which they are associated. Accumulated Dividend Equivalent Units will be multiplied by the same payout percentage level and Dividend Equivalent Units will be added or forfeited, as necessary, so that the total Dividend Equivalent Units which vest as of the Vesting Date will equal the Dividend Equivalent Units which accumulate during the Performance Period multiplied by the payout percentage level.

6. **ACCELERATION OF VESTING IN CONNECTION WITH A CHANGE IN CONTROL.** "Change in Control" means any of the following:

(a) 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 securities of the Company entitled to vote generally in the election of directors ("Voting Stock"); provided, however, that for purposes of this clause (a), the following acquisitions shall not constitute a Change in Control: (i) any issuance of Voting Stock of the Company directly from the Company that is approved by the Incumbent Board (as defined below), (ii) any acquisition by the Company of Voting Stock of the Company or (iii) any acquisition of Voting Stock of the Company by any person pursuant to a Business Combination (as defined below) that complies with clauses (i), (ii) and (iii) of clause (c) below; or

(b) during any period of one year beginning on or after the date hereof, 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 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

(c) consummation of a reorganization, merger or consolidation, a sale or other disposition of all or substantially all of the assets of the Company (each, a “Business Combination”), unless, in each case, immediately following such Business Combination, (i) 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, (ii) 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 (iii) 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

(d) 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 of the Company provided, however, that if a Participant is party to an employment agreement or change in control agreement with the Company, “Change in Control” shall have the meaning set forth in such agreement.

It is the intent of the Company that the definition of “Change in Control” satisfies, and be interpreted in a manner that satisfies, the applicable requirements of Section 409A. If the definition of “Change in Control” would otherwise frustrate or conflict with the intent expressed above, that definition to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. In the event of a Change in Control, the Settlement Date shall be the date of the Change in Control and the vesting of the Units, including any Dividend Equivalent Units, shall be accelerated in full and the Vested Units shall equal the greater of (1) the Target Units, or (2) the number of Vested Units that would be determined if the last day of the Performance Period was the penultimate trading day prior to the date of the Change in Control, provided that the Participant’s service has not terminated prior to such date other than as a result of death, Disability or Retirement.

7. **ACCELERATION OF VESTING UPON CERTAIN TERMINATIONS.** In the event that the Participant's service is terminated as a result of Participant's death, Disability or Retirement during the Performance Period (as defined below), then the Unit payout including any Dividend Equivalent Units, will be prorated based on the number of full and partial calendar months the Participant spent on the active payroll during the three-year performance period. Payout for the award will be made at the same time as payment would have been made had the Participant not had a termination of employment and will in all respects be subject to the Company's actual Relative Total Shareholder Return achievement for the full Performance Period. For purposes of this Agreement, "**Disability**" shall mean the permanent and total disability of the Participant within the meaning of Section 22(e)(3) of the Code and "**Retirement**" shall mean if such Participant terminates his or her service on or after the earliest date upon which he or she is eligible for U.S. Social Security retirement benefits.

8. **INTENTIONALLY OMITTED.**

9. **SETTLEMENT OF THE AWARD.**

9.1 **Issuance of Shares of Stock.** Subject to the provisions of Section 9.3 below, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Unit to be settled on such date one (1) Share. The Settlement Date shall be within 60 days after the Vesting Date, unless payment is made as a result of the Participant's separation from service, as defined in Section 409A and the Participant is a "specified employee" as defined in Section 409A and determined pursuant to procedures and elections made by the Company from time to time, in which case the vested Shares shall be issued on the later of the Settlement Date or the first day following six months after the separation from service. This six month suspension of payments will not apply in the event of the Participant's death. Shares issued in settlement of Vested Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 9.3, Section 10 or the Company's Insider Trading Policy.

9.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares acquired by the Participant pursuant to the settlement of the Award. Except as provided by the preceding sentence, a certificate for the shares as to which the Award is settled shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

9.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities and issuance of the Shares may be delayed where the Company reasonably anticipates that the making of the payment will violate Federal securities law or other applicable law; provided that the payment is made at the earliest date at which the Company reasonably anticipates that the making of the payment will not cause such violation.

9.4 **Fractional Shares.** The Company shall not be required to issue fractional Shares upon the settlement of the Award.

10. **TAX IMPLICATIONS.**

10.1 **In General.** The Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Company (or its Affiliate or Subsidiary), if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof (the “**Tax Liability**”). These requirements may change from time to time as laws or interpretations change. Regardless of the Company’s (or its Affiliate’s or Subsidiary’s) actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant’s responsibility and liability. The Participant acknowledges that he or she may not participate in the Plan unless the Tax Liability is satisfied.

10.2 **Withholding in Shares.** The Company may require the Participant to satisfy all or any portion of tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates.

11. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company and the requirements of Section 409A, in the event of any change in the Shares effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Shares (excepting normal cash dividends) that has a material effect on the fair market value of Shares, appropriate and proportionate adjustments shall be made in the number of Performance Units subject to the Award and/or the number and kind of shares to be issued in settlement of the Award, in order to prevent dilution or enlargement of the Participant’s rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as “effected without receipt of consideration by the Company.” Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee, and its determination shall be final, binding and conclusive.

12. **RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.** The Participant shall have no rights as a stockholder with respect to any Performance Units until the date of the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the Shares are issued, except as provided in Sections 5 and 11. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between the Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the service of the Company or any Subsidiary or interfere in any way with any right of such entities to terminate the Participant's service at any time.

13. **INTENTIONALLY OMITTED.**

14. **COVENANTS NOT TO DISCLOSE, COMPETE OR SOLICIT.**

(a) The Participant acknowledges that (i) the Company is engaged in a continuous program of research, development, production, marketing, sales and distribution regarding natural and organic products throughout the United States and internationally (the foregoing, together with any other businesses in which the Company engages from the date hereof to the date of the termination of the Participant's employment with the Company and its Subsidiaries is referred to herein as the "**Company Business**"); (ii) the Participant's work for and position with the Company and/or one of its Subsidiaries has allowed the Participant, and will continue to allow the Participant, access to trade secrets of, and Confidential Information (as defined below) concerning the Company Business; (iii) the Company Business is national and international in scope; (iv) the Company would not have agreed to grant the Participant this Award but for the agreements and covenants contained in this Agreement; and (v) the agreements and covenants contained in this Agreement are necessary and essential to protect the business, goodwill, and customer relationships that the Company and its Subsidiaries have expended significant resources to develop. The Company agrees and acknowledges that, on or following the date hereof, it will provide the Participant with one or more of the following: (a) authorization to access Confidential Information through a computer password or by other means, (b) authorization to represent the Company in communications with customers and other third parties to promote the goodwill of the business in accordance with generally applicable Company policies and (c) access to participate in certain restricted access meetings, conferences or training relating to the Participant's position with the Company.

(b) For purposes of this Agreement, "**Confidential Information**" shall mean all business records, trade secrets, know-how, customer lists or compilations, terms of customer agreements, supplier or service information, pricing or cost information, marketing information, future products and strategies, business opportunities, inventions, creations, enhancements, business operation information, financial information or personnel data, any formula, pattern, device and/or compilation of information which is used in the Company's Business and which gives the Company an advantage over its competitors, and other confidential or proprietary information created, used and/or obtained by the Participant in the course of the Participant's employment with the Company or any Subsidiary. The Participant agrees not to engage in unauthorized use or disclosure of Confidential Information, and agrees that upon termination of the Participant's employment (or earlier if so requested) the Participant will preserve and return to the Company any and all records in the Participant's possession or control, tangible and intangible, developed or obtained during and as a result of Participant's employment (excluding documents relating to compensation and

employee benefits). The Participant further agrees not to keep or retain any copies of such records without written authorization from a duly authorized officer of the Company covering the specific item retained.

(c) Ancillary to the foregoing and this Award, the Participant hereby agrees that, during the term of the Participant's employment with the Company or any Subsidiary and for a period of one (1) year after the termination of Participant's employment with the Company or any Subsidiary for any reason, whether it be voluntary or involuntary, with or without cause (the "**Restricted Period**"), the Participant will not, directly or indirectly, individually or on behalf of any person or entity other than the Company or any of its Subsidiaries:

(i) Provide Competing Services (as defined below) to any company or business (other than the Company or any Subsidiary) engaged in the manufacture, distribution, sale or marketing of any of the Relevant Products (as defined below) in the Relevant Market Area (as defined below);

(ii) Approach, consult, solicit or accept business from, or contact or otherwise communicate, directly or indirectly, in any way with any Customer (as defined below) in an attempt to (1) divert business from, or interfere with any business relationship of the Company or any of its Subsidiaries, or (2) convince any Customer to change or alter any of such Customer's existing or prospective contractual terms and conditions with the Company or any Subsidiary; or

(iii) Solicit, induce, recruit or encourage, either directly or indirectly, any employee of the Company or any Subsidiary, with whom Participant had contact with during Participant's employment or about whom Participant obtained Confidential Information, to leave his or her employment with the Company or any Subsidiary or employ or offer to employ any employee of the Company or any Subsidiary. For the purposes of this section, an employee of the Company or any Subsidiary shall be deemed to be an employee of the Company or any Subsidiary while employed by the Company and for a period of sixty (60) days thereafter.

