SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: October 1, 1995, Commission File No. 0-7647

HAWKINS CHEMICAL, INC.
(Exact Name of Registrant as specified in its Charter)

MINNESOTA	41-0771293
(State of Incorporation)	(I.R.S. Employer Identification No.)

3100 East Hennepin Avenue, Minneapolis, Minnesota	55413
(Address of Principal Executive Offices)	(Zip Code)

(612) 331-6910
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act: NONE

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

Common Stock, Par Value $.05 per share
(Title of Class)

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 twelve 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 X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of voting stock held by nonaffiliates of the Registrant on November 30, 1995, was $50,789,480. For purposes of this calculation, all shares held by officers and directors of the Registrant and by the Trustees of the Registrant's Employee Stock Ownership Plan and Money Purchase Pension Plan were deemed to be shares held by affiliates.

The number of shares outstanding of the Registrant's only class of common stock on November 30, 1995, was 10,525,772.

THE EXHIBIT INDEX IS LOCATED AT PAGE 17.

DOCUMENTS INCORPORATED BY REFERENCE

The following portions of the Registrant's Annual Report to Shareholders for the year ended October 1, 1995 (which portions are filed as an exhibit to this Form 10-K in accordance with Item 601(b)(13)(ii) of Regulation S-K) and Proxy Statement for the 1996 Annual Meeting of Shareholders (to be filed with the Commission by December 28, 1995) are incorporated by the reference below as the Item of this Form 10-K indicated.

PART OF FORM 10-K PORTION OF ANNUAL REPORT

1. Part II, Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.	1. See caption entitled "Quarterly Stock Data."
2. Part II, Item 6. Selected Financial Data.	2. See caption entitled "Selected Financial Data."
3. Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	3. See caption entitled "Management's Discussion and Analysis."
4. Part II, Item 8. Financial Statements and Supplementary Data.	4. See Consolidated Balance Sheets, Statements of Income & Retained Earnings, Statements of Cash Flows, Independent Auditors' Report, and Notes to Financial Statements.
	PORTION OF PROXY STATEMENT
5. Part III, Item 10. Directors and Executive Officers of the Registrant.	5. See caption entitled "Election of Directors."
6. Part III, Item 11. Executive Compensation.	6. See caption entitled "Compensation of Executive Officers and Directors."
7. Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management.	7. See caption entitled "Security Ownership of Management and Beneficial Ownership."

8. Part III, Item 13. Certain Relationships and Related Transactions.	8. See captions entitled "Election of Directors" and "Related Party Transactions."

PART I

ITEM 1. BUSINESS.

(a) GENERAL DEVELOPMENT OF THE BUSINESS. The Registrant was incorporated under the laws of the State of Minnesota in 1955. In the past year the Registrant has not changed its form of organization or mode of conducting business and has not acquired or disposed of any material amount of assets other than in the ordinary course of business, except for the sale of substantially all of the assets of Tessman Seed, Inc., a wholly owned subsidiary of the Registrant.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS. Because the business of the Registrant is conducted in only one industry segment, no breakdown of revenue, operating profit, or assets attributable to industry segments is presented.

(c) NARRATIVE DESCRIPTION OF THE BUSINESS.

(i) PRODUCTS AND MARKETING. The Registrant's business is conducted throughout the nine-state area of Minnesota, Wisconsin, Iowa, North Dakota, South Dakota, Montana, Nebraska, Michigan and Wyoming, through its four subsidiaries and four divisions described below:

(A) THE LYNDE COMPANY. This wholly owned subsidiary is a compounder and distributor of chemicals for swimming pool maintenance. Sales for Lynde to its range of commercial, industrial and municipal customers are handled by the Registrant's Sales Division (discussed below). Lynde's territory covers the nine-state area discussed above.

(B) FEED-RITE CONTROLS, INC. This wholly owned subsidiary specializes in providing water and waste-water treatment equipment and chemicals and in testing water samples in Minnesota, Wisconsin, Iowa, North Dakota, South Dakota and Nebraska.

(C) MON-DAK CHEMICAL, INC. This wholly owned subsidiary is a regional distributor of the Registrant's products and of laundry, dry cleaning, and janitorial supplies in Montana, Wyoming, and the Dakotas.

(D) DAKOTA CHEMICAL, INC. This wholly owned subsidiary also is a regional distributor of the Registrant's products, including water and waste-water treatment equipment and chemicals, in Iowa, Minnesota, Nebraska, and the Dakotas.

(E) HAWKINS TERMINAL DIVISION. This division receives, stores and distributes various chemicals in bulk, including liquid caustic soda, phosphoric acid and aqua ammonia;

manufactures sodium hypochlorite (bleach); repackages liquid chlorine; and performs custom blending of certain chemicals for customers according to the customers' formulas. Approximately 80% of the business of the Hawkins Terminal Division is related to liquid caustic soda. Hawkins Terminal Division operates a liquid caustic soda barge terminal to receive shipments during the period the Mississippi River is open to barge traffic (approximately March 1 through December 1). During the remainder of the year, the Division relies on stockpiles, as well as supplies shipped in by railroad tank car. Pursuant to operating agreements it has with other chemical companies, the Registrant also receives, stores and ships liquid caustic soda and other chemicals at both the Hawkins Terminal location.

Since 1963, flooding of the Mississippi River has required the Hawkins Terminal Division to temporarily shift its operations out of its buildings twice. No substantial interruptions to sales resulted from the floods because railroad tank cars have been successfully used as an alternative means of supply. Profits during such floods, however, were affected by the extra operating costs incurred in connection with the use of railroad tank cars.

No assurance can be given that flooding will not reoccur or that there will be no substantial damage or interruption to the business of the Registrant's Hawkins Terminal Division in the future.

(F) ARROWHEAD CHEMICAL DIVISION. This division distributes industrial chemicals, water and waste-water treatment equipment and chemicals, and laundry, dry cleaning, and janitorial supplies in northern Minnesota, northern Wisconsin, and the upper peninsula of Michigan.

(G) INDUSTRIAL CHEMICAL AND EQUIPMENT DIVISION. This division was created in October 1993 when the Registrant acquired the assets of Industrial Chemical & Equipment Co. This division specializes in sales to the plating and electronic industries, and relies on a specially trained sales staff which works directly with customers on their plating and other processes. John H. Michel, the former President of Industrial Chemical & Equipment Co. manages this division.

(H) SALES DIVISION. In addition to handling sales for The Lynde Company and the Hawkins Terminal Division, the Sales Division is a sales distribution center for industrial chemicals, laboratory chemicals and laboratory supplies. Bulk industrial chemicals are generally repackaged and sold in smaller quantities to the Registrant's customers. Sales are concentrated primarily in western Wisconsin, Minnesota, northern Iowa and North and South Dakota. Among the principal chemicals handled by the Sales Division are water purification and pollution control chemicals (such as chlorine) and industrial chemicals (such as anhydrous ammonia, aluminum sulphate, hydrofluosilicic acid, soda ash, phosphates, muriatic acid, aqua ammonia, sulfuric acid and liquid caustic soda).

(ii) STATUS OF NEW PRODUCTS. Registrant began shipping its Cheese-Phos-Registered Trademark- product (discussed below) in late calendar 1995. It is too early to determine what impact sales of this product will have on the operating results of the Registrant in fiscal 1996.

(iii) RAW MATERIALS. Registrant has approximately 450 suppliers, including many of the major chemical producers in the United States, of which approximately 20 account for a majority of the purchases made by the Registrant. The Registrant typically has written distributorship agreements or supply contracts with its suppliers that are renewed from time to time. Although there is no assurance that any contract or understanding with any supplier will not be terminated in the foreseeable future, most of the basic chemicals purchased by the Registrant could be obtained from alternative sources should existing relationships be terminated.

(iv) PATENTS, TRADEMARKS, LICENSES, FRANCHISES, AND CONCESSIONS. There are no patents, trademarks, licenses, franchises or concessions that are currently material to the successful operation of the Registrant's business. The Registrant has, however, obtained a patent on a liquid form of sodium phosphate for use in the processed food industry, as described below; the patent was granted on October 17, 1995, shortly after the close of the Registrant's 1995 fiscal year, and will expire on November 8, 2013.

Process Cheese producers are increasingly moving away from dry forms of sodium ortho phosphates to liquid versions. The advantages of the liquid form include delivery by pumping, greater measurement accuracy and consistency in finished product, and the elimination of undissolved chemical, dust, and the disposal of empty chemical bags. The major drawback of the liquid sodium phosphates currently being used in the cheese processing industry, however, is that they must be stored at between 130 and 160 degrees Fahrenheit to prevent crystallization. Expensive heat storage and steam heated piping is necessary to maintain required temperatures. Back-up generators must also be installed as safeguards against product cooling and solidifying in case of a plant power outage.

The Registrant's patented Cheese-Phos-Registered Trademark- liquid sodium phosphate, which can be stored at room temperature, offers all the advantages of a liquid sodium phosphate product, but eliminates the need for high-heat delivery systems. Although it is not currently possible to project the effect of Cheese-Phos-Registered Trademark- on the Registrant's results of operations for future periods, this product could add substantially to the Registrant's revenues and profits.

(v) SEASONAL ASPECTS. The sale of water treatment chemicals used in swimming pools and municipal water treatment facilities tends to reach a higher level during the summer months, which are part of the Registrant's third and fourth fiscal quarters.

(vi) WORKING CAPITAL ITEMS. As a bulk distributor of chemicals, the Registrant is required to carry significant amounts of inventory to meet rapid delivery requirements of customers. Working capital requirements also vary on a seasonal basis as a result of the seasonality of the water treatment chemical business.

(vii) DEPENDENCE ON LIMITED NUMBER OF CUSTOMERS. No one customer represents more than approximately 4% of the Registrant's sales, but the loss of the four largest customers could have a material adverse effect on the Registrant's results of operations.

(viii) BACKLOG. Backlog is not material to an understanding of the Registrant's business.

