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As filed with the Securities and Exchange Commission on September 28, 2012

Registration No. 333-179397

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Radius Health, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**2834**	**80-0145732**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

201 Broadway, 6th Floor
Cambridge, Massachusetts 02139
(617) 551-4700

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

Michael S. Wyzga
Chief Executive Officer
Radius Health, Inc.
201 Broadway, 6th Floor
Cambridge, Massachusetts 02139
(617) 551-4700

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

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

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

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

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

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company ý

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject to Completion September 28, 2012

Prospectus

Shares

Common Stock

Radius Health, Inc. is offering shares of its common stock. See "The offering." Prior to this offering, there has been no public market for our common stock. We currently expect the public offering price of our common stock to be between $ and $ per share.

After the pricing of this offering, we expect that our common stock will be listed on the NASDAQ Global Market under the symbol "RDUS."

Investing in our common stock involves a high degree of risk. Before buying any shares of our common stock, you should carefully read the discussion of material risks of investing in our common stock in "Risk factors" beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to an additional shares of our common stock at the public offering price, less the underwriting discounts and commissions payable by us, to cover over-allotments, if any, within 30 days from the date of this prospectus. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $ and our total proceeds, before expenses will be $.

Certain of our existing stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of up to approximately $ in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. In addition, the underwriters could determine to sell fewer shares to these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders.

The underwriters are offering the common stock as set forth under "Underwriting." Delivery of the shares will be made on or about , 2012.

UBS Investment Bank **Leerink Swann**

Cowen and Company

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

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In this prospectus, references to "dollar" or "$" are to the legal currency of the United States, and references to "euro" or "€" are to the single currency introduced on January 1, 1999 at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam. Unless otherwise indicated, the financial information in this prospectus has been expressed in U.S. dollars. Unless otherwise stated, the U.S. dollar equivalent information translating euros into U.S. dollars has been made, for convenience purposes, on the basis of the noon buying rate published by the Board of Governors of the Federal Reserve as of June 29, 2012, which was €1.00 = $1.2668. Such translations should not be construed as a representation that the euro has been, could have been or could be converted into U.S. dollars at the rate indicated, any particular rate or at all.

All trademarks appearing in this prospectus are the property of their respective holders.

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Prospectus summary

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider before you decide to invest in our common stock. Investing in our common stock involves a high degree of risk. You should carefully read this entire prospectus, including our financial statements and the related notes included in this prospectus and the information set forth under the headings "Risk factors" and "Management's discussion and analysis of financial condition and results of operations."

Unless the context requires otherwise, the terms "Radius," "Company," "we," "us" and "our" refer to Radius Health, Inc. (f/k/a MPM Acquisition Corp.). See " Our Corporate Information."

OUR BUSINESS

We are a biopharmaceutical company focused on developing new therapeutics for the treatment of osteoporosis and other women's health conditions. Our lead product candidate is BA058, a novel synthetic peptide analog of human parathyroid hormone-related protein, or hPTHrP, a naturally-occurring bone building hormone. We are developing BA058 as a treatment for osteoporosis in both injection (with BA058-SC, a subcutaneous injection currently in a Phase 3 clinical study) and transdermal (with BA058-TD, a short wear-time, transdermal patch currently in a Phase 2 clinical study) methods of administration. Osteoporosis is a disease characterized by low bone mass and structural deterioration of bone tissue, which can lead to an increase in fractures. We believe that BA058 stimulates the rapid formation of new, high-quality bone in patients suffering from osteoporosis and may restore bone mineral density, or BMD, in these patients into the normal reference range.

OUR MARKET OPPORTUNITY

The National Osteoporosis Foundation, or the NOF, has estimated that 10 million people in the United States, comprising eight million women and two million men, have osteoporosis, and another 34 million have low bone mass placing them at increased risk for osteoporosis. In addition, the NOF has estimated that osteoporosis was responsible for more than two million fractures in the United States in 2005 resulting in an estimated $19 billion in costs. The NOF expects that the number of fractures due to osteoporosis will rise to three million by 2025. Worldwide, osteoporosis affects an estimated 200 million women according to the International Osteoporosis Foundation, or the IOF. The IOF has also estimated that 1.6 million hip fractures occur worldwide each year, and by 2050 this number could reach between 4.5 and 6.3 million.