(d) For purposes of this Agreement, the following terms shall have the meanings indicated:

(i) To provide "**Competing Services**" means to provide, manage, supervise, or consult about (whether as an employee, owner, partner, stockholder, investor, joint venturer, lender, director, manager, officer, employee, consultant, independent contractor, representative or agent, or otherwise) any services that (A) are similar in purpose or function to services the Participant provided to the Company or any Subsidiary in the two year period preceding the termination of the Participant's employment, (B) might involve the use of Confidential Information, or (C) involve business opportunities related to Relevant Products.

(ii) "**Customer**" means any and all persons or entities who purchased any Relevant Product from the Company or any Subsidiary during the term of the Participant's employment with the Company or any Subsidiary with whom Participant had contact during Participant's employment or about whom Participant obtained Confidential Information.

(iii) "**Relevant Products**" means any natural or organic product that was developed or sold by the Company or any Subsidiary within the course of the last two (2) years of the Participant's employment with the Company or any Subsidiary.

(iv) “**Relevant Market Area**” means the counties (or county equivalents) in any country where the Company does business that the Participant assists in providing services to and/or receives Confidential Information about in the two (2) year period preceding the termination of the Participant’s employment so long as the Company continues to do business in that geographic market area during the Restricted Period.

(e) Notwithstanding the foregoing, (1) the restrictions of subsection 14(b) and 14(c) above shall not prohibit the Participant’s employment with a non-competing, independently operated subsidiary, division, or unit of a diversified company (even if other separately operated portions of the diversified company are involved in Relevant Products) if in advance of the Participant’s providing any services, the Participant and the diversified company that is going to employ or retain the Participant both provide the Company with written assurances that are satisfactory to the Company establishing that (a) the entity, subsidiary, division or unit of the diversified business that the Participant is going to be employed in or retained by is not involved in Relevant Products or preparing to become involved in Relevant Products, and (b) the Participant’s position will not involve Competing Services of any kind, and (2) the Participant is not prohibited from owning either of record or beneficially, not more than five percent (5%) of the shares or other equity of any publicly traded company. The Participant’s obligations under this Section 14 shall survive the vesting or forfeiture of the underlying Shares.

(f) Any breach of any provision of this Section 14 will result in immediate and complete forfeiture of the Participant’s Unvested Units and the Participant hereby agrees that the Participant shall return to the Company any Units that were previously issued to the Participant or, if the Participant no longer owns the Units, an amount in cash equal to the fair market value of any such Shares on the date they were issued to the Participant (less any taxes paid by the Participant). In addition, the Participant hereby agrees that if the Participant violates any provision of this Section 14, the Company will be entitled to injunctive relief, specific performance, or such other legal and equitable relief as is needed to prevent or enjoin any violation of the provisions of this Agreement in addition to and not to the exclusion of any other remedy that may be allowed by law for damages experienced prior to the issuance of injunctive relief. The Participant also agrees that, if the Participant is found to have breached any of the time-limited covenants in this Section 14, the time period during which the Participant is subject to such covenant shall be extended by one day for each day the Participant is found to have violated such restriction. If Participant is found to have breached any obligation in this Agreement, Participant will pay the Company, in addition to any damages that may be awarded by the Court, reasonable attorneys’ fees incurred by the Company to establish that breach or otherwise to enforce this Agreement.

(g) The Participant acknowledges that the Participant has given careful consideration to the restraints imposed by this Agreement, and the Participant fully agrees that they are necessary for the reasonable and proper protection of the business of the Company and its Subsidiaries. The restrictions set forth herein shall be construed as a series of separate and severable covenants. The Participant agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period, and geographical area. Except as expressly set forth herein, the restraints imposed by this Agreement shall continue during their full time periods and throughout the geographical area set forth in this Agreement.

(h) The Participant also stipulates and agrees that (a) the Restrictive Covenants and (b) the Company's agreement herein to provide the Participant with this Performance Units Award are mutually dependent clauses and obligations without which this Agreement would not be made by the parties. Accordingly, the Participant agrees not to sue or otherwise pursue a legal claim to set aside or avoid enforcement of the Restrictive Covenants. In the event that the Participant or any other party pursues a legal challenge to the enforceability of any material provision of the restrictions in Section 14 of this Agreement and a material provision is found unenforceable by a court of law or other legally binding authority such that the Participant is no longer bound by a material provision of Section 14, then (1) the Participant's unvested Shares shall be forfeited and (2) the Participant hereby agrees that the Participant shall return to the Company any Shares that were previously issued to the Participant or, if the Participant no longer owns the Shares, an amount in cash equal to the fair market value of any such Shares on the date they were issued to the Participant (less any taxes paid by the Participant). The foregoing is not intended as a liquidated damage remedy but is instead a return-of-gains and contractual rescission remedy due to the mutually dependent nature of the subject provisions in the Agreement.

