

HAIN CELESTIAL GROUP INC
Form S-3ASR
March 03, 2006

As filed with the Securities and Exchange Commission on March 3, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THE HAIN CELESTIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-3240619
(I.R.S. Employer
Identification Number)

**58 South Service Road
Melville, New York 11747
(631) 730-2200**

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Irwin D. Simon
Chairman of the Board, President and Chief Executive Officer
The Hain Celestial Group, Inc.
58 South Service Road
Melville, New York 11747
(631) 730-2200

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

copy to:
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New York, New York 10005
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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. [X]

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. []

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, Preferred Stock, Warrants	(1)	(1)	(1)	(2)

(1)Not applicable pursuant to Form S-3 General Instruction II(E). An indeterminate aggregate initial offering price or number of shares of common stock, preferred stock and warrants of the Registrant is being registered as may from time to time be issued at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities.

(3)In accordance with Rule 456(b) and Rule 457(r), the registrant is deferring payment of all of the registration fee.

PROSPECTUS

THE HAIN CELESTIAL GROUP, INC.

The following are types of securities that we may offer, issue and sell from time to time, or that may be sold by selling securityholders from time to time, together or separately:

- shares of our common stock;
- shares of our preferred stock; and
- warrants to purchase equity securities.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you make your investment decision.

We may offer and sell these securities through one or more underwriters, dealers and agents, securities through underwriting syndicates managed or co-managed by one or more underwriters, or directly to purchasers, on a continuous or delayed basis.

To the extent that any selling securityholder resells any securities, the selling securityholder may be required to provide you with this prospectus and a prospectus supplement identifying and containing specific information about the selling securityholder and the terms of the securities being offered.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering. Our common stock is quoted on The Nasdaq National Market (“*Nasdaq*”) under the symbol “HAIN.” Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange.

See “Risk Factors” beginning on page 1 for a discussion of certain factors which should be considered in an investment of securities offered hereby.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is March 3, 2006.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a “shelf” registration process. Under this process, we or the selling securityholders may, from time to time, sell any combination of common stock, preferred stock and warrants as described in this prospectus, in one or more offerings.

You should read both this prospectus and any prospectus supplement together with the additional information described under the heading “Where You Can Find More Information.”

You should rely on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information in this prospectus is accurate as of the date of the prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Certain statements contained in this prospectus constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1934, or the “*Securities Act*,” and Section 21E of the Securities Exchange Act of 1934, or the “*Exchange Act*.” Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, levels of activity, performance or achievements, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; our ability to implement our business strategies; our ability to meet anticipated levels of sales and to not exceed anticipated levels of expense; our ability to complete pending acquisitions and to integrate completed acquisitions; our ability to achieve anticipated benefits from recently initiated

alliances and joint ventures; our ability to obtain financing when needed, whether for acquisitions, capital or other investments or general corporate purposes; our reliance on third party distributors, manufacturers and suppliers; competition; changes in customer preferences; retention of key personnel; compliance with government regulations; international sales and operations; the factors discussed in this prospectus (including under the caption “Risk Factors”); and other risks detailed from time-to-time in our reports filed with the Securities and Exchange Commission (the “SEC”), including our report on Form 10-K for the fiscal year ended June 30, 2005, as amended. As a result of the foregoing and other factors, no assurance can be given as to the future results, levels of activity and achievements and neither Hain nor any person assumes responsibility for the accuracy and completeness of these statements. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. The words “expect,” “estimate,” “anticipate,” “predict” and similar expressions are intended to identify forward-looking statements.

Our principal executive offices are located at 58 South Service Road, Melville, New York 11747, and our telephone number is 631-730-2200. Our World Wide Web site address is www.hain-celestial.com. The information on our website is not part of this prospectus.

References in this prospectus to “we,” “us,” “our,” the “Company” and “Hain” refer to The Hain Celestial Group, Inc. and its subsidiaries.

