

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

FORM 10-Q

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

For the quarterly period ended June 30, 2008

Commission file number 0-7647

HAWKINS, INC.

(Exact name of registrant as specified in its charter)

MINNESOTA
(State or other jurisdiction of
incorporation or organization)

41-0771293
(I.R.S. Employer Identification No.)

3100 EAST HENNEPIN AVENUE, MINNEAPOLIS, MINNESOTA 55413

(Address of principal executive offices, including zip code)

(612) 331-6910

(Registrant's telephone number, including area code)

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

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

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

YES NO

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

CLASS	OUTSTANDING AT AUGUST 8, 2008
Common Stock, par value \$.05 per share	10,253,458

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**HAWKINS, INC.
CONDENSED BALANCE SHEETS**

	JUNE 30, 2008 (UNAUDITED)	MARCH 30, 2008 (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 20,718,782	\$ 21,509,181
Investments available-for-sale	1,703,730	2,276,358
Trade receivables – net	26,874,105	23,788,342
Inventories	20,294,947	14,010,952
Prepaid expenses and other current assets	2,558,951	3,614,387
Total current assets	<u>72,150,515</u>	<u>65,199,220</u>
PROPERTY, PLANT AND EQUIPMENT – net	36,108,019	35,928,878
GOODWILL AND INTANGIBLE ASSETS	6,784,589	6,906,956
LONG-TERM INVESTMENTS	572,728	583,836
OTHER ASSETS	344,627	324,061
	<u>\$ 115,960,478</u>	<u>\$ 108,942,951</u>
LIABILITIES AND SHAREHOLDERS’ EQUITY		
CURRENT LIABILITIES:		
Accounts payable – trade	\$ 18,249,747	\$ 11,780,842
Dividends payable	—	2,459,150
Accrued payroll and employee benefits	3,391,785	6,137,089
Container deposits	1,015,390	983,640
Other accruals	2,136,027	1,344,123
Total current liabilities	<u>24,792,949</u>	<u>22,704,844</u>
OTHER LONG-TERM LIABILITIES	117,534	119,600

DEFERRED INCOME TAXES	1,093,363	1,097,097
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COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY:

Common stock, par value \$.05 per share; 10,239,458 shares issued and outstanding	511,973	511,973
Additional paid-in capital	38,155,881	38,090,696
Accumulated other comprehensive loss	(15,161)	(9,321)
Retained earnings	51,303,939	46,428,062
Total shareholders' equity	89,956,632	85,021,410
	<u>\$ 115,960,478</u>	<u>\$ 108,942,951</u>

See accompanying notes to condensed financial statements – unaudited.

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HAWKINS, INC.
CONDENSED STATEMENTS OF INCOME

	<u>THREE MONTHS ENDED JUNE 30</u>	
	<u>2008</u>	<u>2007</u>
	(UNAUDITED)	
Sales	\$ 65,127,314	\$ 48,622,725
Cost of sales	<u>50,878,631</u>	<u>36,792,174</u>
Gross margin	14,248,683	11,830,551
Selling, general and administrative expenses	<u>6,625,726</u>	<u>7,495,284</u>
Income from operations	7,622,957	4,335,267
Investment income	<u>141,420</u>	<u>302,303</u>
Income before income taxes	7,764,377	4,637,570
Provision for income taxes	<u>2,888,500</u>	<u>1,686,500</u>
Net income	<u>\$ 4,875,877</u>	<u>\$ 2,951,070</u>
Weighted average number of shares outstanding – basic	<u>10,239,458</u>	<u>10,184,940</u>
Weighted average number of shares outstanding – diluted	<u>10,251,111</u>	<u>10,204,262</u>
Earnings per share – basic and diluted	<u>\$.48</u>	<u>\$.29</u>
Cash dividends declared per common share	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to condensed financial statements – unaudited.

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HAWKINS, INC.
CONDENSED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED JUNE 30

	2008	2007
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,875,877	\$ 2,951,070
Reconciliation to cash flows:		
Depreciation and amortization	1,375,814	1,227,262
Stock compensation expense	65,185	159,417
Loss (gain) from property disposals	33,376	(6,736)
Changes in operating accounts (using) providing cash:		
Trade receivables	(3,085,763)	(1,270,802)
Inventories	(6,283,995)	22,817
Accounts payable	6,252,918	774,149
Accrued liabilities	(1,923,716)	(2,027,054)
Other	1,034,870	1,699,187
Net cash provided by operating activities	2,344,566	3,529,310
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,273,977)	(1,081,182)
Sale and maturities of investments	574,162	4,323,406
Proceeds from property disposals	24,000	40,105
Acquisition of Trumark, Inc.	—	(5,262,601)
Net cash used in investing activities	(675,815)	(1,980,272)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(2,459,150)	(2,247,686)
Net cash used in financing activities	(2,459,150)	(2,247,686)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(790,399)	(698,648)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	21,509,181	11,592,939
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 20,718,782	\$ 10,894,291
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for income taxes	\$ 47,500	\$ —
Noncash investing activities-		
Capital expenditures in accounts payable	\$ 557,046	\$ 697,828
Stock issued for acquisition of Trumark	\$ —	\$ 588,000

See accompanying notes to condensed financial statements – unaudited.

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HAWKINS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS - UNAUDITED

- The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions for Form 10-Q and, accordingly, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2008, previously filed with the Securities and Exchange Commission (SEC). In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments necessary to present fairly the Company's financial position and the results of its operations and cash flows for the periods presented. All adjustments made to the interim financial statements were of a normal recurring nature.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2008 filed with the SEC, on June 13, 2008.

- The results of operations for the period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the full year.

3. In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 157, "Fair Value Measurements." This statement establishes a consistent framework for measuring fair value and expands disclosures on fair value measurements. We adopted SFAS 157 at the beginning of the first quarter of fiscal 2009, and the adoption had no impact on our results of operations and financial condition.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We did not choose the Fair Value Option; therefore, the adoption had no impact on our results of operations and financial condition.

In June 2007, the FASB ratified the Emerging Issues Task Force (EITF) Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share Based Payment Awards." EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for nonvested equity-classified employee share-based awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after September 15, 2007. We adopted EITF 06-11 at the beginning of the first quarter of fiscal 2009, and the adoption had no impact on our results of operations and financial condition.

In June 2007, the FASB ratified EITF Issue No. 07-03, "Accounting for Nonrefundable Advance Payments for Goods and Services Received for Use in Future Research and Development Activities." EITF 07-03 requires companies to defer nonrefundable advance payments for goods and services and to expense that advance payment as the goods are delivered or services are rendered. If the company does not expect to have the goods delivered or services performed, the advance should be expensed. EITF 07-03 is effective for fiscal years beginning after December 15, 2007. We adopted EITF 07-03 at the beginning of the first quarter of fiscal 2009, and the adoption had no impact on our results of operations and financial condition.

In December 2007, the FASB issued SFAS No. 141(revised 2007), "Business Combinations" (141R). SFAS 141R significantly changes the accounting for business combinations in a number of areas including the treatment of contingent consideration, preacquisition contingencies, transaction costs, in-process research and development and restructuring costs. In addition, under SFAS 141R, changes in an acquired entity's deferred tax assets and uncertain tax positions after the measurement period will impact income tax expense. SFAS 141R is effective for fiscal years beginning after December 15, 2008. We will apply SFAS 141R prospectively to business combinations completed on or after that date. There will be no impact upon adoption to our current results of operations and financial condition.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51." SFAS 160 changes the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. This new consolidation method significantly changes the accounting for transactions with minority interest holders. SFAS 160 is effective for fiscal years beginning after December 15, 2008. We are currently evaluating the impact SFAS 160 will have on results of operations and financial condition.