(i) If any of the Restrictive Covenants are deemed unenforceable as written, the Participant and the Company expressly authorize the court to revise, delete or add to the restrictions contained in this Section 14 to the extent necessary to enforce the intent of the parties and to provide the goodwill, Confidential Information, and other business interests of the Company and its Subsidiaries with effective protection to the maximum extent permitted by law. In the event that such reformation of the restriction is acceptable to the Company, then the forfeiture and rescission (return of gain) remedies provided for in subsection 14(h) above shall not apply.

(j) The provisions of this Section 14 are not intended to override, supersede, reduce, modify or affect in any manner any other non-competition, non-solicitation or confidentiality agreement between the Participant and the Company or any Subsidiary, and instead are intended to supplement any such agreements.

(k) No waiver by the Participant or the Company of any breach of, or lack of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or the same condition or provision at another time.

(l) The parties expressly acknowledge and agree that the right and opportunity to receive the benefits of this Agreement in exchange for compliance with the restrictions set forth herein is full and sufficient consideration for the obligations imposed by this Agreement. In the event of a forfeiture of any of the benefits of this Agreement pursuant to Section 14(f) or 14(h), it is the intent of the parties that the restrictions set forth herein shall remain in effect to the fullest extent permitted by law and shall not be void for lack of consideration. If a court determines, despite the parties' expressed intent set forth herein, that any of the restrictions in Section 14 would be unenforceable due to lack of consideration after a forfeiture, Participant shall retain the minimum amount of unvested shares necessary to preserve the full enforceability of the restrictions agreed to herein.

15. MISCELLANEOUS PROVISIONS.

15.1 Termination or Amendment. The Board may terminate or amend the Plan or this Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A of the Code. No amendment or addition to this Agreement shall be effective unless in writing.

15.2 Nontransferability of the Award. Prior to the issuance of Shares on the applicable Settlement Date, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

15.3 Further Instruments. The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

15.4 Binding Effect. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

15.5 Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature hereto or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, this Agreement, the Plan's prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, the Participant may deliver electronically the Agreement to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery and Execution.** The Participant acknowledges that the Participant has read Section 15.5(a) of this Agreement and consents to the electronic delivery of the Plan documents, as described in Section 15.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the

Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery or execution of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 15.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 15.5(a). Electronic execution of this Agreement shall have the same binding effect as a written or hard copy signature and accordingly, shall bind the Participant and the Company to all of the terms and conditions set forth in the Plan and this Agreement.

15.6 Integrated Agreement. This Agreement and the Plan, together with any written employment agreements governing this Award shall constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties between the Participant and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Agreement shall survive any settlement of the Award and shall remain in full force and effect.

15.7 Section 409A. This Agreement and the delivery of Shares pursuant to the terms hereof is designed to comply with Section 409A of the U.S. Code ("Section 409A") and shall be interpreted to comply with Section 409A. Thus, any Shares which are to be delivered upon a Participant's termination of service shall not occur unless such termination also constitutes a separation from service within the meaning of Section 409A of the Code. In addition, to the extent Section 409A applies, the provisions of Section 409A(a)(2) shall apply to any settlement of a Unit pursuant to the terms of this Agreement.

15.8 Applicable Law. This Agreement shall be governed by the laws of the State of New York as such laws are applied to agreements between New York residents entered into and to be performed entirely within the State of New York.

15.9 Severability. If any term or provision of this Agreement or the application thereof to any Participant or circumstance shall to any extent be invalid or unenforceable, such provision will be modified, rewritten or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten or interpreted to be enforceable in any respect, it will not be given effect and the remainder of this Agreement, or the application of such term or provision to Participants or circumstances other than those held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

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

15.11 Acceptance. By signing the Agreement, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with this Agreement and the Plan, (b) accepts the

Exhibit A – Calculation of Relative Total Shareholder Return

- “Relative Total Shareholder Return” means the Company’s TSR relative to the TSR of the Peer Companies. Relative Total Shareholder Return will be determined by ranking the Company and the Peer Companies from highest to lowest according to their respective TSRs. After this ranking, the percentile performance of the Company relative to the Peer Companies will be determined as follows:

$$P = 1 - \frac{R - 1}{N - 1}$$

Where:

“P” represents the percentile performance which will be rounded, if necessary, to the nearest whole percentile by application of regular rounding.

“N” represents the remaining number of Peer Companies, plus the Company.

“R” represents Company’s ranking among the Peer Companies.

Example: If there are 24 Peer Companies, and the Company ranked 7th, the performance would be at the 75th percentile: $.75 = 1 - ((7-1)/(25-1))$.

Relative Total Shareholder Return shall be calculated by the Committee based on the terms set forth in this Exhibit A.

- “TSR” means, the percentage calculated for each of the Company and each company in the group of Peer Companies by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value and subtracting one from the quotient.

Example: An illustrative example of a TSR calculation is attached at the end of this Exhibit.