(ix) GOVERNMENT CONTRACTS. No material portion of Registrant's business is subject to renegotiation of profits or termination of contracts at the election of any state or federal governmental subdivision or agency.

(x) COMPETITIVE CONDITIONS. Registrant operates in a competitive industry and competes with producers, distributors and sales agents offering chemicals equivalent to all of the products handled by the Registrant. Many such producers and distributors have substantially more business and are substantially larger than the Registrant. No one competitor, however, is dominant in Registrant's market. Price and service are the principal methods of competition in the industry.

(xi) RESEARCH AND DEVELOPMENT. Registrant does not have a formal research and development activity; employees are assigned to research and development problems as the need arises. During the past fiscal year, expenditures for research and development were negligible and not material to Registrant's business.

(xii) ENVIRONMENTAL MATTERS. The Registrant is primarily a compounder and distributor, rather than a manufacturer, of chemical products. As such, compliance with current federal, state and local provisions regarding discharge of materials into the environment, or otherwise relating to the protection of the environment, is not anticipated to have any material effect upon the capital expenditures, earnings or competitive position of the Registrant. Registrant does not currently anticipate making any material capital expenditures for environmental control facilities during fiscal year 1996.

(xiii) EMPLOYEES. The number of persons employed by the Registrant and its subsidiaries as of October 1, 1995 was 142.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS. Because the Registrant deals in only one geographic area of the United States, no breakdown of revenue, profitability or assets attributable to different geographic areas is meaningful to an understanding of Registrant's business.

ITEM 2. PROPERTIES.

The Registrant's principal location consists of approximately seven acres of land in Minneapolis, Minnesota, with five buildings containing a total of 125,000 square feet of office and warehouse space. The Registrant's principal office, out of which the Sales Division operates, is located in one of these buildings, at 3100 East Hennepin Avenue. The other buildings are used by the Registrant and its Lynde and Feed-Rite Controls subsidiaries, and the Industrial Chemical & Equipment division. The Registrant's buildings are currently being retrofitted with sprinklers for fire

protection; this process should be completed in February of 1996. The Registrant carries insurance covering the replacement of property damaged by fire or flood.

Information about the Registrant's other principal facilities is presented below. These facilities, as well as those described above, are adequate and suitable for the purposes they serve. Unless noted, each facility is owned and is fully utilized by the Registrant or one of its subsidiaries.

Subsidiary or Division	Location	Primary Use	Approximate Square Feet
Feed-Rite Controls	Fargo, ND(1)	Office and Warehouse	22,800
	Fond du Lac, WI(2)	Warehouse	20,300
Mon-Dak Chemical	Washburn, ND	Office and Warehouse	14,000

	Billings, MT	Office and Warehouse	6,000
Dakota Chemical	Aberdeen, SD	Warehouse	8,000
	Sioux Falls, SD(3)	Warehouse	18,000
	Rapid City, SD	Warehouse	3,600
Hawkins Terminal Division	St. Paul, MN(4)	Office, Ware-house and Garage	32,000
Arrowhead Chemical	Superior, WI	Office and Warehouse	17,000

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(1) This facility is occupied by Feed-Rite Controls (17,800 square feet) and leased to a third party (5,000 square feet).

(2) In addition to the space in this building being used by Feed-Rite Controls, 10,000 square feet of space is being leased by the Registrant to third parties.

(3) The Sioux Falls facility is occupied by Dakota Chemical (12,000 square feet) and leased to a third party (6,000 square feet).

(4) The Hawkins Terminal Division operation, located at two sites on opposite sides of the Mississippi River, is made up of three buildings, eight outside storage tanks with a total capacity of 7,400,000 gallons for the storage of liquid caustic soda, as well as numerous smaller tanks for storing and mixing chemicals. The land on which the Hawkins Terminal Division buildings and storage tanks are located is leased by the Registrant from the Port Authority of the City of St. Paul, Minnesota for a basic rent plus an amount based on the tonnage unloaded at both sites each year. The applicable leases run until December 31, 1998, at which time the Registrant has an option to renew the leases for an additional five-year period on the same terms and conditions. Thereafter, the Registrant has options for three additional successive five-year renewal periods (extending until 2018) for which the rent may be adjusted pursuant to the rental renegotiation provisions contained in the leases.

The Registrant also currently owns a 52,000 square foot building in St. Paul, Minnesota, which it is leasing to a third party. This office and warehouse facility was formerly used in connection with the operation of Tessman Seed, Inc., a wholly owned subsidiary of the Registrant. Substantially all of the assets of Tessman Seed were sold by the Registrant during fiscal 1995, and the Registrant is currently pursuing the sale of this facility.

The Registrant and its subsidiaries also own several trucks, tractors, trailers, and vans.

ITEM 3. LEGAL PROCEEDINGS.

As of the date of this filing, neither the Registrant nor any of its subsidiaries was involved in any pending legal proceeding to which the Registrant or its subsidiaries was a party or of which any property of the Registrant or its subsidiaries was the subject other than ordinary routine litigation incidental to their business, except as follows:

LYNDE COMPANY WAREHOUSE FIRE. On March 1, 1995, the Registrant and its subsidiary The Lynde Company were named as defendants in DONNA M. COOKSEY, ET AL. V. HAWKINS CHEMICAL, INC. AND THE LYNDE COMPANY. This proceeding is pending in state district court in Hennepin County, Minnesota. The plaintiffs are seeking damages for personal injury, property damage and other damages alleged to have been caused by the alleged release of certain pollutants as a result of a fire at an office/warehouse facility used by The Lynde Company. The plaintiffs are also seeking to have the lawsuit certified as a class action. The Registrant has denied liability and intends to vigorously defend itself and its subsidiary in this matter. The lawsuit is still in its preliminary stage, and it is not possible at this time to predict what ultimate liability will be imposed upon the Registrant.

The Registrant's primary and umbrella insurers have denied a tender of the defense of the lawsuit and have denied any obligation to indemnify the Registrant for damages claimed by third parties in connection with the fire. This denial is based on a "Total Pollution Exclusion" which purports to exclude coverage for bodily injury and other losses caused by

a release of pollutants, even if such release is caused by a hostile, unintended fire. On July 7, 1995, the Registrant commenced suit against The North River Insurance Company and the Westchester Fire Insurance Company, the primary and umbrella insurers, respectively. This action was filed in Federal District Court for the District of Minnesota. The suit seeks declaratory relief consisting of a finding that the Registrant has coverage under both the primary and umbrella policies. The defendant insurers have filed general denials of the allegations contained in the Registrant's complaint, and the matter is still in a preliminary phase. It is not possible, therefore, to determine at this time what recovery, if any, may be obtained by the Registrant.

Because the Registrant's insurers have denied tender of the defense of the COOKSEY lawsuit, the Registrant has incurred significant settlement costs in fiscal 1995 and will continue to do so in future periods. The actual settlement costs which will ultimately be borne by the Registrant as a result of the COOKSEY matter are highly dependent on a variety of technical legal issues as well as the result of the litigation regarding insurance coverage. The Company has recorded $750,000 to cover its currently expected exposure for settlement costs; as of October 1, 1995, the Registrant has paid $335,000 in settlement costs related to the COOKSEY lawsuit. The Registrant reasonably believes, based on facts currently available to its Management, that this reserve will be sufficient to cover the Registrant's probable exposure for settlement costs in connection with the COOKSEY lawsuit. It is possible, however, that future developments may make additional reserves prudent and necessary in future periods.

EAST BETHEL LANDFILL. In August 1989 the Registrant was served with an Amended Complaint that joined it and several other defendants in an action by the operator of the East Bethel Landfill seeking contribution for environmental investigation and clean-up costs. The Registrant entered into a global settlement in which it was allocated a 1.4% share of the total generators' liability. Pursuant to the terms of the settlement agreement, the Registrant paid $104,700 on May 15, 1993, which payment was charged to operations in fiscal 1993. The balance of the Registrant's settlement obligation ($4,500) was satisfied by a credit against the settlement obligation resulting from an earlier payment by the Registrant.

The settlement sums paid by the Registrant and the other settling parties was determined based upon expert estimates and the cost of testing and remedial activities at the East Bethel Landfill site. In 1994 a landfill clean-up program was adopted by the Minnesota State Legislature. Under this program, the cost of cleaning up qualified landfills can be shifted to the State of Minnesota under certain conditions. One of these conditions is that the landfill be closed. The Registrant and other generators successfully negotiated with the landfill's owner to close the landfill and otherwise make it eligible for participation in the State landfill clean-up program. The Registrant and other generators also successfully negotiated with the State to include the East Bethel Landfill in the clean-up program. As a result of this agreement the State is responsible for all remedial activities at the site and the Registrant will have no future liability. In addition, the Registrant expects to receive partial reimbursement of its settlement payment, although it is uncertain when such reimbursement will occur. Based upon currently available information it is expected that the Registrant will have no additional liability with respect to this matter.

OAK GROVE LANDFILL. On March 23, 1990, the EPA sent The Lynde Company a Comprehensive Environmental Response Compensation and Liability Act Section 104(e) Request for Information regarding the Oak Grove Landfill in Anoka County, Minnesota, superfund site listed on the National Priorities list in October 1984. The EPA identified the Lynde Company as one of 200 potentially responsible parties ("PRP's"). The Registrant also received a special notice letter calling for an agreement by the PRP's to implement and pay for site clean-up. The Registrant, along with approximately 46 other parties, responded to a unilateral order issued by the EPA ordering the parties to conduct a remedial action at the site by agreeing to comply with the terms of the order. As part of this response, the Registrant paid the sum of $127,766 as a Tier I settlement share. This amount was charged to operations in fiscal 1992.

On November 16, 1992, the Registrant and other settling parties entered into a global settlement with the EPA, the terms of which have been set forth in a Consent Decree. The Registrant and other settling parties were obliged under the terms of the Consent Decree to conduct and fund remedial activities at the Oak Grove site. These activities were funded by the settlement sums paid by the Registrant and others.