There are two main types of osteoporosis drugs currently available, anti-resorptive agents and anabolic agents. Anti-resorptive agents act to prevent further bone loss by inhibiting the breakdown of bone, whereas anabolic agents stimulate bone formation to build new, high-quality bone. We believe there is a large unmet need in the market for osteoporosis treatment because existing therapies have shortcomings in efficacy, tolerability and convenience. For example, the current standard of care, bisphosphonates, an anti-resorptive agent, has been associated with infrequent but serious adverse events such as osteonecrosis of the jaw, atrial fibrillation and anomalous fractures, especially of long bones, resulting from "frozen bone." Accordingly, we believe that there is a significant opportunity for a new therapeutic such as BA058, an anabolic agent, that will increase BMD to a greater degree and at a faster rate than other approved drugs for the treatment of osteoporosis with added advantages in convenience and safety.

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OUR PRODUCT CANDIDATES

In August 2009, we announced positive Phase 2 data which showed that BA058-SC produced faster and greater BMD increases at the spine and the hip with substantially less hypercalcemia than Forteo, the only approved anabolic agent for the treatment of osteoporosis in the United States. Specifically, our study demonstrated that total analyzable hip BMD showed a more than five-fold benefit of BA058 at a dose of 80 µg over Forteo after six months, and BA058 at a dose of 80 µg increased mean lumbar spine BMD by 6.7% at six months, compared to 5.5% with Forteo, and by 12.9% at 12 months, compared to 8.6% with Forteo. In April 2011, we began dosing patients in a pivotal, multinational Phase 3 study designed to show that BA058-SC prevents new vertebral fracture compared to placebo. We expect to report top-line 18-month fracture data from this Phase 3 study in the fourth quarter of 2014. We believe that BA058 has the following potential advantages over the current standard of care:

- greater efficacy;
- faster benefit for building bone;
- shorter treatment duration;
- less hypercalcemia;
- no additional safety risks; and
- no refrigeration required in use.

We are also developing BA058-TD, a short wear time, transdermal form of BA058 that is delivered using a microneedle patch technology from 3M Drug Delivery Systems, or 3M. We commenced a Phase 2 clinical study of BA058-TD in the third quarter of 2012, and expect top-line data from this study to be available in the third quarter of 2013. We believe BA058-TD may eliminate the need for daily injections, lead to better treatment compliance for patients and expand the existing market. We reported the following top-line results from a Phase 1b study in December 2011:

- rapid release of BA058 from the microneedle patch;
- peak transdermal drug levels consistent with BA058-SC;
- faster time to peak concentration, and faster elimination in plasma, compared to BA058-SC;
- increase in the bone-formation marker P1NP in serum after seven days of exposure, consistent with bone-building activity; and
- identification of optimal wear time of five minutes or less, and effective sites of application.

We are also developing RAD1901, a selective estrogen receptor modulator, or SERM, for the treatment of vasomotor symptoms, commonly known as hot flashes, in women entering menopause, and RAD140, a selective androgen receptor modulator, or SARM, which is an orally active androgen agonist on muscle and bone and is a potential treatment for age-related muscle loss, frailty, weight loss associated with cancer, cachexia and osteoporosis.

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OUR STRATEGY

We plan to build a biopharmaceutical company focused on developing new therapeutics for osteoporosis and other women's health conditions by:

> completing the pivotal Phase 3 study of BA058-SC for the treatment of osteoporosis and reporting top-line 18-month fracture data in the fourth quarter of 2014;

> pursuing the clinical development of BA058-TD as a follow-on product for the treatment of osteoporosis;

> seeking regulatory approval of BA058-SC and BA058-TD for the treatment of osteoporosis if the clinical trials for these product candidates are successful, initially in the United States and subsequently in Europe;

> potentially collaborating with third parties for the worldwide commercialization of BA058 (except Japan);

> pursuing the potential application of BA058 in the moderate osteoporosis market as well as the fracture healing market;

> potentially collaborating with third parties for the further development and commercialization of RAD1901 and RAD140 on a worldwide basis; and

> building a strong management team and board of directors with significant pharmaceutical development, regulatory and commercial experience.

RISK FACTORS

Investing in our common stock involves a high degree of risk. These risks are discussed more fully in the "Risk factors" section of this prospectus. In particular, these risks include:

> We have a short operating history. We currently have no commercial products, and we have not received regulatory approval for, nor have we generated commercial revenue from, any of our product candidates. If we do not obtain the necessary United States or worldwide regulatory approvals to commercialize any product candidate, we will not be able to sell our product candidates.