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4. Basic earnings per share (EPS) is net earnings divided by the weighted average number of common shares outstanding during the period. Diluted EPS includes the incremental shares assumed to be issued upon the exercise of stock options and the incremental shares assumed to be issued as performance units and restricted stock. Basic and diluted EPS were calculated using the following:

	June 30, 2008	June 30, 2007
Weighted average common shares outstanding - basic	10,239,458	10,184,940
Dilutive impact of stock options, performance units, and restricted stock	11,653	19,322
Weighted average common shares outstanding - diluted	<u>10,251,111</u>	<u>10,204,262</u>

For the June 30, 2008 computation, 61,332 stock options were excluded from the calculation of weighted average shares for diluted EPS because their effects were antidilutive.

5. Inventories, principally valued by the last-in, first-out (LIFO) method, are less than current cost by \$6,164,970 and \$4,501,745 at June 30, 2008 and March 30, 2008, respectively. The valuation of LIFO inventory for interim periods is based on the Company's estimates of year-end inventory levels and costs. Inventory consists principally of finished goods.
6. Intangible assets consist primarily of customer lists, trademarks, and trade names in previous business acquisitions. A summary of our intangible assets for June 30, 2008 and March 30, 2008 were as follows:

	June 30, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net
Finite-life intangible assets	\$ 6,565,033	\$ (2,211,034)	\$ 4,353,999
Indefinite-life intangible assets	1,227,000	—	1,227,000
Total intangibles, net	<u>\$ 7,792,033</u>	<u>\$ (2,211,034)</u>	<u>\$ 5,580,999</u>
	<u>March 30, 2008</u>		

	Gross Carrying Amount	Accumulated Amortization	Net
Finite-life intangible assets	\$ 6,565,033	\$ (2,088,667)	\$ 4,476,366
Indefinite-life intangible assets	1,227,000	—	1,227,000
Total intangibles, net	<u>\$ 7,792,033</u>	<u>\$ (2,088,667)</u>	<u>\$ 5,703,366</u>

Goodwill in the amount of \$1,203,590 is included in Goodwill and Intangible Assets at June 30, 2008 and March 30, 2008.

7. The Company follows SFAS No. 109, "Accounting for Income Taxes." In the preparation of the Company's financial statements, management calculates income taxes based upon the estimated effective rate applicable to operating results for the full fiscal year. This includes estimating the current tax liability as well as assessing differences resulting from different treatment of items for tax and book accounting purposes. These differences result in deferred tax assets and liabilities, which are recorded on the balance sheet. These assets and liabilities are analyzed regularly and management assesses the likelihood that deferred tax assets will be recovered from future taxable income. The Company records any interest and penalties related to income taxes as income tax expense in the condensed statements of income.

The Company is subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The tax years beginning with 2004 remain open to examination by the Internal Revenue Service. The significant state jurisdictions of Minnesota, Iowa, North Dakota, South Dakota, and Wisconsin have tax years beginning with 2004 open to examination.

In accordance with FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109," we accrue for the effects of open uncertain tax positions and the related penalties and interest. There were no adjustments made to record a liability for unrecognized tax benefits during the three months ended June 30, 2008, and we do not expect any significant adjustments to be made that would have a material impact on our results of operations and financial condition.

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8. Comprehensive income and its components, net of tax, were as follows:

	Three months ended June 30	
	2008	2007
Net income	\$ 4,875,877	\$ 2,951,070
Available-for-sale investments unrealized loss, net of tax	(5,840)	(20,581)
Comprehensive income	<u>\$ 4,870,037</u>	<u>\$ 2,930,489</u>

9. The Company is involved in various legal actions arising from the normal course of business from time to time. Management is of the opinion that any judgment or settlement resulting from pending or threatened litigation would not have a material adverse effect on the financial position, results of operations or cash flows of the Company.
10. Our Board of Directors approved a long-term incentive equity compensation plan for certain officers of the Company during the first quarter of fiscal 2009. The long-term incentive plan allows us to grant nonqualified stock options that cliff vest at the end of a three-year period and expire no later than 10 years after the grant date. On May 13, 2008, the Company issued 61,332 stock options to certain executives of the Company under this plan. The Black-Scholes valuation model was used to estimate the fair value of the options at grant date based on the following assumptions:

Dividend Yield:	3.2%
Volatility:	28.0%
Risk-Free Interest Rate:	3.0%
Expected Life in Years:	4

Volatility was calculated using the past 4 years of historical stock prices of Hawkins, Inc common stock. The expected life is estimated based on expected future trends and the terms and vesting periods of the options granted. The risk-free interest rate is an interpolation of the relevant U.S. Treasury Bond Rate as of the grant date. The grant date fair value was \$2.95 per option and the Company recorded approximately \$8,000 of compensation expense for this award for the three months ended June 30, 2008.

Our Board of Directors approved a performance-based equity compensation plan for certain executives of the Company during the first quarter of fiscal 2009. The performance-based plan allows us to grant certain officers performance units that represent a possible future issuance of restricted shares of the Company's common stock based on the Company's pre-tax income target for the applicable fiscal year. The actual number of restricted shares to be issued to each officer will be determined after the Company's final financial information becomes available after the applicable fiscal year and will be between 0 shares and 23,000 shares in the aggregate. The restricted shares fully vest two years after the last day of the fiscal year on which the performance is based. On May 13, 2008, performance units were granted to certain officers of the Company under this plan. In accordance with SFAS 123R, "Share-Based Payment," the Company is recording the compensation expense for the outstanding performance share units over the life of the awards and recorded approximately \$29,000 of compensation expense for the three months ended June 30, 2008. The amount of expense recorded each period is dependent upon our estimate of the number of shares that will ultimately be issued and the then current Hawkins, Inc. common stock price.

On September 18, 2007, the Company issued 7,000 shares of restricted stock to the Board of Directors as part of their annual retainer for their Board services. The restricted stock awards are expensed over the requisite vesting period, which begins on the date of issuance and ends on the date of the next Annual Meeting of shareholders, based on the market value on the date of grant. The grant date fair value on September 18, 2007 was \$14.48. For the three months ended June 30, 2008, there was approximately \$28,000 of compensation expense recorded for this award.

On December 15, 2006, the Company issued 45,257 shares of restricted stock to certain employees of the Company. The restricted stock awards are recorded as compensation expense over the requisite vesting period, which is one year of service, based on the market value on the date of grant. The grant date fair value on December 15, 2006 was \$14.09. The shares became fully vested on December 15, 2007. Restricted stock expense related to this grant for three months ended June 30, 2007 was approximately \$160,000.

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11. On July 15, 2008, the Company acquired a 77,000 square foot facility on 10 acres in Centralia, Illinois for approximately \$2,000,000. The facility will be primarily used for expansion of the Company’s lactate and other food ingredient manufacturing capacity within its Industrial segment, with the Water Treatment segment using the location as a branch office for its operations as it expands its geographic coverage.

On May 15, 2007, the Company signed an asset purchase agreement with Trumark, Inc., Trumark Ltd., Profloc Inc. (collectively Trumark) and the shareholders of each entity, under which the Company agreed to acquire substantially all of the assets of the entities and assume certain operating liabilities for cash of approximately \$5,963,000 and Hawkins stock of \$588,000. On May 31, 2007, the acquisition was completed. The acquired business is a producer of antimicrobial products for the food industry. The acquired business is included in the Company’s Industrial operating segment.