The Oak Grove site is also eligible for participation in the Minnesota landfill clean-up program described above. Unlike the East Bethel site, the Oak Grove Landfill has been closed for several years. The Registrant and other settling parties, through the Oak Grove Trust, have successfully negotiated a tentative agreement with the landfill owner and the State whereby the landfill will participate in the clean-up program. Once the landfill is accepted into the clean-up program, the State will be responsible for all remedial activities at the site and the Registrant will have no future liability. In addition, the Registrant will be eligible for partial reimbursement of the settlement sum previously paid. It is expected that the agreements with the landfill owner and the State will be finalized during the first six months of 1996. Based upon currently available information, it is expected that the Registrant will have no additional liability with respect to this matter.

AMERICAN CHEMICAL SERVICES SUPERFUND SITE. In April 1987, the Registrant received a letter from the EPA dated March 25, 1987, stating that the Registrant was a "potentially responsible party" with respect to the American Chemical Services Superfund site in Griffith, Indiana. The Registrant's sole transaction with the operator of this site occurred in 1971.

In October 1987, the Registrant received a second letter from the EPA in which the Registrant was invited to join a PRP group organized to respond to the situation at the site. The Registrant declined to join this group. From time to time since 1987, the Registrant was invited to join the PRP group but the Registrant has declined because the cost of joining the group exceeded the Registrant's estimated liability. The PRP group allocated percentages

of waste to parties at the site. According to the PRP group's allocation formula, the Registrant was responsible for .0000341 of the total waste at the site.

In June of 1994, the Registrant received from the EPA an offer of "de minimis" settlement, which included a covenant not to sue and protection from contribution actions by others in exchange for a payment of $26,303.19. While this offer did not include a complete release, the "de minimis" settlement terms offered a relatively high level of certainty that the Registrant's liability with respect to the site would be discharged and that the Registrant would be shielded from future legal actions relating to matters addressed in the proposed settlement.

The EPA settlement offer was based upon a volumetric allocation formula and the Registrant was provided with an opportunity to challenge the volumetric contribution that was the basis for the allocation. The Registrant submitted a volumetric challenge which was accepted by the EPA in August 1994, and the Registrant's settlement payment was reduced to $12,511.79. The Registrant accepted the EPA's revised settlement offer in this amount and paid the settlement sum in the first quarter of 1995. Based upon currently available information, it is believed the Registrant will not have any additional liability with respect to this matter.

The Registrant became self-insured with respect to products liability claims in December 1985 with the establishment of a $1,000,000 trust fund, found as a separate line item on the balance sheet, to fund this self-insurance program. No claims covered by this program have been made to date. As of October 1, 1989, the Registrant again secured product liability insurance of $1,000,000, although the trust fund is currently in place as an umbrella over this insurance coverage.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

During the fourth quarter, no matter was submitted to a vote of security holders.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

See the Registrant's Annual Report for the year ended October 1, 1995, referenced on page 2 of this Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA.

See the Registrant's Annual Report for the year ended October 1, 1995, referenced on page 2 of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

See the Registrant's Annual Report for the year ended October 1, 1995, referenced on page 2 of this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See the Registrant's Annual Report for the year ended October 1, 1995, referenced on page 2 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

No changes in accountants or disagreements between the Registrant and its accountants regarding accounting principles or financial statement disclosures have occurred during the Registrant's two most recent fiscal years or any subsequent interim period.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

See the Registrant's Proxy Statement for the 1996 Annual Meeting of Shareholders to be filed with the Commission by December 28, 1995, referenced on page 2 of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

See the Registrant's Proxy Statement for the 1996 Annual Meeting of Shareholders to be filed with the Commission by December 28, 1995, referenced on page 2 of this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

See the Registrant's Proxy Statement for 1996 Annual Meeting of Shareholders to be filed with the Commission by December 28, 1995, referenced on page 2 of this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

See the Registrant's Proxy Statement for the 1996 Annual Meeting of Shareholders to be filed with the Commission by December 28, 1995, referenced on page 2 of this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(A) FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES, AND EXHIBITS.

1. The following consolidated financial statements of Hawkins Chemical, Inc. and subsidiaries, together with the Independent Auditors' Report, found under appropriate headings in the Registrant's 1995 Annual Report to Shareholders, are hereby incorporated by reference in this Annual Report on Form 10-K.

Consolidated Balance Sheets at October 1, 1995 and October 2, 1994

Consolidated Statements of Income and Retained Earnings for the Years Ended October 1, 1995, October 2, 1994, and October 3, 1993

Consolidated Statements of Cash Flows for the Years Ended October 1, 1995, October 2, 1994, and October 3, 1993

Notes to Financial Statements

Independent Auditors' Report

2. The additional financial data listed below is included as an exhibit to this Annual Report on Form 10-K and should be read in conjunction with the consolidated financial statements presented in Part II, Item 8. Schedules not included with this additional financial data have been omitted because they are not required or the required information is included in the financial statements or the notes.

Schedule for the Years Ended October 1, 1995, October 2, 1994 and October 3, 1993:

II - Valuation and Qualifying Accounts

Condensed financial information of the Registrant is not presented because no restrictions exist on the transfer of funds or assets between the Registrant and its subsidiaries.

3. (a) EXHIBITS.

The following exhibits are included with this Annual Report on Form 10-K (or incorporated by reference) as required by Item 601 of Regulation S-K.

3.1 Amended and Second Restated Articles of Incorporation as amended through February 28, 1989 (Incorporated by reference to Exhibit 3D to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1989).

3.2* Second Amended and Superseding By-Laws as amended through February 15, 1995.

4 See Exhibits 3.1 and 3.2 above.

13* Portions of Annual Report to Security Holders for period ended October 1, 1995.

21* Subsidiaries of Registrant.

23* Independent Auditors' Consent.

27* Financial Data Schedule

* Denotes previously unfiled documents.

(b) REPORTS ON FORM 8-K.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

HAWKINS CHEMICAL, INC.
By /s/ Howard J. Hawkins

Howard J. Hawkins, Chairman
of the Board of Directors

Dated: December 27, 1995.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has also been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By /s/ Howard J. Hawkins — Dated: December 27, 1995

Howard J. Hawkins, Chief
Executive Officer, Director

By /s/ Dean L. Hahn — Dated: December 27, 1995

Dean L. Hahn, President, Director

By /s/ Howard M. Hawkins — Dated: December 27, 1995

Howard M. Hawkins, Treasurer
(Chief Financial and Accounting
Officer), Director

By /s/ Carl J. Ahlgren — Dated: December 27, 1995

Carl J. Ahlgren, Director

By /s/ Norman P. Anderson Dated: December 27, 1995

Norman P. Anderson, Director

By /s/ Donald L. Shipp Dated: December 27, 1995

Donald L. Shipp, Director

By /s/ C. Charles Jackson, Jr. Dated: December 27, 1995

C. Charles Jackson, Jr., Director

By /s/ John S. McKeon Dated: December 27, 1995

John S. McKeon, Director

By /s/ John R. Hawkins Dated: December 27, 1995

John R. Hawkins, Director

By /s/ S. Albert Diez Hanser Dated: December 27, 1995

S. Albert Diez Hanser, Director

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit	Page No.
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4	See Exhibits 3.1 and 3.2 above.	
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* Denotes previously unfiled documents.

EXHIBIT 3.2

SECOND AMENDED AND SUPERSEDING BY-LAWS
OF
HAWKINS CHEMICAL, INC.
ADOPTED ON OCTOBER 6, 1983

As Amended through February 15, 1995
(All such Amendments are specifically identified)

ARTICLE I
Shareholders' Meetings

Section (1) PLACE OF MEETING. The meetings of the shareholders shall be held at the registered office of the Corporation or at any other place designated by the Board of Directors or consented to in writing by all of the shareholders entitled to vote thereat.

Section (a) ANNUAL MEETING. Every year, commencing in 1984, the annual meeting of shareholders shall be held at the corporate offices on the day which is one hundred eighty (180) days after the close of the fiscal year, or if such day is a legal holiday, then on the first following day that is not a legal holiday or upon such earlier day at such other place as shall be set by the Board of Directors by appropriate resolution.

Section (b) SPECIAL MEETINGS. Special meetings of the shareholders may be called at any time upon request of the Chairman of the Board, Chief Executive Officer, President, or a majority of the members of the Board of Directors, or upon request in writing to the Chairman of the Board, Chief Executive officer, President, or the Board of Directors by one or more shareholders holding not less than one-tenth of the voting power of the shareholders.

Section 1. NOTICE OF MEETING. Written notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or personally delivered not less than five (5) days prior to the date of the meeting, by the Secretary, to each shareholder of record entitled to vote at such meeting. Waiver by a shareholder of notice of a shareholders' meeting, signed by him, whether before or after the time of such meeting, or attendance at such meeting, shall be equivalent to the giving of such notice. In case of adjournment of a meeting from time to time, no further notice of the adjourned meeting shall be necessary if an announcement is made at the meeting where the adjournment is had, specifying the place, day and hour of the adjourned meeting.

Section 2. VOTING RIGHTS. Every holder of record, as provided below, of common stock shall be entitled to vote, in person or by proxy executed in writing and delivered to the Secretary at or before the meeting, and he shall be entitled to one vote for each share of stock standing in his name; provided that no revocable proxy shall be voted if executed more than three years

prior to the date of such meeting. Except as may otherwise be provided by the Board of Directors from time to time, only shareholders of record on the record date shall be entitled to vote at such meeting. Upon demand of any shareholder the vote upon any matter before the meeting shall be by written ballot.

Section 3. QUORUM; ACTION BY SHAREHOLDERS. (A) The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote at the meeting shall constitute a quorum for the transaction of business. In the absence of a quorum any meeting may be adjourned from time to time. The shareholders present at a duly called or held meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(B) The shareholders shall take action by the affirmative vote of the holders of a majority of the voting power of the shares present at a meeting, except where the Articles of Incorporation or statute shall otherwise provide.