RISK FACTORS

Prospective investors should carefully consider the following factors and the other information contained in this prospectus before purchasing any shares of our common stock. If any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Hain's Markets Are Highly Competitive

Hain operates in highly competitive geographic and product markets, and some of its markets are dominated by competitors with greater resources. Hain cannot be certain that it could successfully compete for sales to distributors or stores that purchase from larger, more established companies that have greater financial, managerial, sales and technical resources. In addition, Hain competes for limited retailer shelf space for its products. Larger competitors, such as mainstream food companies including but not limited to Dean Foods Company, General Mills, Inc., Nestle S.A., Kraft Foods Inc., Groupe Danone, Kellogg Company, PepsiCo, Inc. and Sara Lee Corporation, also may be able to benefit from economies of scale, pricing advantages or the introduction of new products that compete with Hain's products. Retailers also market competitive products under their own private labels.

One example of the competitiveness of the markets in which Hain participates is in the tea portion of the beverage market. Competitive factors in the tea industry include product quality and taste, brand awareness among consumers, variety of specialty tea flavors, interesting or unique product names, product packaging and package design, supermarket and grocery store shelf space, alternative distribution channels, reputation, price, advertising and promotion. Hain's principal competitors on a national basis in the specialty tea market are Thomas J. Lipton Company, a division of Unilever PLC, and R.C. Bigelow, Inc. Unilever has substantially greater financial resources than Hain. In addition, in April 2004, Tazo Tea Company (a subsidiary of Starbucks Corporation) and Kraft Foods Global, Inc. (a subsidiary of Kraft Foods Inc.) announced a licensing agreement whereby Tazo products may gain additional access to grocery channels through placement by Kraft, which has substantially greater financial resources than Hain. Additional competitors include a number of regional specialty tea companies. There may be potential entrants which are not currently in the specialty tea market who may have substantially greater resources than Hain. Private label competition in the specialty tea category is currently minimal, but growing.

In the future, competitors may introduce other products that compete with Hain's products and these competitive products may have an adverse effect on Hain's business, results of operations and financial condition.

Hain also competes with other manufacturers in the procurement of natural and organic product ingredients, which may be less plentiful in the open market than conventional product ingredients. This competition may increase in the future along with increasing public demand for natural and organic products. This could cause Hain's expenses to increase or could limit the amount of product that Hain can manufacture and sell.

Consumer Preferences for Hain's Products Are Difficult to Predict and May Change

A significant shift in consumer demand away from Hain's products or Hain's failure to maintain its current market position could reduce Hain's sales or the prestige of its brands in its markets, which

could harm Hain's business. While Hain continues to diversify its product offerings, Hain cannot be certain that demand for its products will continue at current levels or increase in the future.

Hain's business is primarily focused on sales of natural and organic products in markets geared to consumers of natural foods, specialty teas, non-dairy beverages, cereals, breakfast bars, canned soups and vegetables, snacks and cooking oils, which, if consumer demand for such categories were to decrease, could harm its business. Consumer trends change based on a number of possible factors, including:

- nutritional values, such as a change in preference from fat free to reduced fat to no reduction in fat; and
- a shift in preference from organic to non-organic and from natural products to non-natural products.

In addition, Hain has other product categories, such as medically-directed food products and other specialty food items, as well as natural health and beauty care products. Hain is subject to evolving consumer preferences for these products.

Hain's Acquisition Strategy Exposes Hain to Risk

Hain intends to continue to grow its business in part through the acquisition of new brands, both in the United States and internationally. Hain's acquisition strategy is based on identifying and acquiring brands with products that complement Hain's existing product mix. Hain cannot be certain that it will be able to:

- successfully identify suitable acquisition candidates;
- negotiate identified acquisitions on terms acceptable to Hain; or
- obtain the necessary financing to complete such acquisitions.

Hain may encounter increased competition for acquisitions in the future, which could result in acquisition prices Hain does not consider acceptable. Hain is unable to predict whether or when any prospective acquisition candidate will become available or the likelihood that any acquisition will be completed.

Hain's Future Success May Be Dependent on Its Ability to Integrate Brands That It Acquires

Hain's future success may be dependent upon its ability to effectively integrate new brands that it acquires, including its ability to realize potentially available marketing opportunities and cost savings, some of which may involve operational changes. Hain cannot be certain:

- as to the timing or number of marketing opportunities or amount of cost savings that may be realized as the result of its integration of an acquired brand;
 - that a business combination will enhance Hain's competitive position and business prospects;
- that Hain will not experience difficulties with customers, personnel or other parties as a result of a business combination; or
- that, with respect to its acquisitions outside the United States, Hain will not be affected by, among other things, exchange rate risk.