- “Opening Average Share Value” means the average, over the trading days in the Opening Average Period, of the closing price of a company’s stock multiplied by the Accumulated Shares for each trading day during the Opening Average Period.
- “Opening Average Period” means the 20 trading days immediately following July 1, 2016.
- “Accumulated Shares” means, for a given trading day, the sum of (i) one (1) share and (ii) a cumulative number of shares of the company’s common stock purchased with dividends declared on a company’s common stock, assuming same day reinvestment of the dividends in the common stock of a company at the closing price on the ex-dividend date, for ex-dividend dates during the Opening Average Period or for the Closing Average Period.
- “Closing Average Share Value” means the average, over the trading days in the Closing Average Period, of the closing price of a company’s stock multiplied by the Accumulated Shares for each trading day during the Closing Average Period.
- “Closing Average Period” means the 20 trading days immediately preceding the last day of the Performance Period.
- “Performance Period” means the period beginning July 1, 2016 and ending on the earlier of June 30, 2019 or the date of a Change in Control.

- **“Peer Companies” shall consist of those companies comprising the S&P Food & Beverage Select Industry Index as of the beginning of the Performance Period.**

The Peer Companies may be changed as follows:

(i) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company.

(ii) In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a Peer Company, or with an entity that is not a Peer Company, in each case where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.

(iii) In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company, a “going private” transaction involving a Peer Company or the liquidation of a Peer Company, where the Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

(iv) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.

(v) In the event of a stock distribution from a Peer Company consisting of the shares of a new publicly-traded company (a “spin-off”), the Peer Company shall remain a Peer Company and the stock distribution shall be treated as a dividend from the Peer Company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.

- **For purposes of calculating TSR, the value of any** Peer Company shares traded on a foreign exchange will be converted to US dollars using the same exchange rate that the Company uses for financial reporting purposes.
- The following example illustrates the calculation of TSR for the Company with a Performance Period of July 1, 2014 to June 30, 2017. For the purposes of the example, the Opening Average Period is 20 trading days immediately following July 1, 2014 and the Closing Average Period is the 20 trading days immediately prior to June 30, 2017.

Opening Average Share Value (7/2/2014 – 7/30/2014) \$44.12

Closing Average Share Value (6/1/2017 – 6/29/2017) \$34.66

TSR (expressed as percentage) -21.44%

CONFIDENTIALITY, NON-INTERFERENCE, AND INVENTION
ASSIGNMENT AGREEMENT

This CONFIDENTIALITY, NON-INTERFERENCE, AND INVENTION ASSIGNMENT AGREEMENT (this “Agreement”) is made and entered into as of this [1] day of [1], by and between The Hain Celestial Group, Inc., a Delaware corporation, on behalf of itself and any subsidiaries and affiliates thereof (collectively, “the Company”) and [1] (“Employee”).

In consideration of Employee’s continued employment with the Company, and Employee’s receipt of the compensation now and hereafter paid to Employee by the Company, including Employee’s ability to participate in the Company’s long-term incentive programs, the receipt and sufficiency of which are mutually acknowledged, the Company and Employee agree as follows:

Section 1. Confidential Information.

(a) Company Information. Employee acknowledges that, during the course of Employee’s employment, Employee will have substantial access to and will inevitably use confidential and proprietary information of the Company. In recognition of the foregoing, Employee agrees that, at all times during the Employment Period and thereafter, to hold in confidence, and not to use, except as may be required in the ordinary course of performing Employee’s duties as an employee of the Company, or to disclose to any Person without written authorization of the Company, for any reason or purpose whatsoever, any Confidential Information that Employee obtains or creates. Employee understands that “Confidential Information” means information in spoken, printed, electronic, or any other form or medium, that is not generally known publicly and that the Company wishes to maintain as confidential, that has value in or to the business of the Company and that the Company has or will maintain, develop, acquire, create, compile, discover, or own. Employee understands that:

(i) Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products or services, research, or development of the Company, or to the Company’s technical data, trade secrets, or know-how, including, but not limited to, business records, customer lists or compilations, terms of customer agreements, supplier or service information, pricing or cost information, marketing information, future products and strategies or plans, business opportunities, inventions, creations, enhancements, business operation information, financial information or personnel data, drawings or inspections of premises, parts, equipment, or other Company property, any formula, pattern, device and/or compilation of information that is used in the Company’s business and that gives the Company an advantage over its competitors, or other information regarding the Company’s products or services, markets, customers (including, but not limited to, customers of the Company on whom Employee called or with whom Employee may become acquainted during the Employment

Period), software, processes, formulas, product specifications, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, policies, training manuals and similar materials used by the Company in conducting its business operations, potential business combinations, and other business information disclosed by the Company either directly or indirectly, in writing or orally, and other confidential or proprietary information created, used and/or obtained by Employee in the course of Employee's employment with the Company;

(ii) Confidential Information also includes proprietary or confidential information of any third party who may disclose such information to Company or to Employee in the course of the Company's business subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes;

(iii) Confidential Information also includes other information of any existing or prospective customer or of any other Person that has entrusted information to the Company in confidence. Employee acknowledges that all Confidential Information is the sole and exclusive property of the Company. Employee further acknowledges that the Company's communication systems (such as email and voicemail) are maintained to assist in the conduct of the Company's business and that such systems and data exchanged or stored thereon are Company property; and

(iv) notwithstanding the foregoing, Confidential Information shall not include any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by Employee or others who were under confidentiality obligations as to the item or items involved.