Section 4. PRESIDING OFFICER. The Chairman of the Board or, in his absence, the Chief Executive Officer or any other person designated from time to time by the Board of Directors, shall preside at all meetings of the shareholders.

ARTICLE II
Directors

Section 1. NUMBER OF DIRECTORS. The business of the Corporation shall be managed by a Board of not less than three (3) nor more than eleven (11) directors, who need not be shareholders of the Corporation, and the decisions of the Board shall be by a majority of the members present.

Section 2. TENURE. At each annual meeting the shareholders shall elect directors to hold office for one (1) year or until their successors are elected and have qualified.

Section 3. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors or by election at a meeting of shareholders. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4. MEETINGS OF THE BOARD; NOTICE. The Board of Directors shall meet each year immediately after the normal meeting of shareholders, at the same place. No notice of any kind to either old or new members shall be necessary for such annual meeting or for any regular meeting of the directors fixed from time to time by resolution of a majority of the Board of Directors. Other meetings of the Board of Directors may be held upon three (3) days' written notice upon the call of the Chief Executive Officer or any two directors. Notice may be waived in writing before or after the time of such meeting, and attendance of a director at a meeting shall constitute a waiver of notice thereof. Neither the business to be transacted at, nor the purpose, of any meeting need be specified in the notice of such meeting.

Section 5. QUORUM. A majority of the directors shall constitute a quorum for the transaction of business; provided, however, that if any vacancies exist for any reason, the remaining directors shall constitute a quorum for the filling of such vacancies.

Section 6. REMOVAL OF DIRECTORS. (As amended on February 28, 1989) (a) A Director may be removed by the Board of Directors at any time, but only with good cause shown therefor, if:

(i) the director was appointed by the Board of Directors to fill a vacancy and shareholders have not elected directors in such directors' class in the interval between the time of the appointment to fill a vacancy and the time of the removal; and

(ii) a majority of the other directors present affirmatively vote to remove the director.

(b) Any one or all of the directors may be removed with good cause shown therefor, at any meeting of the shareholders called for that purpose, by the affirmative vote of 60% of the voting power of the shares entitled to vote; provided that removal is not opposed by more than 25% of the voting power of the shares entitled to vote.

(c) "Good cause" for the purpose of this Section shall mean:

(i) conviction of a crime involving moral turpitude;

(ii) dishonesty in dealings with the Corporation or with respect to its assets;

(iii) engaging in competition, directly or indirectly, with the

Corporation or usurping any corporate opportunity or advantage; or

(iv) engaging in a contract or other transaction that involves a conflict of interest between the director and the Company without the good faith consent of the Board of Directors after complete disclosure of all material facts with respect thereto.

(d) This Section 6 may be amended or repealed at any annual or special meeting of the shareholders by the affirmative vote of the holders of 60% of the voting power of all shareholders entitled to vote, provided such amendment or repeal shall not receive the negative vote of the holders of more than 25% of the voting power of all shareholders entitled to vote.

Section 7. COMMITTEE OF DISINTERESTED PERSONS. The board may establish a committee composed of two or more disinterested directors or other disinterested persons to determine whether it is in the best interests of the Corporation to pursue a particular legal right or remedy of the Corporation and whether to cause the dismissal or discontinuance of a particular proceeding that seeks to assert a right or remedy on behalf of the Corporation. For purposes of this Section 7, a director or other person is "disinterested" if the director is not the owner of more than one percent (1%) of the outstanding shares of, or a present or former officer, employee, or agent of, the Corporation or of a related corporation and has not been made or threatened to be made a party to the proceeding in question. The committee, once established, is not subject to direction, control, or termination by the board. A vacancy on the committee may be filled by a majority vote of the remaining members. The good faith determinations of the committee are binding upon the

Corporation and its directors, officers and shareholders. The committee's existence shall terminate upon issuance of the final written report of its determinations.

A disinterested person appointed to a committee so established is deemed to be a director for the period of existence of the committee but has no power to act as a director except in conjunction with the activities of the committee.

Section 8. NOMINATIONS. (As adopted on August 23, 1988) No candidate may be nominated for election as a director at the annual meeting of shareholders and no votes cast in his or her name for election shall be counted, unless the nomination of such person has been previously submitted to the Board of Directors or its nominating committee in accordance with the provisions of this Article II. If such nomination has been duly submitted, the nominee may be nominated for election at any meeting held within twelve months thereafter, notwithstanding the fact that such nominee is not listed as an alternate candidate in the proxy furnished by management.

Section 9. MANAGEMENT NOMINEES. (As adopted on February 15, 1995) The Board of Directors or a nominating committee duly appointed by the Board of Directors shall have the sole authority to designate candidates to be nominated by management for election as directors of the Company.

Section 10. SHAREHOLDER NOMINEES. (As adopted on August 23, 1988) Any holder of voting shares of the Corporation may submit the nomination of a candidate or candidates for election as director at the next meeting of shareholders at which an election is to be held.

Each nomination proposed by a shareholder must be submitted to the Secretary of the Corporation no later than sixty (60) days following the end of the Corporation's fiscal year. Nominations shall only be deemed to have been submitted on the date on which all of the following has been received by the Corporation:

(a) all information about the nominee which may be required to be provided in any proxy or information statement pursuant to the Securities Exchange Act of 1934 and rules promulgated thereunder, as amended;

(b) a completed copy of the questionnaire required by the Corporation for all director nominees, executed by the nominee;

(c) a statement signed by the nominee consenting to his nomination and agreeing, if elected, to serve as a director of the Corporation; and

(d) appropriate evidence that the person submitting the nomination is a shareholder of the Corporation.

Copies of all appropriate forms for nomination required hereunder shall be made available by the Secretary of the Corporation upon request of, and without charge to, any shareholder.

Section 11. ALTERNATE NOMINEES. (As adopted on August 23, 1988) The Board of Directors, or its duly appointed nominating committee, may designate one or more nominees submitted by shareholders in accordance with Section 11 hereof, to appear as alternate candidates on any proxy solicited by, or in any proxy or information statement furnished by, management in connection with such annual meeting. The number of alternate candidates for election shall not exceed the number of directors to be elected at the annual meeting for which nominations are made. The Board of Directors, or its duly appointed nominating committee, may use any means it deems reasonably appropriate to determine which shareholder nominees, if any, may be listed as alternate candidates on management's proxy and in any proxy or information statement supplied by the Corporation in connection with such annual meeting of shareholders.

Section 12. EXECUTIVE COMMITTEE. (As adopted on February 15, 1995) The Board of Directors may establish an Executive Committee consisting of not less than three nor more than five directors, at least one of whom shall be a senior executive of the Company (an "inside" board member). The Board shall designate one member of the Executive Committee as Chairman.

The Executive Committee shall not have the authority to alter or amend these By-Laws, or to fill vacancies in the Board or in its own membership, but the Board may delegate all other powers of the Board of Directors to the Executive Committee in accordance with the Minnesota Business Corporation Act. The Board of Directors shall have the power at any time to change the membership of or to dissolve the Executive Committee.

The Executive Committee shall take no action except by majority approval of all of its members. The Executive Committee shall meet at the request of the Committee's Chairman or any member upon not less than twenty-four hours notice, which may be given in writing, by facsimile transmission or telephonically. Regular minutes of Executive Committee proceedings shall be kept and reported at the next following meeting of the Board of Directors and shall become a part of the record at that Board meeting at which they are presented.

ARTICLE III
Officers

Section 1. NUMBER OF OFFICERS. The officers of the Corporation shall consist of a Chairman of the Board, Chief Executive Officer, President, Vice President, Chief Financial Officer, Secretary, Treasurer, and such other officers and assistant officers and agents as may be chosen by the Board of Directors from time to time. Any two offices may be held by one person, except that the President shall not also hold the office of Vice President, and the Chief Executive Officer shall not also hold the office of Chief Financial Officer.

Section 2. ELECTION; VACANCIES; TENURE. Officers shall be chosen at the annual meeting of the Board of Directors, to hold office until the next annual meeting or until their successors are chosen and qualified. Any officer may be removed with or without cause by the affirmative vote of a majority of the Board of Directors. Any vacancy shall be filled by the affirmative vote of a majority of the directors, and an officer so chosen shall hold office until his successor is chosen and qualified. In the absence of an election or appointment of a Chief Executive Officer or Chief Financial Officer by the board, the person or persons exercising the principal functions of those offices are respectively deemed to have been elected to those offices, except for the purpose of determining the location of the principal executive office, which in that case is the registered office of the corporation.

Section 3. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall preside at all meetings of shareholders and directors and shall perform such other duties as may be prescribed from time to time by these By-Laws or by the Board of Directors.

Section 4. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall:

(a) When present, and in the absence of the Chairman, preside at all meetings of the board and of the shareholders;

(b) Have general active management of the business of the Corporation;

(c) See that all orders and resolutions of the board are carried into effect;

(d) Perform such duties as shall be delegated by the Board; and

(e) Render to the Board, whenever requested, an account of all transactions by the Chief Executive officer.

Section 5. PRESIDENT. The President shall:

(a) Perform such duties as shall be delegated by the Board or by the Chief Executive Officer; and

(b) Render to the Chief Executive Officer or the Board, whenever requested, an account of all transactions by the President.

Section 6. CHIEF FINANCIAL OFFICER. The Chief Financial officer shall:

(a) Keep accurate financial records for the Corporation;

(b) Deposit all money, drafts, and checks in the name of and to the credit of the Corporation in the banks and depositories designated by the board;

(c) Endorse for deposit all notes, checks, and drafts received by the Corporation as ordered by the board, making proper vouchers therefor;

(d) Disburse corporate funds and issue checks and drafts in the name of the Corporation, as ordered by the board;

(e) Perform other duties prescribed by the board or by the Chief Executive Officer; and

(f) Render to the Chief Executive Officer and the board, whenever requested, an account of all transactions by the Chief Financial Officer and of the financial condition of the Corporation.