The assets acquired consist of assets used by Trumark to operate its business, including intellectual property, manufacturing equipment and inventory. The purchase price consisted of cash and shares of the Company’s common stock. The Company funded the cash portion of the transaction with existing cash and issued new shares of common stock. The operations of Trumark are included in the Company’s statement of income beginning on June 1, 2007. The proforma effect of this acquisition on prior period sales, operating income, and EPS was not significant.

12. The Company has three reportable segments: Industrial, Water Treatment and Pharmaceutical. Reportable segments are defined by product and type of customer. Segments are responsible for the sales, marketing and development of their products and services. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Product costs and expenses for each segment are based on actual costs incurred along with cost allocation of shared and centralized functions. The Company evaluates performance based on income from operations not including nonrecurring gains and losses. The segments do not have separate accounting, administration, customer service or purchasing functions. There are no intersegment sales and no operating segments have been aggregated. Sales are primarily within the United States and all assets are located within the United States. These results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented.

Reportable Segments	Industrial	Water Treatment	Pharmaceutical	Total
Three Months Ended June 30, 2008:				
Sales	\$ 41,208,220	\$ 21,345,846	\$ 2,573,248	\$ 65,127,314
Income from operations	\$ 3,603,041	\$ 3,920,754	\$ 99,162	\$ 7,622,957
Three Months Ended June 30, 2007:				
Sales	\$ 29,284,625	\$ 16,923,049	\$ 2,415,051	\$ 48,622,725
Income from operations	\$ 963,539	\$ 3,213,112	\$ 158,616	\$ 4,335,267

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

FORWARD-LOOKING INFORMATION

The information contained in this Quarterly Report on Form 10-Q for the period ended June 30, 2008 contains statements that we believe to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “project,” or “continue,” or the negative thereof or similar words. From time to time, we also may provide oral or written forward-looking statements in other materials we release to the public. Any or all of our forward-looking statements in this Quarterly Report on Form 10-Q and in any public statements we make could be materially different from actual results. They can be affected by assumptions we might make or by known or unknown risks or uncertainties, including those described in Item 1A “Risk Factors” and other factors disclosed throughout this Quarterly Report on Form 10-Q and the Company’s

other filings with the SEC. Consequently, we cannot guarantee any forward-looking statements and undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may arise after the date of this Quarterly Report on Form 10-Q. Investors are cautioned not to place undue reliance on any forward-looking statements. Investors should also understand that it is not possible to predict or identify all factors that might affect actual results and should not consider these factors to be a complete statement of all potential risks and uncertainties. We assume no obligation and disclaim any duty to update the forward-looking statements in this Quarterly Report on Form 10-Q or any other public statement.

RESULTS OF OPERATIONS

The following table sets forth the percentage relationship of certain items to sales for the period indicated (in thousands, except percentages):

	Three months ended June 30, 2008		Three months ended June 30, 2007	
Sales	\$ 65,127	100.0%	\$ 48,623	100.0%
Cost of sales	50,879	78.1	36,792	75.7
Gross margin	14,249	21.9	11,831	24.3
Selling, general and administrative expenses	6,626	10.2	7,495	15.4
Income from operations	7,623	11.7	4,335	8.9
Investment income	141	0.2	302	0.6
Income before income taxes	7,764	11.9	4,638	9.5
Provision for income taxes	2,889	4.4	1,687	3.5
Net income	\$ 4,876	7.5%	\$ 2,951	6.1%

SALES

Sales increased \$16,504,589, or 33.9%, to \$65,127,314 in the three months ended June 30, 2008 as compared to \$48,622,725 in the same period a year ago. Sales of bulk chemicals, including caustic soda, were approximately 32% of sales during the three months ended June 30, 2008 and in the comparable period a year ago. The increase in sales was primarily driven by the Industrial and Water Treatment segments, as sales in these segments increased by \$11,923,595 or 40.7% and \$4,422,797 or 26.1%, respectively, in the three months ended June 30, 2008 over the comparable period last year. The increase in the Industrial segment was primarily attributable to significant increases in selling prices related to rising material costs along existing product lines and to a lesser extent volume increases. Caustic soda volumes sold were comparable to the prior year. Additionally, Industrial segment sales were impacted by the acquisition of Trumark, Inc completed on May 31, 2007, driving approximately 5% of the increase in sales. The increase in Water Treatment segment sales were also primarily due to significant increases in selling prices related to rising material costs. Volumes increased slightly despite less favorable weather conditions as compared to the same period a year ago. The Pharmaceutical segment sales increased by approximately 1% during the three months ended June 30, 2008 as compared to the same period in the prior year. The Food and Drug Administration (FDA) is currently exercising enforcement discretion against two major compounding chemicals, which action broadly impacted the compounding market and served to dampen the Pharmaceutical segment sales during the three months ended June 30, 2008.

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During the three months ended June 30, 2007, the Pharmaceutical segment was restricted from selling certain products by the Minneapolis District Office of the FDA. The Company worked to resolve this matter and during the third quarter of fiscal 2008, received clearance from the FDA to sell the majority of the products initially affected. Although sales within the Pharmaceutical segment were negatively impacted in the first half of fiscal 2008, there was not a material impact to the Company's results of operations or cash flows.

GROSS MARGIN

Gross margin, as a percentage of sales, for the three months ended June 30, 2008 was 21.9%, compared to 24.3% for the comparable period a year ago. Due to significant increases in raw material inventory costs, the LIFO method of valuing inventory resulted in a LIFO charge that negatively impacted the gross margin by 2.5% for the three months ended June 30, 2008. Additionally, operating expenses of \$694,527 were classified as cost of sales for the three months ended June 30, 2008 that would have been classified as selling, general and administrative expenses for the three months ended June 30, 2007 to more accurately reflect the underlying nature of the expenses. Excluding the effect of the LIFO adjustment and change in expense classification, gross margin as a percentage of sales would have been 25.5% or an increase of approximately 1.2% over the three months ended June 30, 2007. The higher margin rate was primarily due to an increase in margins on certain agricultural products due to high demand and constrained supply and the sale of lower-cost inventory in storage. Many of the Company's products are commodity based and therefore are subject to cost and pricing fluctuations, which is expected to continue in future periods.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses, as a percentage of sales, for the three months ended June 30, 2008 were 10.2% (\$6,625,726) compared to 15.4% (\$7,495,284) for the same period one year ago. Excluding the impact of the \$694,527 change in classification of certain expenses to cost of sales, expenses decreased by \$175,031 for the three months ended June 30, 2008 as compared to a year ago. The decrease was primarily attributable to expenses incurred in the prior year for contractor and consulting fees related to the Company's implementation of an Enterprise Resource Planning system and approximately \$300,000 of non-recurring acquisition-related expenses associated with the Trumark acquisition. These decreases were partially offset by an increase in employee compensation including variable pay plans and additional sales staff to support sales growth in the Water Treatment and Pharmaceutical segments.

INCOME FROM OPERATIONS

Income from operations for the three months ended June 30, 2008 increased by \$3,287,690 to \$7,622,957, which was attributable to the Industrial (\$2,639,502) and Water Treatment (\$707,642) segments. The increases were driven by the increase in sales and higher margins on certain products. The Pharmaceutical segment decreased by \$59,454 due to a 1% decrease in gross margin percentage due to higher lab testing expenses and an increase in selling expense as additional sales staff were added.