(b) Former Employer Information. Employee represents and warrants that Employee is not a party to any non-competition agreement or other contractual limitation that would interfere with or hinder Employee's ability to undertake the obligations and expectations of employment with the Company. Employee represents that Employee's performance of all of the terms of this Agreement as an employee of the Company has not breached and will not breach any agreement to keep in confidence proprietary information, knowledge, or data acquired by Employee in confidence or trust prior to the commencement of Employee's employment with the Company, and Employee will not disclose to the Company, or induce the Company to use, any developments, or confidential information or material Employee may have obtained in connection with employment with any prior employer in violation of a confidentiality agreement, nondisclosure agreement, or similar agreement with such prior employer. If any prior employer asserts a claim that Employee's employment with the Company violates any contractual obligations owed by Employee, or that Employee has otherwise committed a breach of any contractual or other duty to a prior employer, the Company may immediately terminate Employee's employment. In the event of such a claim,

the Company is not obligated to indemnify Employee for any damages or to provide a defense against such claims.

(c) Permitted Disclosure. This Agreement does not limit or interfere with Employee's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with any self-regulatory organization or U.S. federal, state, or local governmental agency, commission, or entity (collectively, a "Government Entity") for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Entity, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Entity, provided that in each case, such communications, participation, and disclosures are consistent with applicable law. Additionally, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, Employee may disclose the trade secret to the Employee's attorney in such lawsuit and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. All disclosures permitted under this Section 1(c) are hereinafter referred to as "Permitted Disclosures." Notwithstanding the foregoing, under no circumstance will Employee be authorized to disclose any Confidential Information as to which the Company may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine, without prior written consent of Company's General Counsel or other authorized officer designated by the Company.

Section 2. Developments.

All inventions, improvements, trade secrets, reports, manuals, computer programs, systems, educational and sales materials or other publications, and other ideas and materials developed or invented by Employee, including all tangible work product derived therefrom, during the Employment Period, either solely or in collaboration with others, which relate to the actual or anticipated business or research of the Company, which result from or are suggested by any work Employee may do for the Company, or which result from use of the Company's premises or the Company's or its customers' property (collectively, the "Developments") shall be the sole and exclusive property of the Company. Employee hereby assigns to the Company Employee's entire right and interest in any such Developments. Employee agrees to promptly and fully disclose to the Company all Developments. At the request of the Company, Employee will, during and after the term of this Agreement, without charge to the Company but at the expense of the Company, assist the Company in any reasonable way to vest in the Company title to all such Developments,

and to obtain any related patents, trademarks, or copyrights in all countries throughout the world. Employee will execute and deliver any documents that the Company may reasonably request in connection with such assistance.

Section 3. Returning Company Documents and Equipment.

At the time of the termination of Employee's employment with the Company for any reason (or earlier if so requested), Employee will promptly deliver to the Company (and will not keep in Employee's possession, recreate, copy, or deliver to anyone else) any and all Confidential Information and all other documents, materials, information, and property in Employee's possession or control, created or received by Employee in connection with Employee's employment or otherwise belonging to the Company (excluding documents related only to Employee's compensation and employee benefits). Any property situated on the Company's premises and owned by the Company (or any other member of the Company), including USB flash drives and other storage media, filing cabinets, and other work areas, is subject to inspection by the Company at any time with or without notice. Furthermore, at the time of termination, Employee will return all property of the Company in proper working order without any modification to device or data contained within it.

Section 4. Restrictions on Interfering.

(a) Non-Competition. During the Employment Period and the Post-Termination Restricted Period, Employee shall not, directly or indirectly, individually or on behalf of any Person, whether for compensation or otherwise, engage in any Competitive Activities within the United States of America or any other jurisdiction in which the Company engages in business.

(b) Non-Interference. During the Employment Period and the Post-Termination Restricted Period, Employee shall not, directly or indirectly, individually or on behalf of any Person, engage in Interfering Activities.