Section 7. TREASURER. The Treasurer shall:

(a) Perform such duties as shall be delegated by the Board, the Chief Executive Officer or the Chief Financial Officer; and

(b) Render to the Chief Financial Officer, the Chief Executive Officer or the Board, whenever requested, an account of all transactions by the Treasurer.

Section 8. VICE PRESIDENT. Each Vice President, if any, shall perform such duties as may be prescribed from time to time by these By-Laws, the Board of Directors or the Chief Executive Officer.

Section 9. SECRETARY. The Secretary shall give proper notice of meetings of shareholders and Board of Directors and other notices required by law or by these By-Laws. He shall attend all meetings of the shareholders and Board of Directors and shall maintain records of and, whenever necessary, certify all proceedings of the Board and the shareholders. He shall also perform all duties as these By-Laws, the Board of Directors, or the Chief Executive Officer may from time to time prescribe.

Section 10. SALARIES. The salaries of all officers shall be fixed by the Board of Directors and the fact that any officer is a director shall not preclude him from receiving a salary or from voting upon the resolution providing for the same.

Section 11. CONTRACTS. Except as otherwise provided by the Board of Directors from time to time, all formal contracts of this Corporation shall be executed on its behalf by the Chief Executive Officer or by the President, and the corporate seal, if any, shall be thereto affixed and attested by the Chief Financial Officer, the Treasurer, or Secretary.

Section 12. EXPENSES AND UNREASONABLE COMPENSATION. If any expenses authorized to be reimbursed to an officer of this Corporation shall be disallowed as a deduction to this Corporation, such expenses shall be deemed to be additional compensation to such officers for the period in which received; provided that if the treatment of such expenses as additional compensation, or any other payments of salaries, bonuses, medical reimbursements or other benefits paid to an officer of the Corporation shall be deemed unreasonable compensation and disallowed as a deduction to this Corporation, then such officer shall be obligated to immediately repay to the Corporation the full amount of any such disallowance and the Board of Directors shall take whatever action as, in the opinion of counsel to the Corporation, may be deemed necessary to collect such disallowance.

Section 13. INDEMNITY. Each present or future director or officer, whether or not then in office, and the executors, administrators, or other legal representative of any such director or officer, shall be fully indemnified by the Corporation, in the manner and to the extent allowed by Minnesota Statutes 302A.521, or any amendment thereto.

ARTICLE IV
Capital Stock

Section 1. ISSUANCE OF SHARES. The capital stock, including both authorized but previously unissued shares, as well as treasury shares, may be issued for such consideration, not less than the par value thereof in the case of shares having par value, as shall be fixed from time to time by the Board of Directors.

Section 2. TRANSFER OF SHARES. (As amended on February 24, 1993) The shares of the Corporation shall be transferable on the books of the Corporation: (a) in the case of those shares represented by certificates, only upon surrender of each certificate representing the same or with separate written assignment accompanying the certificates, or (b) in the case of shares without certificates, by delivery of written assignment in respect of the shares being transferred. In either case, such certificate or written assignment shall be properly endorsed by the registered holder or by his duly authorized attorney, and any written assignment shall be in form and substance satisfactory to the Corporation. Within a reasonable time after the issue or transfer of shares without certificates, the Corporation shall send the shareholder a written statement of any information required by Section 302A.417, Subd. 7 of the Minnesota Business Corporation Act and by Section 336.8-408 of the Minnesota Uniform Commercial Code, as each may be amended from time to time.

Section 3. CERTIFICATES OF STOCK. (As amended February 24, 1993) Each holder of the shares of the Corporation shall be entitled to a certificate signed by the Chairman, Chief Executive Officer or President and by the Chief Financial Officer, Treasurer or Secretary of the Corporation and sealed with the seal of the Corporation or a facsimile thereof. The certificates shall be in such form as shall be approved by the Board of Directors. However, unless the Board of Directors shall provide otherwise, and except for shares which are subject to any restriction as to transfer, all of the shares of any or all of the Corporation's classes or series may be issued without certificates. Shares represented by certificates shall not be re-issued without certificates except upon the request of the shareholder and until the certificate is surrendered to the Corporation. A holder of such uncertificated shares may request that a certificate be provided to such holder by giving notice to the Secretary of the Corporation.

Section 4. TRANSFER AGENT AND REGISTRAR. (As amended February 24, 1993) The Board of Directors may appoint a transfer agent and registrar and may require that any stock certificates issued bear the countersignature of said transfer agent and registrar.

The Board of Directors shall have authority to make and alter such rules and regulations as they may deem expedient concerning issue, transfer and registration of shares of the stock of the Corporation and rights or options relating thereto.

Section 5. RECORD DATE. The Board of Directors may fix a time, not exceeding sixty (60) days preceding the date of any meeting of shareholders, as the record date for determination of shareholders entitled to notice of and to vote at such meeting and not exceeding forty (40) days preceding the date fixed for payment of any dividend, delivery of any rights, or other distribution allowed by law.

Section 6. LOST CERTIFICATES. Any person claiming a certificate of stock to be lost, stolen, or destroyed shall furnish an affidavit of such fact and shall furnish an appropriate bond of indemnity in form, substance, amount and with surety satisfactory to legal counsel for the Corporation, in which bond the Corporation and the Transfer Agent and Registrar shall be named as obligees.

ARTICLE V
Miscellaneous

Section 1. SEAL. The corporate seal shall be circular in form and have inscribed thereon the name of the Corporation, the State in which it is incorporated and the words "corporate seal."

Section 2. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by the Board of Directors.

ARTICLE VI
Amendments

These By-Laws may be altered, amended or repealed by the Board of Directors, subject to the power of the shareholders, by the affirmative vote of a majority of the shareholders entitled to vote, at any meeting, to change or repeal such By-Laws; provided that notice of such proposed amendment shall have been given in the notice of such meeting; and provided that the Board of Directors shall not make or alter any By-Law fixing their number, qualifications, classifications or terms of office.

CONSOLIDATED FINANCIAL INFORMATION

HAWKINS CHEMICAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
OCTOBER 1, 1995 AND OCTOBER 2, 1994

	1995	1994
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,906,107	$ 6,908,007
Investments (fair value approximates cost)	7,968,761	6,576,743
Trade receivables - less allowance for doubtful accounts: 1995, $347,871; 1994, $115,661	10,512,260	9,509,808
Note receivable	208,943	
Inventories	8,663,959	7,844,591
Prepaid expenses and other	1,647,660	1,339,833
Net assets of discontinued operations		1,602,051
Total current assets	38,907,690	33,781,033
PROPERTY, PLANT AND EQUIPMENT:		
Land	639,368	641,757
Buildings and improvements	11,551,741	9,882,802
Machinery and equipment	3,995,496	3,574,316
Transportation equipment	4,395,306	3,865,017
Office furniture and equipment	1,399,789	1,243,979
Total	21,981,700	19,207,871
Less accumulated depreciation	10,542,805	9,625,865
Property, net	11,438,895	9,582,006
OTHER ASSETS:		

	1995	1994
Intangible assets - less accumulated amortization: 1995, $242,805; 1994, $178,008	882,356	947,153
Insurance trust	1,598,219	1,525,238
Note receivable - noncurrent	715,045	
Other	148,609	139,554
Total other assets	3,344,229	2,611,945
Total	$53,690,814	$45,974,984

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - trade	$ 8,691,204	$ 5,746,620
Current portion of long-term debt	52,344	48,919
Dividends payable	736,804	
Accrued payroll and employee benefits	2,117,478	2,152,535
Container deposits	1,633,359	1,597,007
Other accruals	1,334,742	640,420
Total current liabilities	14,565,931	10,185,501
Long-term debt	628,461	680,805
Deferred income taxes	377,800	335,300
Commitments and contingencies (Notes 6, 7 and 8)		
SHAREHOLDERS' EQUITY:		
Common stock - authorized: 15,000,000 shares of $.05 par value; issued: 1995 - 10,525,772 shares; 1994 - 9,569,196 shares	526,289	478,460
Additional paid-in capital	34,235,623	26,869,988
Retained earnings	3,356,710	7,424,930
Total shareholders' equity	38,118,622	34,773,378
Total	$53,690,814	$45,974,984

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HAWKINS CHEMICAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME & RETAINED EARNINGS
FOR THE YEARS ENDED OCTOBER 1, 1995, OCTOBER 2, 1994 AND OCTOBER 3, 1993

	1995	1994	1993
Net sales	$83,332,624	$71,423,471	$60,913,575
Cost of sales	65,555,938	55,284,721	47,119,867
Gross profit	17,776,686	16,138,750	13,793,708
Selling, general and administrative expenses	8,580,805	8,259,281	6,425,353
Unusual and nonrecurring	750,000		
Income from operations	8,445,881	7,879,469	7,368,355
Other income (deductions)			
Interest income	930,580	575,731	448,620
Interest expense	(55,341)	(67,135)	(8,168)
Miscellaneous	167,243	19,545	180,667
Total other income, net	1,042,482	528,141	621,119
Income from continuing operations before income taxes	9,488,363	8,407,610	7,989,474
Provision for income taxes from continuing operations	3,764,400	3,363,200	3,196,410
Income from continuing operations	5,723,963	5,044,410	4,793,064
Income (loss) from operations of Tessman Seed, Inc.(less applicable income taxes (benefits) of ($46,500), $18,200 and ($226,300), respectively)	(69,905)	27,323	(339,675)
Loss on disposal of assets of Tessman Seed, Inc. (less applicable income tax benefit of $214,200)	(321,266)		

Income (loss) from discontinued operations	(391,171)	27,323	(339,675)
Net income	5,332,792	5,071,733	4,453,389
Retained earnings, beginning of year	7,424,930	6,593,703	5,507,603
Stock dividend	(7,413,464)	(3,073,505)	(2,493,361)
Cash dividend (1995 - $.21 per share; 1994 - $.12 per share; 1993 - $.09 per share)	(2,174,448)	(1,278,164)	(957,111)
Income tax savings from dividends paid on ESOP shares	186,900	111,163	83,183
Retained earnings, end of year	$ 3,356,710	$ 7,424,930	$ 6,593,703
Weighted average number of shares outstanding	10,525,772	10,525,772	10,525,772
Earnings per common share - continuing operations	$.55	$.48	$.45
Earnings per common share - discontinued operations	(0.04)		(0.03)
Earnings per common share - net	$.51	$.48	$.42