INVESTMENT INCOME

Investment income decreased \$160,883 to \$141,420 for the three months ended June 30, 2008 compared to the same period in the prior year. The decrease was primarily due to lower average investment balances due to the May 2007 Trumark acquisition and lower yields due to the change in mix in investment balances in the current year as compared to the prior year.

PROVISION FOR INCOME TAXES

The effective income tax rate was 37.2% for the three months ended June 30, 2008, compared to 36.4% for the three months ended June 30, 2007.

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LIQUIDITY AND CAPITAL RESOURCES

For the three-month period ended June 30, 2008, cash provided by operations was \$2,344,566 compared to cash provided by operations of \$3,529,310 for the same period one year ago. The decrease in cash provided by operating activities was due primarily to fluctuations in working capital balances including the timing of inventory purchases and the related vendor payments and an increase in trade receivables associated with the increase in sales. Due to the nature of our operations, which includes purchases of large quantities of bulk chemicals, timing of purchases can result in significant changes in working capital investment and the resulting operating cash flow. Historically, the Company's cash requirements increase during the period from April through September as caustic soda inventory levels increase as the majority of barges are received during this period. Additionally, due to the seasonality of the water treatment business, the Company's accounts receivable balance generally increases during this period. Cash used in investing activities decreased by \$1,304,457 for the three months ended June 30, 2008 compared to the same period one year ago, primarily due to the acquisition of Trumark in the prior year. Largely offsetting the cash used for the acquisition in the prior year was the proceeds obtained from the sale of investments during the three months ended June 30, 2007. Capital expenditures during the quarter ended June 30, 2008 consisted primarily of facilities improvement projects, machinery and equipment, new route sales trucks, and returnable containers. Recurring capital expenditures for the remainder of this fiscal year are expected to be comparable with the three previous years and they will primarily relate to facilities improvement projects and new route sales trucks. In addition, the Company has plans to spend approximately \$8.0 million on capacity expansion during the current fiscal year, of which approximately \$2.0 million was spent to acquire a 77,000 square foot facility on 10 acres in Centralia, Illinois, on July 15, 2008. The facility will be primarily used for expansion of the Company's lactate and other food ingredient manufacturing capacity within its Industrial segment, with the Water Treatment segment using the location as a branch office for its operations as it expands its geographic coverage.

Cash, cash equivalents and investments available-for-sale decreased by \$1,379,935 from March 30, 2008 to \$22,734,440 as of June 30, 2008 due primarily to the semi-annual dividend payment of \$2,459,150 and capital spending of \$1,273,977, partially offset by cash generated from operating activities. Cash equivalents consist of money market accounts and certificates of deposit with an original maturity of three months or less. Investments available-for-sale consists of corporate bonds and U.S. Government agency securities. The Company's investment objectives in order of importance are the preservation of principal, maintenance of liquidity and rate of return. The fixed income portfolio consists primarily of investment grade securities to minimize credit risk, and they generally mature within 10 years. The Company monitors the maturities of its investments to ensure that funding is available for anticipated cash needs. At June 30, 2008, \$311,928 of available-for-sale investments were classified as non-current assets as they were determined to be temporarily impaired with an aggregate carrying value exceeding market value by approximately \$9,900 and have maturity dates of one year or longer. These investments were not determined to be other-than-temporarily impaired as the Company has the intent and ability to hold these investments for a period of time sufficient to allow a recovery of fair value.

At June 30, 2008, the Company had an investment portfolio of fixed income securities of \$2,276,459 and cash and cash equivalents of \$20,718,782. The fixed income securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, while the value of the investment may fluctuate in any given period, the Company intends to hold its fixed income investments until recovery. Consequently, the Company would not expect to recognize an adverse impact on net income or cash flows during the holding period.

Expected future cash flows from operations, coupled with the Company's strong financial position, puts the Company in a position to fund both short and long-term working capital and capital investment needs with internally generated funds. Management does not, therefore, anticipate the need to engage in significant financing activities in either the short or long-term. If the need to obtain additional capital does arise, however, management is confident that the Company's total debt to capital ratio at June 30, 2008 puts it in a position to obtain debt financing on favorable terms although there can be no assurance of this.

Although management continually reviews opportunities to enhance the value of the Company through strategic acquisitions, other capital investments and strategic divestitures, no material commitments for such investments or divestitures currently exist other than the planned capacity expansion capital expenditures mentioned earlier.

CRITICAL ACCOUNTING POLICIES

The significant accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2008. The accounting policies used in preparing the Company's interim fiscal 2009 financial statements are the same as those described in the Company's Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At June 30, 2008, the Company had an investment portfolio of fixed income securities of \$2,276,458 and cash and cash equivalents of \$20,718,782. The fixed income securities, like all fixed income instruments, are subject to interest rate risks and will decline in value if market interest rates increase. However, while the value of the investment may fluctuate in any given period, the Company intends to hold its fixed income investments until recovery. Consequently, the Company would not expect to recognize an adverse impact on net income or cash flows during the holding period. The Company adjusts the carrying value of its investments if an impairment occurs that is other than temporary.

The Company is subject to the risk inherent in the cyclical nature of commodity chemical prices. However, the Company does not currently purchase forward contracts or otherwise engage in hedging activities with respect to the purchase of commodity chemicals. We generally attempt to pass changes in material prices to our customers, however, there are no assurances that we will be able to pass on the increases in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation the Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2008, the disclosure controls and procedures for Hawkins, Inc. were effective to ensure that information required to be disclosed in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in SEC's rules and forms.

Changes in Internal Control

There was no change in the Company's internal control over financial reporting during the first quarter of fiscal 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes to the Company's risk factors from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2008.

ITEM 6. EXHIBITS

Exhibit Index

<u>Exhibit</u>	<u>Description</u>	<u>Method of Filing</u>
3.1	Amended and Second Restated Articles of Incorporation as amended through February 27, 2001. (1)	Incorporated by Reference
3.2	Second Amended and Superseding By-Laws as amended through February 15, 1995. (2)	Incorporated by Reference
10.1	Form of Non-Statutory Stock Option Agreement under the Company's 2004 Omnibus Stock Plan.	Filed Electronically
10.2	Form of Performance-Based Restricted Stock Unit Award Notice and Restricted Stock Agreement under the Company's 2004 Omnibus Stock Plan.	Filed Electronically
31.1	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act.	Filed Electronically
31.2	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act.	Filed Electronically

(1) Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended September 30, 2001.

(2) Incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended October 1, 1995.

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SIGNATURES

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

HAWKINS, INC.

By:

/s/ Kathleen P. Pepski

Kathleen P. Pepski

Vice President, Chief Financial Officer, Secretary and Treasurer
(On behalf of the Registrant and as principal financial officer)

Dated: August 8, 2008

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Exhibit Index

<u>Exhibit</u>	<u>Description</u>	<u>Method of Filing</u>
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32.1 Section 1350 Certification by Chief Executive Officer.

Filed Electronically

32.2 Section 1350 Certification by Chief Financial Officer.

Filed Electronically

- (1) Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended September 30, 2001.
- (2) Incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended October 1, 1995.