In addition, Hain cannot be certain that it will be successful in:

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- integrating an acquired brand's distribution channels with Hain's own;
- coordinating sales force activities of an acquired brand or in selling the products of an acquired brand to Hain's customer base; or
- integrating an acquired brand into Hain's management information systems or integrating an acquired brand's products into Hain's product mix.

Additionally, integrating an acquired brand into Hain's existing operations will require management resources and may divert Hain's management from its day-to-day operations. If Hain is not successful in integrating the operations of acquired brands, Hain's business could be harmed.

Hain Is Dependent Upon the Services of Its Chief Executive Officer

Hain is highly dependent upon the services of Irwin D. Simon, its Chairman of the Board, President and Chief Executive Officer. Hain believes Mr. Simon's reputation as Hain's founder and his expertise and knowledge in the natural and organic products market are critical factors in Hain's continuing growth. The loss of the services of Mr. Simon could harm Hain's business.

Hain Relies on Independent Brokers and Distributors for a Substantial Portion of Its Sales

Hain relies upon sales efforts made by or through non-affiliated food brokers to distributors and other customers, in addition to Hain's own retail sales organization. The loss of, or business disruption at, one or more of these distributors or brokers may harm Hain's business. If Hain was required to obtain additional or alternative distribution and food brokerage agreements or arrangements in the future, Hain cannot be certain that it will be able to do so on satisfactory terms or in a timely manner. In fiscal 2005, one of Hain's distributors, United Natural Foods, Inc., or "UNFI," accounted for approximately 22% of Hain's net sales. Two of Hain's distributors, UNFI and Tree of Life, Inc., who redistribute products to natural foods supermarkets, independent natural retailers and other retailers, accounted for approximately 23% and 14%, respectively, of Hain's net sales for the fiscal year ended June 30, 2004, and approximately 18% and 15%, respectively, for the year ended June 30, 2003. Hain's inability to enter into satisfactory brokerage agreements may inhibit Hain's ability to implement its business plan or to establish markets necessary to develop its products successfully. Food brokers act as selling agents representing specific brands on a non-exclusive basis under oral or written agreements generally terminable at any time on 30 days' notice, and receive a percentage of net sales as compensation. Distributors purchase directly for their own account for resale. In addition, the success of Hain's business depends, in large part, upon the establishment and maintenance of a strong distribution network.

Loss of One or More of Hain's Manufacturing Facilities Could Harm Hain's Business

For the fiscal years ended June 30, 2005, 2004 and 2003, approximately 47%, 39% and 42%, respectively, of Hain's revenue was derived from products manufactured at Hain's manufacturing facilities. An interruption in or the loss of operations at one or more of these facilities, or the failure to maintain Hain's labor force at one or more of these facilities, could delay or postpone production of Hain's products, which could have a material adverse effect on Hain's business, results of operations and financial condition until Hain could secure an alternate source of supply.

Hain Relies on Independent Co-Packers to Produce Some or Most of Its Products

During fiscal 2005, 2004 and 2003, approximately 53%, 61% and 58%, respectively, of Hain's revenue was derived from products manufactured at independent co-packers. In the U.S., Hain presently obtains:

- all of its requirements for non-dairy beverages from five co-packers, all of which are under contract or other arrangements;
 - all of its U.S. requirements for rice cakes from one co-packer;
 - all of its Health Valley[®] baked goods and cereal products from one co-packer, which is under contract;
 - all of its cooking oils from one co-packer;
- principally all of its Garden of Eatin[®] and Little Bear Organic Foods[®] tortilla chips from three co-packers, one of which is under contract;
- a portion of its requirements for the Yukon Gold, Red Bliss,[™] Terra Blues[™] and Potpourri[™] potato chips and Frites[™] line of Terra[®] products from one co-packer, which is under contract;
 - the requirements for its canned soups from four co-packers, which are under contract;
 - all of its Earth's Best[®] baby food products from seven co-packers, which are under contract;
 - a portion of its Ethnic Gourmet[®] products from one co-packer, which is under contract; and
- all of its Zia[®] Natural Skincare products from four co-packers, which are under contract or other arrangements.

The loss of one or more co-packers, or Hain's failure to retain co-packers for newly acquired products or brands, could delay or postpone production of Hain's products, which could have a material adverse effect on Hain's business, results of operations and financial condition until such time as an alternate source could be secured, which may be on less favorable terms.