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Hawkins Chemical, Inc.:

We have audited the accompanying consolidated balance sheets of Hawkins Chemical, Inc. and its subsidiaries (the Company) as of October 1, 1995 and October 2, 1994 and the related consolidated statements of income and retained earnings and cash flows for each of the three years in the period ended October 1, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Hawkins Chemical, Inc. and its subsidiaries at October 1, 1995 and October 2, 1994 and the results of their operations and their cash flows for each of the three years in the period ended October 1, 1995 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Minneapolis, Minnesota
December 12, 1995

HAWKINS CHEMICAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 1, 1995, OCTOBER 2, 1994 AND OCTOBER 3, 1993

	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 5,332,792	$ 5,071,733	$ 4,453,389
Loss on disposal of assets of Tessman Seed, Inc.	321,266		
Loss on discontinued operations of Tessman Seed, Inc.	69,905	(27,323)	339,675

Unusual and nonrecurring charge	415,000		
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,303,981	1,194,054	1,144,467
Amortization	64,797	64,797	6,129
Change in LIFO inventory reserve	852,658	2,125,188	(2,275,024)
Change in inventory market value reserve		(1,470,000)	1,470,000
Deferred income taxes	(28,800)	603,312	(764,673)
Earnings on insurance trust and other assets	(82,036)	(80,755)	(78,226)
Gain (loss) from property disposals	(4,821)	20,294	(1,211)
Changes in current assets and liabilities:			
Accounts receivable	(1,002,452)	(809,851)	(1,760,210)
Inventories	(1,672,026)	(2,476,256)	2,562,037
Accounts payable	2,944,584	1,108,147	(66,810)
Accrued liabilities	280,617	217,820	491,396
Other	(49,627)	(367,043)	191,646
Change in net assets of discontinued operations	66,166	646,184	672,567
Net cash provided by operating activities	8,812,004	5,820,301	6,385,152
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant, and equipment	(3,650,719)	(1,762,952)	(1,333,177)
Purchase of investments	(2,282,044)	(3,657,533)	(2,135,948)
Sale of investments	890,026		
Acquisition of Industrial Chemical		(1,772,706)	
Proceeds from property disposals	494,670	39,481	15,607
Cash received on sale of assets and business of Tessman Seed, Inc.	220,726		
Net cash used in investing activities	(4,327,341)	(7,153,710)	(3,453,518)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Debt repayment	(48,919)		
Cash dividends paid	(1,437,644)	(1,278,164)	(957,111)
Net cash used in financing activities	(1,486,563)	(1,278,164)	(957,111)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,998,100	(2,611,573)	1,974,523
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,908,007	9,519,580	7,545,057
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,906,107	$ 6,908,007	$ 9,519,580
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Note receivable on sale of Tessman Seed, Inc.	$ 1,044,714		
Cash paid during the year for:			
Interest	$ 58,389	$ 16,054	$ 7,734
Income taxes	$ 2,717,611	$ 3,461,361	$ 3,441,502

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Hawkins Chemical, Inc. and its subsidiaries (the Company) is engaged in the wholesale trade of chemicals and chemical feeding and control equipment and formulating and blending of specialty chemicals.

BASIS OF CONSOLIDATION

The financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company transactions and balances have been eliminated. The Company's fiscal year is a 52/53-week year ending on the Sunday closest to September 30th.

CASH EQUIVALENTS

For the purpose of these statements, cash equivalents include all liquid debt instruments (primarily cash funds and certificates of deposits) purchased with an original maturity of three months or less. Cash equivalents are carried at fair value, which approximates cost.

INVESTMENTS

Investments classified as available-for-sale consist of insurance contracts and marketable securities (primarily municipal bonds and annuity contracts) carried at fair value which approximates cost. Effective October 3, 1994, the Company adopted Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This Statement requires all investments classified as available-for-sale in equity securities that have readily determinable fair values and all investments in debt securities to be accounted for and reported at fair value. Prior to 1995, the Company accounted at cost which approximated fair value. The adoption of SFAS No. 115 resulted in no cumulative effect on operations, and the prior years' consolidated financial statements were not restated.

INVENTORIES

Inventories, consisting primarily of finished goods, are valued at the lower of cost or net realizable value, with cost being determined using the last-in, first-out (LIFO) method (See Note 3).

PROPERTY, PLANT AND EQUIPMENT

Property is stated at cost and depreciated over the lives of the assets using both straight-line and declining-balance methods. Estimated lives are: buildings and improvements, 10 to 50 years; machinery and equipment, 3 to 15 years; transportation equipment, 3 to 10 years; and office furniture and equipment, 3 to 10 years.

INTANGIBLES

The excess of cost of investments in subsidiaries over equity in net assets of $245,145 is being amortized over forty years. Additionally, goodwill associated with the purchase of Industrial Chemical & Equipment in the amount of $880,016 is being amortized over 15 years (See Note 10).

INSURANCE TRUST

From October 1, 1985 through September 30, 1989, the Company was self-insured for the risk of losses from product liability. The Company deposited amounts in a self-insurance trust account to fund any losses (none have been incurred since 1985). Since October 1989, the Company has had insurance coverage for product liability for up to $1,000,000 in claims made annually.

INCOME TAXES

The Company adopted Financial Accounting Standards SFAS No. 109, "Accounting for Income Taxes," effective the beginning of fiscal 1994. This statement requires recognition of deferred assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Prior to fiscal 1993, the Company accounted for income taxes under the provisions of Accounting Principles Board Opinion No. 11 (APB No. 11). The adoption of SFAS No. 109 resulted in no cumulative effect on operations, and the prior years' consolidated financial statements were not restated (See Note 5).

REVENUE RECOGNITION

The Company recognizes revenues upon shipment of the product.

EARNINGS PER SHARE

The earnings per share computation is based on the weighted average number of common shares outstanding during the year. The average number of common shares, earnings per share and cash dividends per share for the years ended October 2, 1994 and October 3, 1993 have been restated to reflect the 1995 stock dividend (see Note 4).

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to a concentration of credit risk principally consist of cash, short-term investments and trade receivables. The Company sells its principal products to a large number of customers in many different industries. To reduce credit risk, the Company routinely assesses the financial strength of its customers. The Company invests its excess cash balances in certificates of deposit at a single financial institution. At October 1, 1995, the Company had certificates of deposits in excess of federally insured limits of approximately $4,871,000.

ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued two Financial Accounting Standards (FAS) related to Disclosures about the Fair Value of Financial Instruments and Derivative Financial Instruments. FAS 107 and 119 are effective for fiscal years ending after December 15, 1995. FAS 107 or 119 will not have a material impact on the Company's financial condition or results of operations.

In October 1995, the Financial Accounting Standards Board issued Financial Standard No. 123, " Accounting for Stock-Based Compensation," (FAS 123) which requires adoption of the disclosure provisions and/or the adoption of the recognition and measurement provisions for nonemployee transactions no later than December 15, 1995. The Company currently does not have any agreements that offer stock based compensation to either employees or non-employees.

2. PENSION, PROFIT-SHARING AND EMPLOYEE STOCK OWNERSHIP PLANS

The Company has a defined contribution pension plan covering substantially all of its non-union employees. Pension expense for the years ended October 1, 1995, October, 2, 1994 and October 3, 1993 was $363,498, $331,990 and $310,407, respectively. The Company's cost for the pension plan is determined as 7% of each employee's covered compensation. Amounts charged to pension expense and contributed to union multi-employer pension plans (not included in the above amounts) were not material. It is the Company's policy to fund all pension costs accrued.

The Company has an employee stock ownership plan and a profit-sharing plan covering substantially all of its non-union employees. Contributions are made at the discretion of the Board of Directors subject to a maximum amount allowed under the Internal Revenue Code. Contributions for the years ended October 1, 1995, October 2, 1994, and October 3, 1993 were $793,244, $740,379, and $491,939, respectively. The Company does not currently offer any post retirement benefits or deferred stock compensation plans.

3. INVENTORIES

Inventories consist of the following:	10/1/95	10/2/94
Finished goods (FIFO Basis)	$10,507,212	$8,835,186
LIFO reserve	(1,843,253)	(990,595)
Net inventory	$ 8,663,959	$7,844,591

In fiscal 1995, the LIFO reserve increased by $852,658. As a result, the ending LIFO cost was less than the ending cost determined using the first-in, first-out (FIFO) method by $1,843,253. The increase in the LIFO reserve was caused by a significant increase in the cost of a single large-volume component of inventory.

4. COMMON STOCK

	Common Stock Shares	Common Stock Amount	Add'l Paid-in Capital
Balance, September 27, 1992	8,680,234	$434,012	$21,347,570
5% stock dividend	433,628	21,681	2,471,680
Balance, October 3, 1993	9,113,862	455,693	23,819,250
5% stock dividend	455,334	22,767	3,050,738
Balance, October 2, 1994	9,569,196	478,460	26,869,988
10% stock dividend	956,576	47,829	7,365,635
Balance, October 1, 1995	10,525,772	$526,289	$34,235,623

The stock dividends in 1995, 1994 and 1993 were accounted for by transferring the fair value of the issued stock from retained earnings to the categories of permanent capitalization as common stock (par value) and additional paid-in capital.