**HAWKINS, INC.
2004 OMNIBUS STOCK PLAN**

NON-STATUTORY STOCK OPTION AGREEMENT

Name of Optionee:	
No. of Shares Covered:	Date of Grant:
Exercise Price Per Share:	Expiration Date:
Exercise Schedule:	
<u>Date(s) of Exercisability</u>	<u>No. of Shares as to Which Option Becomes Exercisable</u>

This is a NON-STATUTORY STOCK OPTION AGREEMENT (“**Agreement**”) between Hawkins, Inc., a Minnesota corporation (the “**Company**”), and the above-named optionee (the “**Optionee**”) effective as of the date of grant specified above.

Background

- A. The Company maintains the Hawkins, Inc. 2004 Omnibus Stock Plan (as amended from time to time, the “**Plan**”).
- B. Under the Plan, a committee of two or more non-employee directors of the Company (the “**Committee**”) designated by the Board of Directors of the Company (the “**Board**”) administers the Plan and has the authority to determine the awards to be granted under the Plan.
- C. The Committee has determined that the Optionee is eligible to receive an award under the Plan in the form of a non-statutory stock option (the “**Option**”) and has set the terms of the Option.
- D. The Company hereby grants the Option to the Optionee under the terms and conditions as follows.

Terms and Conditions*

1. **Grant.** The Optionee is granted the Option to purchase the number of Shares specified at the beginning of this Agreement.
2. **Exercise Price.** The price to the Optionee of each Share subject to the Option will be the exercise price specified at the beginning of this Agreement.
3. **Non-Statutory Stock Option.** The Option is not intended to be an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “**Code**”).
4. **Exercise Schedule.** The Option will vest and become exercisable as to the number of Shares and on the dates specified in the exercise schedule at the beginning of this Agreement. The exercise schedule will be cumulative; thus, to the extent the Option has not already been exercised and has not expired, terminated or been cancelled, the Optionee or the person otherwise entitled to exercise the Option as provided herein may at any time, and from time to time, purchase all or any portion of the Shares then purchasable under the exercise schedule.

The Option may also be exercised in full (notwithstanding the exercise schedule) under the circumstances described in Section 8 of this Agreement if it has not expired prior thereto.

5. **Expiration.**
 - (a) **Timing.** The Option will expire at 5:00 p.m. Central Time on the earliest of:
 - (i) The expiration date specified at the beginning of this Agreement;
 - (ii) The expiration of the period after the termination of employment of the Optionee within which the Option can be exercised (as specified in Section 7 of this Agreement);
 - (iii) Upon termination of the Optionee’s employment for Cause (as defined in Section 14 hereof) or if it is determined by the Company within ten days after termination of the Optionee’s employment by the Optionee that Cause existed for termination by the Company, the date of such determination; or
 - (iv) The date (if any) fixed for cancellation pursuant to paragraph 17(b) of the Plan.

* Unless the context indicates otherwise, terms that are not defined in this Agreement shall have the meaning set forth in the Plan as it currently exists or as it is amended in the future.

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- (b) *Expiration Final.* In no event may anyone exercise the Option, in whole or in part, after it has expired, notwithstanding any other provision of this Agreement.
- (c) *Rescission.* In addition, if the Option is exercised, and prior to the delivery of the certificate representing the Shares so purchased, it is determined that Cause for termination existed, then the Company, in its sole discretion, may rescind the Option exercise by the Optionee and terminate the Option.

6. **Procedure to Exercise Option.**

- (a) *Notice of Exercise.* The Option may be exercised by delivering written notice of exercise to the Company at the principal executive office of the Company, to the attention of the Company's Secretary, in the form attached to this Agreement. The notice shall state the number of Shares to be purchased, and shall be signed by the person exercising the Option. If the person exercising the Option is not the Optionee, he/she also must submit appropriate proof of his/her right to exercise the Option.
- (b) *Tender of Payment.* Upon giving notice of any exercise hereunder, the Optionee will provide for payment of the purchase price of the Shares being purchased through one or a combination of the following methods:
 - (i) Cash (including check, bank draft or money order);
 - (ii) To the extent permitted by law, through a broker-assisted cashless exercise in which the Optionee simultaneously exercises the Option and sells all or a portion of the Shares thereby acquired pursuant to a brokerage or similar relationship and uses the proceeds from such sale to pay the purchase price of such Shares; or
 - (iii) By delivery to the Company of unencumbered Shares having an aggregate Fair Market Value on the date of exercise equal to the purchase price of such Shares.
- (c) *Limitation on Payment by Shares.* Notwithstanding Section 6(b), the Option may not be exercised through payment of any portion of the purchase price with Shares if, in the opinion of the Committee, payment in such manner could have adverse financial accounting consequences for the Company that were not applicable at the time of the grant.
- (d) *Delivery of Certificates.* As soon as practicable after the Company receives the notice and purchase price provided for above, it shall deliver to the person exercising the Option, in the name of such person, a certificate or certificates representing the Shares being purchased. The Company shall pay any original issue or transfer taxes with respect to the issue or transfer of the Shares and all fees and expenses incurred by it in connection therewith. All Shares so issued

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will be fully paid and nonassessable. Notwithstanding anything to the contrary in this Agreement, the Company will not issue a certificate for Shares distributable under the Plan unless the issuance of such certificate complies with all applicable legal requirements including, without limitation, compliance with the provisions of applicable state securities laws, the Securities Act and the Exchange Act.

7. **Employment Requirement.** The Option may be exercised only while the Optionee remains employed with the Company or a parent or subsidiary thereof, and only if the Optionee has been continuously so employed since the date the Option was granted; *provided that:*

- (a) *Post-Employment.* The Option may be exercised for three months after termination of the Optionee's employment if such cessation of employment is for a reason other than death or Disability (as defined in Section 14 hereof), but only to the extent that it was exercisable immediately prior to termination of employment, provided that if termination of the Optionee's employment shall have been for Cause, the Option shall expire, and all rights to purchase Shares hereunder shall terminate, immediately upon such termination.
- (b) *Death or Disability.* The Option may be exercised for one year after termination of the Optionee's employment if such termination of employment is because of death or Disability of the Optionee.
- (c) *Fundamental Change.* If the Optionee's employment terminates after a declaration made pursuant to paragraph 17(b) of the Plan in connection with a Fundamental Change, the Option may be exercised at any time permitted by such declaration.

8. **Acceleration of Vesting.**

- (a) *Death or Disability.* In the event of the death or Disability of the Optionee, any portion of the Option that was not previously exercisable will become immediately exercisable in full if the Optionee shall have been continuously employed by the Company or a parent or subsidiary thereof between the date the Option was granted and the date of such death or Disability.
- (b) *Fundamental Change.* In the event of a proposed Fundamental Change, the Committee, in its sole discretion, must either:
 - (i) if the Fundamental Change is a merger or consolidation, statutory share exchange or sale of substantially all of the assets of

the Company, make appropriate provision for the protection of the Option by the continuation of the Option with any adjustment as provided under Section 11 hereof if the Company is the corporation surviving the Fundamental Change, or by the assumption or replacement of the Option with a comparable option award covering shares of the corporation surviving the Fundamental

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Change if other than the Company, or, if appropriate, of the parent corporation of the Company or such surviving corporation, in either case in a manner that equitably preserves the compensation element of this Option at the time of the Fundamental Change; or

(ii) act in accordance with Section 17(b) of the Plan.

(c) *Discretionary Acceleration.* Notwithstanding any other provisions of this Agreement to the contrary, the Committee, in its sole discretion, may declare the Option immediately exercisable.