Hain's Tea Ingredients Are Subject to Import Risk

Hain's tea brand purchases its ingredients from numerous foreign and domestic manufacturers, importers and growers, with the majority of those purchases occurring outside of the United States. Hain maintains long-term relationships with most of its suppliers. Purchase arrangements with ingredient suppliers are generally made annually and in U.S. currency. Purchases are made through purchase orders or contracts, and price, delivery terms and product specifications vary.

Hain's botanical purchasers visit major suppliers around the world annually to procure ingredients and to assure quality by observing production methods and providing product specifications. Many ingredients are presently grown in countries where labor-intensive cultivation is possible, and where Hain often must educate the growers about product standards. Hain performs laboratory analysis on incoming ingredient shipments for the purpose of assuring that they meet Hain's quality standards and those of the Food and Drug Administration, or the "FDA."

Hain's ability to ensure a continuing supply of ingredients at competitive prices depends on many factors beyond Hain's control, such as foreign political situations, embargoes, changes in national and world economic conditions, currency

fluctuations, forecasting adequate need of seasonal raw material

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ingredients and unfavorable climatic conditions. Hain takes steps and will continue to take steps intended to lessen the risk of an interruption of botanical supplies, including identification of alternative sources and maintenance of appropriate inventory levels. Hain has, in the past, maintained sufficient supplies for its ongoing operations.

Hain's failure to maintain relationships with its existing suppliers or find new suppliers, observe production standards for its foreign procured products or continue its supply of botanicals from foreign sources could harm Hain's business.

Hain's Future Results of Operations May be Adversely Affected by Escalating Fuel Costs

Many aspects of Hain's business have been, and continue to be, directly affected by the continuously rising cost of fuel. Increased fuel costs have translated into increased costs for the products and services Hain receives from its third party providers including, but not limited to, increased production and distribution costs for Hain's products. As the cost of doing business increases, Hain may not be able to pass these higher costs on to its customers and, therefore, any such increase may adversely affect Hain's earnings.

Hain Is Subject to Risks Associated with Its International Sales and Operations, Including Foreign Currency Risks

Operating in international markets involves exposure to movements in currency exchange rates, which are volatile at times. The economic impact of currency exchange rate movements is complex because such changes are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. Consequently, isolating the effect of changes in currency does not incorporate these other important economic factors. These changes, if material, could cause adjustments to Hain's financing and operating strategies. During fiscal 2005, approximately 21% of Hain's net sales were generated outside the United States, while such sales outside the United States were 20% of net sales in 2004 and 17% in 2003.

Hain expects sales from non-core U.S. markets to possibly represent an increasing portion of its total net sales in the future. Hain's non-U.S. sales and operations are subject to risks inherent in conducting business abroad, many of which are outside Hain's control, including:

- periodic economic downturns and unstable political environments;
 - price and currency exchange controls;
 - fluctuations in the relative values of currencies;
- unexpected changes in trading policies, regulatory requirements, tariffs and other barriers;
 - compliance with applicable foreign laws; and
- difficulties in managing a global enterprise, including staffing, collecting accounts receivable and managing distributors.

Hain's Inability to Use Its Trademarks Could Have a Material Adverse Effect on Hain's Business

Hain believes that brand awareness is a significant component in a consumer's decision to purchase one product over another in the highly competitive food, beverage and personal care industry. Although Hain endeavors to protect its trademarks and trade names, there can be no assurance that these efforts will be successful, or that third parties will not challenge Hain's right to use one or more of its

trademarks or trade names. Hain's failure to continue to sell its products under its established brand names could have a material adverse effect on Hain's business, results of operations and financial condition. Hain believes that its trademarks and trade names are significant to the marketing and sale of its products and that the inability to utilize certain of these names could have a material adverse effect on Hain's business, results of operations and financial condition.

Hain's Products Must Comply with Government Regulation

The United States Department of Agriculture, or the "USDA," has adopted regulations with respect to a national organic labeling and certification program which became effective February 20, 2001, and fully implemented on October 21, 2002. Hain currently manufactures approximately 650 organic products which are covered by these regulations. Future developments in the regulation of labeling of organic foods could require Hain to further modify the labeling of its products, which could affect the sales of its products and thus harm its business.