5. INCOME TAXES

The provisions for income taxes are as follows:	1995	1994	1993
Federal - current	$2,972,203	$2,040,755	$3,115,546
States - current	820,997	719,133	845,537
Deferred	(28,800)	603,312	(764,673)
Total provision - continuing operations	$3,764,400	$3,363,200	$3,196,410
Federal - current	$(190,300)	$13,300	$(165,200)
States - current	(70,400)	4,900	(61,100)
Total (benefit) provision - discontinued operations	$(260,700)	$18,200	$(226,300)

A reconciliation of the provision for income taxes, based on income from continuing operations, to the applicable federal statutory income tax rate is as follows:	1995	1994	1993
Statutory federal income tax 35%, 35% and 34%, respectively	$3,320,927	$2,942,663	$2,716,421
Effect of graduated rate	(94,884)	(84,076)	
State income taxes, net of federal deduction	520,955	380,829	439,680
Tax-exempt income	(90,925)	(28,610)	(23,406)
Other, net	108,327	152,394	63,715

Total	$3,764,400	$3,363,200	$3,196,410

The tax effects of items comprising the Company's net deferred tax asset (liability) are as follows:	1995	1994
Current deferred taxes:		
Accruals and reserves	$ 323,624	$ 247,573
Inventory capitalization	257,326	235,722
Bad debt reserves	137,103	58,660
Inventory write-off		48,021
Other	47,458	104,235
Total*	$ 765,511	$ 694,211
Noncurrent deferred taxes:		
Property basis differences	$ (377,800)	$ (335,300)

*Included in prepaid expenses and other on the consolidated balance sheets.

6. LONG-TERM DEBT

Long-term debt at October 1, 1995 is summarized as follows:

Note payable, due in annual installments to 2002	$680,805
Less current portion	52,344
Total	$628,461

Long-term debt maturities for the five fiscal years subsequent to 1995 are: 1996 - $52,344, 1997 - $56,008, 1998 - $59,928, 1999 - $89,123 and 2000 - $95,362.

7. LEASES

The Company has various operating leases for land and buildings on which some of its operations are located. Total rental expense for the years ended October 1, 1995, October 2, 1994 and October 1, 1993 was $41,042, $87,196 and $33,632, respectively. Future minimum lease payments due under operating leases with an initial term of one year or more at October 1, 1995 were: 1996 - $34,385; 1997 - - $34,385; 1998 - $34,385; 1999 - $8,596.

8. CONTINGENCIES

The Company is subject to various federal, state and local provisions regarding discharge of materials into the environment or otherwise relating to the protection of the environment. The Company is currently defending certain legal and administrative proceedings in connection with landfill sites in which products distributed by the Company were ultimately disposed of by other parties. While the outcome of such matters is particularly difficult to predict, management does not expect that these matters will have a material adverse effect on the consolidated financial condition of the Company or results of operations.

During 1995, the Company had a fire in the office/warehouse of The Lynde

Company, a wholly owned subsidiary. The building, inventory, financial records and office equipment destroyed in the fire were fully insured. Included in prepaids and other assets at October 1, 1995 the Company has $572,351 recorded for reimbursements due from the insurance company related to the items destroyed. Subsequent to October 1, 1995 this amount has been received from the insurance company. The Company's operations were not materially impacted by the event as operations were able to be relocated to other facilities.

The unusual and nonrecurring charge of $750,000 was recorded to cover estimated settlement costs to be incurred by the Company in connection with a lawsuit filed against the Company as a result of the fire. As of October 1, 1995, the Company had paid $335,000 in settlement costs related to the fire. At October 1, 1995, management estimates that the Company will incur additional costs related to the lawsuit. The remaining reserve represents managements best estimate of those additional costs.

9. SUMMARY OF OPERATIONS BY QUARTER

(UNAUDITED -- in thousands of dollars, except per share amounts)

1995	1st	2nd	3rd	4th
Net sales	$16,494	$18,903	$26,519	$21,417
Gross margin	3,638	3,974	5,290	4,875
Income - Continuing operations	1,173	898	1,898	1,755
Loss - Discontinued operations	(57)	(334)		
Net income	1,116	564	1,898	1,755
Earnings per share - Continuing operations	.12	.08	.18	.17
Earnings (loss) per share - Discontinued operations	(.01)	(.03)		
Earnings per share - Net	.11	.05	.18	.17

1994	1st	2nd	3rd	4th
Net sales	$14,192	$15,293	$22,556	$19,382
Gross margin	3,436	3,588	4,587	4,528
Income - Continuing operations	1,089	1,104	1,465	1,387
Income (loss) - Discontinued operations	(28)	5	112	(62)
Net income	1,061	1,109	1,577	1,325
Earnings per share - Continuing operations	.11	.10	.14	.13
Earnings (loss) per share - Discontinued operations			.01	(.01)
Earnings per share - Net	.11	.10	.15	.12

10. ACQUISITIONS

Effective October 4, 1993, the Company acquired the assets of Industrial Chemical and Equipment Company, consisting primarily of receivables, inventory, and equipment for $2,502,430. Industrial Chemical and Equipment specializes in supplying chemicals, equipment and technical services to the metal finishing and electronic plating industries. The purchase price consisted of cash of $1,772,706 and a note for $729,724 payable in nine annual installments including 7% interest. The cash was paid and the note is payable to John Michel, the former owner of Industrial Chemical and Equipment and a current officer of the Company. The transaction was accounted for as a purchase and the results of operations since the date of acquisition have been included in the accompanying consolidated financial statements.

11. DISCONTINUED OPERATIONS

Effective March 1, 1995, the Company sold the inventory, equipment and operations of Tessman Seed, Inc., which sold a wide range of horticulture and pest control products. As a result of the sale, the Company recorded a loss on disposal of $321,166, net of a tax benefit of $214,200, to write down Tessman's assets to the amount realized.

Operating results of Tessman Seed, Inc., for the years ended October 1, 1995, October 2, 1994 and October 3, 1993 were as follows:

	1995	1994	1993
Operating revenues	$ 931,105	$4,580,703	$5,037,319
Costs and expenses	1,047,510	4,535,180	5,603,294

The assets and liabilities of Tessman Seed have been reclassified on the consolidated balance sheets from their historic presentation to separately identify them as net assets of discontinued operations and principally consisted of accounts receivable, inventory, equipment and accounts payable. At October 1, 1995, there are no assets or liabilities related to Tessman Seed remaining.

The inventory, equipment and operations of Tessman were sold for $1,144,714. At closing Hawkins received $100,000 and a note receivable for the balance. The note receivable is due in equal annual installments over the next five years plus interest at 8%.

OVERALL SUMMARY

Net sales increased 17% to $83,332,624 in fiscal 1995 from $71,423,471 in fiscal 1994 (all amounts are exclusive of Tessman Seed, Inc., which was sold on March 1, 1995 and has been treated as discontinued operations), and net income increased 5% over 1994 to $5,332,792. Net earnings per share, after recording the loss for discontinued operations, were $.51 in fiscal 1995 compared to $.48 per share in fiscal 1994. Return on shareholders' equity was 14.6% for 1995, compared to 15.5% for 1994. The book value per share at October 1, 1995 was $3.62 compared to $3.30 one year ago.

RESULTS OF OPERATIONS

The general economic environment in our markets has improved slightly with the overall improvement in the economy. While this improvement had a favorable impact on earnings, management will continue to focus efforts on programs aimed at improving profitability and controlling costs.

NET SALES

For the year ended October 1, 1995, sales increased $11,909,153, a 17% increase from 1994, due to increased volume in all of the Company's divisions and subsidiaries and to an increase in the selling price of a single, large-volume product. The warmer weather again this past season continued to increase demand in our subsidiaries supplying the water treatment industry. For the year ended October 2, 1994 sales increased $10,509,896, up 17% from 1993, due to the acquisition of the business of Industrial Chemical & Equipment Company (ICE) on October 4, 1993 and to increased volume in most of the Company's divisions and subsidiaries as the warm weather increased demand for water treatment products. Because of the diversity of products and product lines of Hawkins Chemical and its divisions and subsidiaries, any future decreases in sales due to poor weather conditions should not have a material impact on consolidated operating income.

GROSS MARGINS

Gross margin as a percentage of sales was 21.3% in 1995 and 22.6% in 1994 and 1993. The decrease is mainly attributable to the increased cost of the single large-volume product mentioned above. At the end of fiscal 1993, the cost of this product dropped substantially, causing unusually high gross margins in 1993 and 1994. Gross margins for fiscal 1995 are now more in line with what they have been in the past. The price of the singe large-volume product is not expected to change dramatically in the foreseeable future and margins, therefore, are expected to remain relatively stable. The Company has also generally been able to, and expects to continue to, adjust its selling prices as the cost of materials and other expenses change, thereby maintaining relatively stable gross margins.

The Company's caustic soda operations are located on the Mississippi River, enabling the Company to receive caustic soda through barge transportation. When the river has flooded in the past, the Company has been able to receive caustic soda by tank cars. Although the use of tank cars has resulted in additional costs, results of operations have not been materially impacted. Based on this experience, the Company does not expect future flooding to have a material impact on the Company's financial condition or results of operations.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general, and administrative expenses increased over the previous year in each of the three fiscal years presented - up 3.9% for 1995, 28.5% for 1994 and 4.5% for 1993. The 1995 increase over 1994 is due mainly to increased costs of operation and approximates the inflation rate. Approximately one-half of the 1994 increase represents the added costs of the new Industrial Chemical &

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Equipment division, approximately one-third was due to increased employment costs (salaries, commissions, insurance, benefit plans, and payroll taxes) and the remainder was due to minor increases in all other components.

UNUSUAL AND NONRECURRING CHARGE

The unusual and nonrecurring charge of $750,000 was recorded in 1995 to cover settlement costs which may be incurred by the Company in connection with its defense of a lawsuit filed against the Company. The lawsuit alleges that the plaintiffs sustained damages resulting from a fire at an office/warehouse facility used by The Lynde Company, a wholly owned subsidiary of the Company. As of October 1, 1995, the Company had paid $335,000 in settlement and legal costs relating to the fire. Management expects to incur additional costs in future periods in connection with this suit. The remaining reserve represents management's best estimate of those additional costs.