9. **Limitation on Transfer.** During the lifetime of the Optionee, only the Optionee or his/her guardian or legal representative may exercise the Option. The Option may not be assigned or transferred by the Optionee otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

10. **No Shareholder Rights Before Exercise.** No person shall have any of the rights of a shareholder of the Company with respect to any Share subject to the Option until the Share actually is issued to him/her upon exercise of the Option.

11. **Discretionary Adjustment.** In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, or extraordinary dividend or divestiture (including a spin-off), or any other change in the corporate structure or Shares of the Company, the Committee (or if the Company does not survive any such transaction, a comparable committee of the Board of Directors of the surviving corporation) shall, without the consent of the Optionee, make such adjustment as it determines in its sole discretion to be appropriate as to the number and kind of securities subject to and reserved under the Plan and, in order to prevent dilution or enlargement of rights of the Optionee, the number and kind of securities issuable upon exercise of the Option and the exercise price hereof.

12. **Tax Withholding.** Delivery of Shares upon exercise of the Option shall be subject to any required withholding taxes. As a condition precedent to receiving Shares upon exercise of the Option, the Optionee shall be required to pay to the Company, in accordance with the provisions of paragraph 14 of the Plan, an amount equal to the amount of any required withholdings. In lieu of all or any part of such a cash payment, a person exercising the Option may cover all or any part of the minimum required tax withholdings through a reduction in the number of Shares delivered to the person exercising the Option or through a subsequent return to the Company of Shares delivered to the person exercising the Option (in each case, such Shares having an aggregate Fair Market Value on the date of exercise equal to the amount of the withholding taxes being paid through such delivery, reduction or subsequent return of Shares). Notwithstanding the foregoing, no person shall be permitted to pay any such withholdings with Shares, or through a reduction in the number of Shares to be delivered upon exercise of the Option,

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if the Committee, in its sole discretion, determines that payment in such manner is undesirable.

13. **Interpretation of This Agreement.** All decisions and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive upon the Company and the Optionee. If there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

14. **Definitions.** The following terms used in this Agreement will have the meanings indicated:

(a) “Cause” means what the term is expressly defined to mean in a then-effective employment agreement between the Optionee and the Company, or in the absence of any such then-effective agreement or definition, it means:

(i) the Optionee’s commission of any act constituting a felony, or the Optionee’s conviction or guilty or no contest plea to any criminal misdemeanor or more serious act;

(ii) gross misconduct or any act of fraud, disloyalty or dishonesty by the Optionee related to or connected with the Optionee’s employment by the Company or any of its Subsidiaries or otherwise likely to cause material harm to the Company or its reputation;

(ii) a material violation by the Optionee of the Company’s policies or codes of conduct; and

(iv) the willful or material breach by the Optionee of any agreement between the Optionee and the Company.

(b) “Disability” means what the term is expressly defined to mean in a then-effective employment agreement between the Optionee and the Company, or in the absence of any such then-effective agreement or definition, means any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Optionee to be unable to perform the duties of Optionee’s position of employment or any substantially similar position of employment.

15. **Discontinuance of Employment.** This Agreement shall not give the Optionee a right to continued employment with the Company or any parent or subsidiary of the Company, and the Company or any such parent or subsidiary employing the Optionee may terminate his/her employment at any time

and otherwise deal with the Optionee without regard to the effect it may have upon him/her under this Agreement.

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16. **Option Subject to Plan, Articles of Incorporation and By-Laws.** The Optionee acknowledges that the Option and the exercise thereof is subject to the Plan, the Articles of Incorporation, as amended from time to time, and the By-Laws, as amended from time to time, of the Company, and any applicable federal or state laws, rules or regulations.
 17. **Obligation to Reserve Sufficient Shares.** The Company shall at all times during the term of the Option reserve and keep available a sufficient number of Shares to satisfy this Agreement.
 18. **Binding Effect.** This Agreement is binding in all respects on the heirs, representatives, successors and assigns of the Optionee.
 19. **Choice of Law.** This Agreement is entered into under the laws of the State of Minnesota and must be construed and interpreted thereunder without regard to conflict of law principles.

The Optionee and the Company have executed this Agreement as of the ____ day of _____, 20__.

OPTIONEE

HAWKINS, INC.

By _____
Its _____

HAWKINS, INC.
2004 OMNIBUS STOCK PLAN

**PERFORMANCE-BASED UNIT AWARD NOTICE
AND RESTRICTED STOCK AGREEMENT**

Name of Participant:	
Maximum Number of Units:	Unit Grant Date:
Performance Period Start Date:	Performance Period End Date:
<u>Unit Vesting Date</u>	<u>Restricted Share Vesting Date</u>

This is a PERFORMANCE-BASED UNIT AWARD NOTICE AND RESTRICTED STOCK AGREEMENT (“**Agreement**”) between Hawkins, Inc., a Minnesota corporation (the “**Company**”), and the above-named participant (the “**Participant**”) effective as of the Unit Grant Date specified above.

Background

- A. The Company maintains the Hawkins, Inc. 2004 Omnibus Stock Plan (as amended from time to time, the “**Plan**”).
- B. Under the Plan, a committee of two or more non-employee directors of the Company (the “**Committee**”) designated by the Board of Directors of the Company (the “**Board**”) administers the Plan and has the authority to determine the awards to be granted under the Plan.
- C. Participant, on the date hereof, is a key employee or officer of the Company or a Subsidiary of the Company.
- D. The Company wishes to grant a performance-based restricted stock unit award to Participant payable in shares of the Company’s common stock pursuant to the Plan.
- E. The Committee has determined that the Participant is eligible to receive such an award and hereby grants an award to the Participant on the terms and conditions that follow.

Terms and Conditions*

1. **Grant.** The Company hereby grants to Participant on the Grant Date that number of performance-based restricted stock units (each a “**Unit**”) equal to the Maximum Number of Units specified in the table above on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. Each Unit that vests will entitle the Participant to receive either (i) one restricted share of the Company’s common stock (each a “**Restricted Share**”), which shall remain forfeitable by the Participant until satisfaction of the vesting conditions set forth in Section 5(a) hereof, or (ii) one unrestricted share of the Company’s common stock (each an “**Unrestricted Share**”), as hereinafter provided for in this Agreement.
2. **Nature of Units.** The Units granted pursuant to this Agreement are bookkeeping entries only and do not provide the Participant with any dividend, voting or other rights of a stockholder of the Company. The Units shall remain forfeitable at all times unless and to the extent the vesting conditions set forth in Sections 3 or 4 of this Agreement are satisfied. Neither this Agreement nor the Units may be sold, transferred, assigned, encumbered or otherwise disposed of, except by will or the laws of descent and distribution in the event of the Participant’s death. Any attempt to otherwise transfer the Units or this Agreement shall be void and without effect. Any determination of a number of Units to vest under this Agreement will be rounded up to the nearest whole Unit.
3. **Vesting of Units.** Except as otherwise provided in Section 4 hereof and subject to Section 6 hereof, if, after the Performance Period has concluded, the Committee certifies (the “**Committee Certification**”) that the Company achieved at least the Minimum Performance Threshold set forth in Exhibit A to this Agreement, then a number of Units, as determined by the procedures set forth in Exhibit A, will vest immediately. As soon as practicable after the Committee Certification, but no later than July 15 of the Company fiscal year following the end of the Performance Period, the Company will cause to be issued to the Participant (or the Participant’s beneficiary or personal representative) one Restricted Share in payment and settlement of each vested Unit. Immediately after the Committee Certification, the Participant shall forfeit to the Company all remaining unvested Units.
4. **Acceleration of Vesting.**
 - (a) **Death or Disability.** If the Participant’s employment with the Company and all of its Subsidiaries ceases due to death or Disability (as defined in Section 7 hereof) at any time during the Performance Period, then a number of Units, as would be determined by the procedure set forth in Exhibit A if the Company were to achieve 100% of the Performance Target, will vest immediately. As soon as practicable after the Participant’s employment ceases due to death or Disability, but in no event later than two and one-half months after the later of the end of the calendar year or the end of the Company fiscal year in which the death or

determination of Disability occurred, the Company will cause to be issued to the Participant (or the Participant's beneficiary or personal representative) one Unrestricted Share in payment and settlement of each vested Unit. The Participant shall forfeit all remaining unvested Units.