In addition, on January 18, 2001, the FDA proposed new policy guidelines regarding the labeling of genetically engineered foods. The FDA is currently considering the comments it received before issuing final guidance. These guidelines, if adopted, could require Hain to modify the labeling of its products, which could affect the sales of its products and thus harm its business.

The FDA published the final rule amending the Nutritional Labeling regulations to require declaration of "Trans Fatty Acids" in the nutritional label of conventional foods and dietary supplements on July 11, 2003. The final rule became effective on January 1, 2006. Additionally, an allergen labeling law was passed and signed on August 3, 2004. This law requires certain allergens to be clearly labeled by January 1, 2006. Hain has revised its labels in order to be in compliance with the final rules. Additionally, Canada adopted new food labeling regulations that required implementation by December 12, 2005. These regulations require a Nutritional Facts panel to be on most food packages. Hain's Yves products are subject to these regulations, as are all of Hain's other products sold into Canada. Any change in labeling requirements for Hain products may lead to an increase in packaging costs or interruptions or delays in packaging deliveries.

Furthermore, new government laws and regulations may be introduced in the future that could result in additional compliance costs, seizures, confiscations, recalls or monetary fines, any of which could prevent or inhibit the development, distribution and sale of Hain's products. If Hain fails to comply with applicable laws and regulations, it may be subject to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on Hain's business, results of operations and financial condition.

Product Recalls Could Have a Material Adverse Effect on Hain's Business

Manufacturers and distributors of products in Hain's industry are sometimes subject to the recall of their products for a variety of reasons, including for product defects, such as ingredient contamination, packaging safety and inadequate labeling disclosure. If any of Hain's products are recalled due to a product defect or for any other reason, Hain could be required to incur the expense of the recall or the expense of any resulting legal proceeding. Additionally, if one of Hain's significant brands were subject to recall, the image of that brand and of Hain could be harmed, which could have a material adverse effect on Hain's business.

Product Liability Suits, If Brought, Could Have a Material Adverse Effect on Hain's Business

If a product liability claim exceeding Hain's insurance coverage were to be successfully asserted against Hain, it could harm Hain's business. Hain cannot assure you that such coverage will be sufficient to insure against claims which may be brought against it, or that Hain will be able to maintain such insurance or obtain additional insurance covering existing or new products. As a marketer of food, beverage and personal care products, Hain is subject to the risk of claims for product liability. Hain maintains product liability insurance and generally requires that its co-packers maintain product liability insurance with Hain as a co-insured.

Hain Relies on Independent Certification for a Number of Its Natural and Organic Food Products

Hain relies on independent certification, such as certifications of Hain's products as "organic" or "kosher," to differentiate its products from others. The loss of any independent certifications could adversely affect Hain's market position as a natural and organic food company, which could harm Hain's business.

Hain must comply with the requirements of independent organizations or certification authorities in order to label its products as certified. For example, Hain can lose its "organic" certification if a manufacturing plant becomes contaminated with non-organic materials, or if not properly cleaned after a production run. In addition, all raw materials must be certified organic. Similarly, Hain can lose its "kosher" certification if a manufacturing plant and raw materials do not meet the requirements of the appropriate kosher supervision organization.

Due to the Seasonality of Many of Hain's Products, Including Hain's Tea Products, and Other Factors, Hain's Operating Results Are Subject to Quarterly Fluctuations

Hain's tea brand manufactures and markets hot tea products and, as a result, its quarterly results of operations reflect seasonal trends resulting from increased demand for its hot tea products in the cooler months of the year. In addition, some of Hain's other products (e.g., baking and cereal products and soups) also show stronger sales in the cooler months while Hain's snack food product lines are stronger in the warmer months. Quarterly fluctuations in Hain's sales volume and operating results are due to a number of factors relating to Hain's business, including the timing of trade promotions, advertising and consumer promotions and other factors, such as seasonality, inclement weather and unanticipated increases in labor, commodity, energy, insurance or other operating costs. The impact on sales volume and operating results due to the timing and extent of these factors can significantly impact Hain's business. For these reasons, you should not rely on Hain's quarterly operating results as indications of future performance.

Hain's Growth is Dependent on Its Ability to Introduce New Products and Improve Existing Products

Hain's growth depends in large part on its ability to generate and implement improvements to its