(c) Non-Disparagement. At all times during Employment Period and thereafter, Employee shall not, directly or indirectly, individually or on behalf of any Person, induce or encourage others to make, publish, or communicate to any Person, any disparaging or defamatory comments regarding the Company, its businesses, its products or its services, or any of the Company's current or former directors, officers, or employees. However, nothing in this Section 4(c) shall prevent Employee from making a Permitted Disclosure as defined in Section 1(c).

(d) Definitions. For purposes of this Agreement:

(i) "Business Relation" shall mean any current or prospective customer, vendor, supplier or other business relation of the Company, or any such relation that was a customer, vendor, supplier, or other business relation within the prior twelve (12)-month period, in

each case, with whom Employee, or persons reporting to Employee, had personal contact or dealings during the Employment Period.

(ii) “Competitive Activities” shall mean any activity in which the Employee uses Employee’s knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, representative, partner, member, director, stockholder, officer, volunteer, intern, or any other similar position, on behalf of or in association with a business engaged in the same or similar business as the Company, including, without limitation, any business activity related to the research, development, production, marketing, sale, or distribution of consumer goods or products that are the same as or substantially similar to the consumer goods or products then being, or that at any time in the prior twelve (12) months were being researched, developed, produced, marketed, sold or distributed by the Company, including but not limited to organic and natural products sold through specialty and natural food distributors, supermarkets, natural foods stores, mass-market and e-commerce retailers, food service channels, and club, drug, and convenience stores (the “Business”). Competitive Activities does not include purchasing or owning not in excess of three percent (3%) of the publicly traded securities of any corporation, or purchasing or owning stock, partnership interests, or other securities of any entity not in excess of three percent (3%) of any class of such securities, provided that such ownership represents a passive investment and Employee is not a controlling person of, or a member of a group that controls, such corporation.

(iii) “Employment Period” shall mean the period of Employee’s employment with the Company.

(iv) “Interfering Activities” shall mean, directly or indirectly, (A) Soliciting, encouraging, enticing, causing, or inducing, or in any manner attempting to Solicit, encourage, entice, cause, or induce, any Person employed by, or providing consulting services or independent contractor services to, the Company to terminate such Person’s employment or services (or in the case of a consultant or independent contractor, materially reducing such services) with the Company, or to work for a third party other than the Company, without the prior written consent of the Company; (B) hiring or engaging any Person who was employed by, or providing consulting or independent contractor services to, the Company within the six (6)-month period prior to the date of such hiring or engagement; or (C) Soliciting, encouraging, calling upon, directing, diverting, influencing, or inducing, or in any manner attempting to Solicit, encourage, call upon, direct, divert, influence, or induce, any Business Relation to cease doing business with or reduce the amount of business conducted with the Company, or in any way interfering with the relationship between any such Business Relation and the Company, including by convincing any such Business Relation to change or alter the terms of its existing or prospective

contractual terms and conditions with the Company; or (D) on behalf of or in association with any Person, accepting business from a Business Relation.

(v) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(vi) “Post-Termination Restricted Period” shall mean the period commencing on the date of the termination of the Employee’s employment with the Company for any reason, and ending on the date that is one (1) year following such date of termination.

(vii) “Solicit,” Soliciting,” or “Solicitation” shall mean any direct or indirect communication of any kind, regardless of who initiates it, that in any way invites, advises, encourages, or requests any Person to take or refrain from taking any action.

Section 5. Reasonableness of Restrictions.

Employee acknowledges and recognizes the highly competitive nature of the Company’s business, and agrees that access to Confidential Information renders Employee special and unique within the Company’s industry, and that Employee will have the opportunity to develop substantial relationships of confidence and trust with existing and prospective employees, customers, vendors, suppliers, and/or business partners of the Company during the course of and as a result of Employee’s employment with the Company. In light of the foregoing, Employee recognizes and acknowledges that the restrictions and limitations set forth in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company. Employee further acknowledges that the Company competes worldwide, and that Employee’s access to Confidential Information and the relationships Employee builds during Employee’s employment make it necessary for the Company to restrict Employee’s post-employment activities in any market in which the Company competes, and in which Employee’s access to Confidential Information and the relationships Employee builds during Employee’s employment could be used to the detriment of the Company. Employee further acknowledges that the restrictions and limitations set forth in this Agreement will not materially interfere with Employee’s ability to earn a living following the termination of Employee’s employment with the Company.

Section 6. Independence; Severability; Blue Pencil.

Each of the rights enumerated in this Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company at law or in equity. If any of the provisions of this Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable in any respect, the same shall not affect the remainder of this Agreement, which shall be given full effect without regard to the invalid portions.

If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form said provision shall then be enforceable. Such reduction will apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made.

Section 7. Remedies.