- (b) **Fundamental Change.** In the event of a proposed Fundamental Change, then one of the following must occur:
- (i) If, pending the Fundamental Change, the Committee determines that this Agreement will not continue after the Fundamental Change or that the successor entity (or its parent) will not agree to provide for the assumption or replacement of this Agreement with a comparable equity-based award covering shares of the successor entity (or its parent) that would equitably preserve the compensation element of this Agreement at the time of the Fundamental Change, then either:
- (1) If the Fundamental Change occurs during the Performance Period, then a number of Units, as would be determined by the procedure set forth in Exhibit A if the Company were to achieve 100% of the Performance Target, will vest, and the Company shall cause to be issued to the Participant one Unrestricted Share in payment and settlement of each vested Unit, immediately before the consummation of the Fundamental Change. The Participant shall forfeit all remaining unvested Units.
 - (2) If the Fundamental Change occurs between the end of the Performance Period and the Restricted Share Vesting Date, all of the Restricted Shares granted or to be granted under this Agreement will vest and cease to be subject to forfeiture under Subsection 5(b) hereof immediately before the consummation of the Fundamental Change. If audited financial information for the Performance Period is unavailable before the consummation of the Fundamental Change, the Committee will perform the procedure set forth in Exhibit A using such financial information as may be available to it at the time.
- (ii) If, in connection with the Fundamental Change, Subsection 4(b)(i) hereof is not applicable and this Agreement is continued, assumed or replaced by a comparable equity-based award covering shares of the successor entity (or its parent) that equitably preserves the compensation element of this Agreement at the time of the Fundamental Change, and if the Participant's employment with the Company and all of its Subsidiaries (or with any successor entity) is terminated by the employer for reasons other than Cause (as defined in Section 7 hereof) or is terminated by the Participant for Good Reason (as defined in Section 7 hereof), then

- (1) If the termination of employment occurs during the Performance Period, then a number of Units, as would be determined by the procedure set forth in Exhibit A if the Company were to achieve 100% of the Performance Target, will vest immediately upon the termination of employment. As soon as practicable after the termination of employment, but in no event later than two and one-half months after the later of the end of the calendar year or the end of the Company (or successor entity) fiscal year in which the termination of employment occurred, the Company or its successor entity shall cause to be issued to the Participant one Unrestricted Share or, the equivalent in shares of stock in the surviving corporation pursuant to Section 8(b), in payment and settlement of each vested Unit. The Participant shall forfeit all remaining unvested Units.
- (2) If the termination of employment occurs between the end of the Performance Period and the Restricted Share Vesting Date, all of the Restricted Shares granted or to be granted under this Agreement, or equivalent shares of stock in the surviving corporation pursuant to Section 8(b), will vest and cease to be subject to forfeiture under Subsection 5(b) hereof immediately upon the termination of employment. If audited financial information for the Performance Period is unavailable before the termination of employment, the Committee will perform the procedure set forth in Exhibit A using such financial information as may be available to it at the time.

5. **Restricted Shares.**

- (a) **Vesting of Restricted Shares.** Subject to Section 6 hereof, all Restricted Shares granted pursuant to this Agreement that have not already vested under Section 4 hereof shall cease to be subject to forfeiture under Subsection 5(b) hereof upon the Restricted Share Vesting Date specified at the beginning of this Agreement.
- (b) **Restricted Share Forfeiture Events.** Upon the occurrence of a Restricted Share Forfeiture Event (as defined below), the Participant shall immediately forfeit to the Company all of the Restricted Shares that have not become vested pursuant to this Agreement, and upon such forfeiture the Participant shall immediately return any stock certificates representing the forfeited Restricted Shares and execute and deliver such stock powers as the Company may request. The Restricted Shares that are forfeited pursuant to the previous sentence shall become authorized but unissued shares of the Company's capital stock. A "**Restricted Share Forfeiture Event**" means any of the following events:
- (i) any attempt to transfer or otherwise dispose of any of the Restricted Shares, or to levy any attachment or pursue any similar involuntary

process with respect to any Restricted Shares, in violation of Subsection 5(c) hereof; or

- (ii) a termination of employment as contemplated by Section 6 hereof.
- (c) **Limitation on Transfer.** Until such time as the Restricted Shares have become vested under Subsection 5(a) hereof or such earlier time as is otherwise provided for herein, the Participant shall not transfer the Restricted Shares and the Restricted Shares shall not be subject to pledge hypothecation, execution, attachment or similar processes. Any attempt to assign, transfer, pledge, hypothecate or otherwise dispose of any Restricted Shares contrary to the provisions of this Agreement and any attempt to levy any attachment or pursue any similar process with respect to the Restricted Shares shall be null and void.
- (d) **Shareholder Rights.** Upon the issuance of Restricted Shares, the Participant shall have all of the rights of a shareholder of the Company with respect to those Restricted Shares, except as otherwise specifically provided in this Agreement.
- (e) **Restrictive Legends and Stop-Transfer Orders.**
 - (i) **Legends.** The certificate or certificates representing the Restricted Shares shall bear the following legend (as well as any legends required by applicable state and federal corporate and securities laws) noting the existence of the restrictions set forth in this Agreement:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED SHARE AGREEMENT BETWEEN THE COMPANY AND THE PARTICIPANT, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.”

- (ii) **Stop-Transfer Notices.** The Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.
- (iii) **Refusal to Transfer.** The Company shall not be required to (1) transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (2) treat as owner of the Restricted Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom the Restricted Shares shall have been so transferred.

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6. **Employment Requirement.** Upon termination of the Participants’ employment with the Company and all of its Subsidiaries for any reason not addressed in Section 4 hereof, whether by the Company with or without Cause, voluntarily or involuntarily by the Participant for Good Reason or otherwise, the Participant shall immediately forfeit to the Company all Units and Restricted Shares granted under this Agreement that have not vested as of the date the Participant’s employment is terminated.