The Company's primary and umbrella insurers have denied coverage of any liability which might arise in connection with this lawsuit and have rejected the tender of the defense of the lawsuit. The Company has commenced a lawsuit against its insurers, seeking a finding that the Company's liability exposure is covered by the applicable policies. This action is still in a preliminary stage and it is not possible to project what recovery, if any, may be obtained by the Company from its insurers.

OTHER INCOME

Interest income was up 62% in 1995 and 28% in 1994 as compared to the previous year due to more cash available for investment and a higher rate of return on cash investments. Interest income was up in 1993 (4%) as compared to 1992 due to more cash available for investments. Interest expense in 1995 and 1994 is the result of the Company issuing a note payable to the seller in connection with the acquisition of the assets of Industrial Chemical & Equipment Company. Other miscellaneous income (deductions) increased in 1995 as compared to 1994 and decreased in 1994 as compared to 1993 due to the loss on an investment and a decrease in rental income in 1994.

The Company is currently defending certain legal and administrative proceedings in connection with three landfill sites in which products distributed by the Company and certain excess materials were allegedly disposed of by the Company. While the outcome of such matters is particularly difficult to predict, recent developments lead management to reasonably believe that the Company will not incur additional liability with respect to the landfill sites beyond settlement payments made in previous periods.

PROVISIONS FOR INCOME TAXES

The effective income tax rate for the year ended October 1, 1995 was 39.7% and 40% for the years ended October 2, 1994 and October 3, 1993. The decrease in fiscal 1995 was due mainly to an increase in tax-free income on investments in municipal bonds. In February 1992, the Financial Accounting Standards Board issued Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109). The Company adopted the statement as required in the beginning of fiscal 1994. The impact on the Company's financial position and results of operations was not material.

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Inflation has not had a significant impact on the Company, as it has generally been able to adjust its selling prices as the cost of materials and other expenses have changed, with the exception of slight fluctuations caused by a single, large-volume product as described previously.

DISCONTINUED OPERATIONS

Effective March 1, 1995, the Company sold the inventory, equipment and operations of Tessman Seed. As a result of the transaction the Company recorded a loss on the disposal in the second quarter of $321,266, net of a tax benefit totaling $214,200, to write-down Tessman's assets to the amount realized. Revenues for Tessman were $931,105, $4,980,703 and $5,037,319 for fiscal 1995, 1994 and 1993, respectively. The income/(loss) for Tessman for the three periods presented was less than $.04 per share in each period.

FINANCIAL CONDITION

LIQUIDITY

Cash provided by operations was $8,812,004 in fiscal 1995, compared with $5,820,301 in 1994 and $6,385,152 in 1993. The increase in fiscal 1995 was due primarily to increases in accounts payable and net income, which were partially offset by increases in accounts receivable and net inventory. Accounts payable increased approximately $2.9 million due to the timing of year-end shipments and an increase in storage capacity. For a more detailed discussion of the increase in net income see the Results of Operations section of this discussion and analysis. Accounts receivable increased $1,002,452 in 1995 as compared to 1994 due to increased sales activity. Net inventories increased $819,368 in 1995 as compared to 1994. As with accounts payable, the increase in inventories is due to additional storage facilities, the timing of large barge shipments and the increased cost of a single large-volume product.

Cash and cash investments increased by $4,390,118 to $17,874,868 at the end of fiscal 1995. The Company is investing excess cash primarily in conservative investments. Cash equivalents consist of bank certificates of deposit and investments consist of investment contracts with high-rated, stable insurance companies and marketable securities consisting of municipal bonds carried at fair value which approximates cost. Cash equivalents and cash investments are highly liquid and are available upon demand with a minor penalty.

On March 1, 1995, the inventory, equipment and operations of the Company's Tessman Seed subsidiary was sold for $1,144,714. At closing Hawkins received $100,000 and a note receivable for the balance. The note receivable is due over the next five years plus interest at 8%.

CAPITAL RESOURCES

Capital expenditures in fiscal years 1995, 1994, and 1993 were $3,650,719, $1,762,952 and $1,333,177, respectively. Capital improvements and additions accounted for $2.2 million and transportation equipment accounted for $.8

million of the total capital expenditures in fiscal 1995. The improvements included a new 1.5 million gallon tank at the Company's Mississippi River terminal operations and a 15,000 square foot addition to the warehouse facilities at the Company's home offices in Minneapolis.

OUTLOOK

Management does not anticipate the need for stock or debt issuances in the short or long term, as cash, investments, and cash flows from operations have been more than adequate to fund working capital, capital investment and dividend needs. If the need for additional financing arises, however, management will consider issuance of debt or equity if such financing can be obtained on favorable terms. Although management continually looks for companies to acquire and for ways to modernize its warehouse facilities and equipment, no material commitments for acquisitions or capital expenditures currently exist.

Other than as discussed above, management is not aware of any matters or trends that have materially affected the results of operations for fiscal 1995 that are not expected to have either short or long-term implications, nor is it aware of any trends or other matters that have not materially affected results in fiscal 1995 but are expected to have a material effect on future periods.

ACCOUNTING PRONOUNCEMENTS

Effective October 3, 1994, the Company adopted Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This statement requires all investments classified as available-for-sale in equity securities that have readily determinable fair values and all investments in debt securities to be accounted for and reported at fair value. The adoption of SFAS No. 115 resulted in no cumulative effect on operations, and the prior years' consolidated financial statements were not restated.

The Financial Accounting Standards Board has issued two Financial Accounting Standards (FAS) related to Disclosures about the Fair Value of Financial Instruments and Derivative Financial Instruments. FAS 107 and 119 are effective for fiscal years ending after December 15, 1995. FAS 107 or 119 will not have a material impact on the Company's financial condition or results of operations.

In October 1995, the Financial Accounting Standards Board issued Financial Standard No. 123, "Accounting for Stock-Based Compensation," (FAS 123) which requires adoption of the disclosure provisions and/or the adoption of the recognition and measurement provisions for nonemployee transactions no later than December 15, 1995. The Company currently does not have any agreements that offer stock based compensation to either employees or non-employees.

QUARTERLY STOCK DATA

1995 Quarter	High	Low
1st	6 5/8	5 7/8
2nd	7 1/2	5 7/8
3rd	7 1/2	6 1/4
4th	8	6 7/8

1994 Quarter	High	Low
1st	5 1/2	4 1/2
2nd	6 1/2	5 1/8
3rd	6 3/4	5
4th	6 1/2	5 1/4

The common stock of Hawkins Chemical, Inc. is quoted on the NASDAQ National Market System. The price information represents closing sale prices reported in the NASDAQ/NMS Monthly Statistical Report. There were 868 common shareholder accounts on October 1, 1995. The prices are adjusted to reflect the 10% stock dividend that occurred on March 31, 1995 and the 5% stock dividend on March 25, 1994. A cash dividend of $.14 per share was paid during the third quarter of fiscal 1995, and $.12 per share was paid during the third quarter of fiscal 1994. A cash dividend of $.07 per share was declared in the fourth quarter of fiscal 1995 and paid in the first quarter of fiscal 1996 (see Note 1).

STOCK EXCHANGE

Hawkins Chemical, Inc. common stock is traded on the NASDAQ National Market System under the symbol HWKN.

FORM 10-K AVAILABLE

Hawkins Chemical, Inc. will provide to each person whose proxy is solicited, upon the written request by such person, a copy of its Annual Report on Form 10-K as filed with the Securities and Exchange Commission, including financial statements and schedules. Such request should be directed to Hawkins Chemical, Inc., Attention: Corporate Secretary, 3100 East Hennepin Avenue, Minneapolis, Minnesota 55413.

REGISTRAR AND TRANSFER AGENT

Norwest Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
(800) 468-9716
(612) 450-4064

CORPORATE OFFICES

3100 East Hennepin Avenue
Minneapolis, Minnesota 55413
(800) 328-5460
(612) 331-6910

ANNUAL MEETING

The annual meeting of the shareholders of Hawkins Chemical, Inc. will be held February 7, 1996, at the Sheraton Minneapolis Metrodome, 1330 Industrial Boulevard, Minneapolis, Minnesota, at 3:00 p.m.

SCHEDULE II

HAWKINS CHEMICAL, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED OCTOBER 1, 1995, October 2, 1994 AND OCTOBER 3, 1993

		ADDITIONS			
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS WRITE-OFFS	BALANCE AT END OF YEAR
Reserve deducted from asset to which it applies - allowance for doubtful accounts:					

YEAR ENDED: October 1, 1995	$115,661	$200,499	$62,879	$31,168	$347,871
YEAR ENDED: October 2, 1994	$ 92,269	$ 91,610	$	$48,218	$115,661
YEAR ENDED: October 3, 1993	$ 51,237	$ 40,131	$	$ 5,099	$ 92,269
Reserve deducted from asset to which it applies - allowance for inventory market valuation:					
YEAR ENDED: October 1, 1995	$	$	$	$	$
YEAR ENDED: October 2, 1994	$1,470,000	$	$	$1,470,000	$
YEAR ENDED: October 3, 1993	$	$1,470,000	$	$	$1,470,000

EXHIBIT 21

All of the following are wholly owned subsidiaries of the Registrant:

SUBSIDIARY	STATE IN WHICH ORGANIZED
The Lynde Company	Minnesota
Feed-Rite Controls, Inc.	Minnesota
Mon-Dak Chemical, Inc.	North Dakota
Dakota Chemical, Inc.	South Dakota

The financial statements of The Lynde Company, Feed-Rite Controls, Inc., Mon-Dak Chemical, Inc., and Dakota Chemical, Inc. are consolidated with those of the Registrant.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

We consent to the incorporation by reference in Registration Statement No. 33-41323 of Hawkins Chemical, Inc. and subsidiaries (the Company) on Form S-8 of our report dated December 12, 1995 appearing in the Annual Report on Form 10-K for the Company for the year ended October 1, 1995.

Our audits of the financial statements referred to in our aforementioned report also included the financial statement schedule of the Companies listed in Item 14(a)(2). This financial statement schedule is the responsibility of the Companies' management. Our responsibility is to express an opinion based on our audit. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
December 26, 1995

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