Employee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions set forth in this Agreement may result in substantial, continuing, and irreparable injury to the Company, monetary relief would not compensate for such breach, and damages arising out of such a breach may be difficult to ascertain. Therefore, Employee agrees that, in addition to any other remedy that may be available to the Company, the Company has the right to seek temporary, preliminary, and/or permanent injunctive relief, specific performance, or other equitable relief from any court of competent jurisdiction in the event of any breach or threatened breach of the terms of this Agreement, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The Company may pursue any remedy available, including declaratory relief, concurrently or consecutively in any order, and the pursuit of one such remedy at any time will not be deemed an election of remedies or waiver of the right to pursue any other remedy. In addition, in the event of a breach by the Employee of any provision of this Agreement, the Company shall be entitled to the cessation of payment of any unpaid severance benefits and/or to seek repayment of any severance benefits paid to the Employee pursuant to any severance benefit agreement, plan, or program of the Company. Notwithstanding any other provision to the contrary, the Post-Termination Restricted Period shall be tolled during any period of violation of any of the covenants in Section 4 of this Agreement.

Section 8. Cooperation.

Following any termination of Employee's employment, Employee will continue to provide reasonable cooperation to the Company and its counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during the Employment Period in which Employee was involved or of which Employee has knowledge. As a condition of such cooperation, the Company shall reimburse Employee for reasonable out-of-pocket expenses incurred at the request of the Company with respect to Employee's compliance with this Section 8. In the event Employee is subpoenaed by any person or entity (including, but not limited to, any Government Entity) to give testimony or provide documents (in a deposition, court proceeding, or otherwise), that in any way relates to Employee's employment by the Company, Employee will give prompt notice of such subpoena to the Company and will make no disclosure until the Company has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure. Nothing in this Section 8 shall limit Employee's right to make Permitted Disclosures as provided in Section 1(c).

Section 9. General Provisions.

(a) **GOVERNING LAW; WAIVER OF JURY TRIAL.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS, AND TO APPLICABLE FEDERAL LAW. EACH PARTY TO THIS AGREEMENT ALSO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

(b) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Company and Employee relating to the subject matter herein and supersedes all prior and contemporaneous negotiations, discussions, correspondence, communications, understandings, agreements, representations, promises, and any other statements, both written and oral, between the parties relating to the subject matter of this Agreement. No modification or amendment to this Agreement, nor any waiver of any rights under this Agreement, or consent required by this Agreement, will be effective unless agreed to in a writing signed by the party to be charged. Any subsequent change or changes in Employee's duties, obligations, rights, or compensation will not affect the validity or scope of this Agreement.

(c) **Successors and Assigns.** This Agreement will be binding upon Employee's heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company, its successors, and its assigns. This Agreement may be assigned by the Company without Employee's consent to any subsidiary or affiliate of the Company as well as to any purchaser of all or substantially all of the assets or business of the Company, whether by purchase, merger, or other similar corporate transaction. Employee's obligations under this Agreement may not be delegated, and Employee may not assign or otherwise transfer this Agreement or any part hereof. Any purported assignment by Employee shall be null and void from the initial date of purported assignment. This Agreement is for the sole benefit of the Company and the Employee and their respective successors and permitted assigns and not for the benefit of, or enforceable by, any third party.

(d) **Acknowledgment.** Employee acknowledges that Employee has had adequate time to consider the terms of this Agreement, has knowingly and voluntarily entered into this Agreement and has been advised by the Company to seek the advice of independent counsel prior to reaching agreement with the Company on any of the terms of this Agreement. The parties to this Agreement agree that no rule of construction shall apply to this Agreement which construes ambiguous language in favor of or against any party by reason of that party's role in drafting this Agreement.

(e) **Survival.** The provisions of this Agreement shall survive the termination of Employee's employment with the Company and/or the assignment of this Agreement by the Company to any successor in interest or other assignee.

(f) Section Headings. Section and subsection headings are inserted for convenience only and shall not limit, expand, or alter the meaning or interpretation of this Agreement.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterparts signature page of this Agreement, by facsimile or electronic mail in portable document format (.pdf), has the same effect as delivery of an executed original of this Agreement.

The undersigned have executed this Agreement on the date in the preamble hereto.

THE HAIN CELESTIAL GROUP, INC.

By:
Title:

EMPLOYEE

By:

CERTIFICATION

I, Mark L. Schiller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hain Celestial Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 9, 2019

/s/ Mark L. Schiller

Mark L. Schiller
President and Chief Executive Officer

CERTIFICATION

I, James Langrock, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hain Celestial Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 9, 2019

/s/ James Langrock

James Langrock
Executive Vice President and Chief Financial Officer

**CERTIFICATION FURNISHED
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark L. Schiller, President and Chief Executive Officer of The Hain Celestial Group, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2019

/s/ Mark L. Schiller

Mark L. Schiller
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

**CERTIFICATION FURNISHED
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, James Langrock, Executive Vice President and Chief Financial Officer of The Hain Celestial Group, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2019

/s/ James Langrock

James Langrock
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.