7. **Definitions.** The following terms used in this Agreement will have the meanings indicated:

- (a) **“Cause”** means what the term is expressly defined to mean in a then-effective employment agreement between the Participant and the Company, or in the absence of any such then-effective agreement or definition, it means:
 - (i) the Participant’s commission of any act constituting a felony, or the Participant’s conviction or guilty or no contest plea to any criminal misdemeanor or more serious act;
 - (ii) gross misconduct or any act of fraud, disloyalty or dishonesty by the Participant related to or connected with the Participant’s employment by the Company or any of its Subsidiaries or otherwise likely to cause material harm to the Company or its reputation;
 - (iii) a material violation by the Participant of the Company’s policies or codes of conduct; and
 - (iv) the willful or material breach by the Participant of any agreement between the Participant and the Company.
- (b) **“Disability”** means what the term is expressly defined to mean in a then-effective employment agreement between the Participant and the Company, or in the absence of any such then-effective agreement or definition, means any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of Participant’s position of employment or any substantially similar position of employment.
- (c) **“Good Reason”** means what the term is expressly defined to mean in a then-effective employment agreement between the Participant and the Company, or in the absence of any such then-effective agreement or definition, means any of the following conditions arising without the consent of Participant, provided that Participant has first given written notice to the Company of the existence of the condition within 90 days of its first occurrence, and the Company has failed to remedy the condition within 30 days thereafter:

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- (i) a decrease in the Participant’s base salary;

- (ii) a material diminution in the Participant's authority, duties, or responsibilities;
 - (iii) relocation of Participant's principal office more than 50 miles from its current location; or
 - (iv) any other action or inaction that constitutes a material breach by the Company of any terms or conditions of any agreement between the Company and the participant, which breach has not been caused by Participant.
- (d) "**Performance Period**" means the period of one fiscal year of the Company beginning on the Performance Period Start Date and ending on the Performance Period End Date as specified in the table at the beginning of this Agreement.

8. **General Provisions.**

- (a) **Securities Law Compliance.** No securities issuable pursuant to this Agreement shall be issued and delivered unless the issuance of the shares complies with all applicable legal requirements, including compliance with the provisions of applicable state securities laws, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the requirements of the exchanges on which the Company's stock may, at the time, be listed.
- (b) **Mergers, Recapitalizations, Stock Splits, Etc.** Pursuant and subject to Section 19 of the Plan, certain changes in the number of shares or character of the Stock of the Company (through merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an equitable adjustment to avoid dilution or enlargement of Participant's rights with respect to any Units that have not yet vested under Sections 3 or 4 hereof.
- (c) **Shares Reserved.** The Company shall at all times during the term of this Agreement reserve and keep available such number of shares of Company common stock as will be sufficient to satisfy the requirements of this Agreement.
- (d) **Withholding Taxes.** The parties hereto recognize that the Company or a Subsidiary may be obligated to withhold federal and state taxes or other taxes upon the vesting of the Restricted Shares, or, in the event that the Participant elects under Code Section 83(b) to report the receipt of the Restricted Shares as income in the year of receipt, upon the Participant's receipt of the Restricted Shares. The Participant agrees that, at such time, if the Company or a subsidiary is required to withhold such taxes, the Participant will promptly pay, in cash or through the forfeiture of unencumbered shares of Company stock (or in any other

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manner permitted by the Committee in accordance with the terms of the Plan), upon demand, to the Company or the subsidiary having such obligation, such amounts as shall be necessary to satisfy such obligation. The Participant further acknowledges that the Company has directed the Participant to seek independent advice regarding the applicable provisions of the Code, the income tax laws of any municipality, state or foreign country in which the Participant may reside, and the tax consequences of the Participant's death.

- (e) **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company, its Affiliates and their successors and assigns, and shall bind and inure to the benefit of Participant and any successor or successors of Participant permitted herein. This Agreement is expressly subject to all terms and conditions contained in the Plan, and Participant shall comply with all such terms and conditions.
- (f) **Choice of Law.** This Agreement is subject to the laws of the State of Minnesota and shall be construed and interpreted thereunder (without regard to its conflicts of laws principles).
- (g) **Interpretation of This Agreement.** All decisions and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive upon the Company and the Participant. If there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.
- (h) **Binding Effect.** This Agreement shall be binding in all respects on the heirs, representatives, successors and assigns of the Participant.
- (i) **Entire Agreement.** This Agreement and the Plan set forth the entire agreement and understanding of the parties hereto with respect to the issuance and sale of the Units and Restricted Shares and the administration of the Plan and supersede all prior agreements, arrangements, plans, and understandings relating to the issuance and sale of these Units and Restricted Shares and the administration of the Plan.
- (j) **Amendment and Waiver.** Except as provided in the Plan, this Agreement may be amended, waived, modified, or canceled only by a written instrument executed by the parties or, in the case of a waiver, by the party waiving compliance.
- (k) **Acknowledgment of Receipt of Copy.** By execution hereof, the Participant acknowledges having received a copy of the Plan.

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The Participant and the Company have executed this Agreement as of the ____ day of _____, 20__.

PARTICIPANT

HAWKINS, INC.

By _____
Its _____

Vested Unit Determination Procedure

Target Unit Amount:	Performance Target:
Performance Metric:	
Minimum Performance Threshold:	Maximum Performance Threshold:

The number of Units that will vest upon the Committee Certification or such other event as provided for in the Agreement will be determined as follows:

1. The Performance Metric (set forth above) identifies the quantitative performance measure or combination of quantitative performance measures that the Committee will use to determine performance.
2. The Performance Target (set forth above) (“PT”) represents the target value of the Performance Metric for the Performance Period.
3. The Target Unit Amount (set forth above) represents the number of Units that will vest if exactly 100% of the Performance Target is achieved.
4. The actual value of the Performance Metric for the Performance Period (“Actual Performance,” or “AP”) will be determined after audited Company financial information becomes available for the Performance Period.
5. Based on Actual Performance, the number of Units that will vest will be determined from one of the following formulas (rounded up to the nearest whole Unit):

Portion of Performance Target Achieved	Number of Units Vested
< Minimum Performance Threshold	None
≥ Minimum Performance Threshold & ≤ Maximum Performance Threshold	Target Unit Amount × ((AP/PT – 1) × 2.5) + 1
> Maximum Performance Threshold	Target Unit Amount × 1.5

The practical impact of these formulas is:

- If Actual Performance is below the Minimum Performance Threshold, then no Units will vest.
- If Actual Performance is equal to or between the Minimum Performance Threshold and the Maximum Performance Threshold, then the number of Units that will vest is based on a sliding scale between a minimum of 50% of the Target Unit Amount if Actual Performance equals the Minimum

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Performance Threshold and a maximum of 150% of the Target Unit Amount if Actual Performance equals the Maximum Performance Threshold.

- If Actual Performance exceeds the Maximum Performance Threshold, then a maximum of 150% of the Target Unit Amount will vest.

6. For example:

(a) If Actual Performance is \$110, the Performance Target is \$100, and the Target Unit Amount is 100 Units:

$$\text{Number of Units Vested} = 100 \times ((110/100 - 1) \times 2.5) + 1 = 125 \text{ Units}$$

Therefore, 125 Units would vest under the applicable formula.

(b) If Actual Performance is \$90, the Performance Target is \$100, and the Target Unit Amount is 100 Units:

$$\text{Number of Units Vested} = 100 \times ((90/100 - 1) \times 2.5) + 1 = 75 \text{ Units}$$

Therefore, 75 Units would vest under the applicable formula.

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**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, John R. Hawkins, certify that:

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

Date: August 8, 2008

/s/ John R. Hawkins _____

John R. Hawkins
Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, Kathleen P. Pepski, certify that:

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

Date: August 8, 2008

/s/ Kathleen P. Pepski

Kathleen P. Pepski
Chief Financial Officer

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

In connection with the Quarterly Report of Hawkins, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Hawkins, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John R. Hawkins

John R. Hawkins
Chief Executive Officer
August 8, 2008

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

In connection with the Quarterly Report of Hawkins, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathleen P. Pepski, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kathleen P. Pepski

Kathleen P. Pepski
Chief Financial Officer
August 8, 2008