> Most of our product candidates are in early stages of clinical trials. We cannot predict with any certainty if or when we might submit a New Drug Application, or NDA, for regulatory approval for any of our product candidates or whether any such NDA will be accepted.

> We have a history of net losses and expect to incur substantial losses and negative operating cash flow for the foreseeable future, and may never achieve or maintain profitability.

> We are heavily dependent on the success of BA058-SC, and BA058-TD as a follow-on product, both of which are under clinical development. We cannot be certain that BA058-SC or BA058-TD will receive regulatory approval or be successfully commercialized even if we receive regulatory approval.

> Clinical trials of our product candidates may not be successful. If we are unable to obtain required marketing approvals for, commercialize, obtain and maintain patent protection for or gain sufficient market acceptance by physicians, patients and healthcare payers of our product candidates, or experience significant delays in doing so, our business will be materially harmed and our ability to generate revenue will be materially impaired.

OUR CORPORATE INFORMATION

We were incorporated in Delaware on February 4, 2008 under the name MPM Acquisition Corp. In May 2011, we entered into a reverse merger transaction, or the Merger, with our predecessor, Radius Health, Inc., a Delaware corporation formed on October 3, 2003, or the Former Operating Company. Pursuant to the Merger, the Former Operating Company became a wholly-owned subsidiary of ours.

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Immediately following the Merger, we merged the Former Operating Company with and into us, and we assumed the business of the Former Operating Company and changed our name to "Radius Health, Inc."

As of June 30, 2012, we employed thirteen full-time employees and two part-time employees, three of whom held Ph.D. or M.D. degrees. Nine of our employees were engaged in research and development activities and six were engaged in support administration and finance. We intend to use clinical research organizations, or CROs, and third parties to perform our clinical studies and manufacturing.

Our executive offices are located at 201 Broadway, 6th Floor, Cambridge, MA 02139. Our telephone number is (617) 551-4700.

CONFLICTS OF INTEREST

Because one of our board members, Jonathan Fleming, is also a member of the board of managers of Leerink Swann LLC, one of the underwriters in this offering, a "conflict of interest" under FINRA Rule 5121 may be deemed to exist. Accordingly, this offer is being made in compliance with FINRA Rule 5121. FINRA Rule 5121 requires that a "qualified independent underwriter" participate in the preparation of this prospectus and the registration statement of which this prospectus is a part and exercise the usual standards of due diligence with respect thereto. UBS Securities LLC has assumed the responsibilities of acting as the qualified independent underwriter in this offering. See "Affiliations/conflicts of interest."

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The offering

Common stock offered by us	shares
Common stock to be outstanding after the offering	shares
Over-allotment option	We have granted the underwriters a 30-day option to purchase up to an additional shares to cover over-allotments.
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $ million at an assumed public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the net proceeds of this offering to fund the clinical development of our most advanced product candidates and for other general corporate purposes.
Risk factors	See "Risk factors" beginning on page 10 of this prospectus for a discussion of factors you should carefully consider before you decide to invest in our common stock.
Proposed NASDAQ Global Market symbol	RDUS

The number of shares of our common stock outstanding after this offering is based on the number of shares of our common stock outstanding as of June 30, 2012 and excludes:

- 3,937,386 shares of our common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $3.10 per share;
- 803,032 shares of our common stock reserved for future issuance under our 2011 equity incentive plan;
- 147,606 shares of our common stock issuable upon the exercise of outstanding warrants at a weighted average exercise price of $8.15 per share; and
- 2,448,340 shares of our common stock reserved for issuance in satisfaction of dividends accrued as of June 30, 2012 on our shares of series A-5 convertible preferred stock, which may be issued at any time following the listing of our common stock on the NASDAQ Global Market, and additional shares that will accrue quarterly based on the progress of certain preclinical and clinical trials conducted for us by Nordic Bioscience Clinical Development VII A/S, or Nordic, the holder of our series A-5 convertible preferred stock, and are issuable at a price per share equal to the greater of (1) $8.142 or (2) the 20-day average closing trading price of our common stock as of two days prior to the date of accrual.

Except as otherwise indicated, all information in this prospectus reflects or assumes the following:

- the automatic conversion of all outstanding shares of our convertible preferred stock into 20,754,880 shares of our common stock upon the listing of our common stock on the NASDAQ Global Market;
- the issuance of 1,639,421 shares of our common stock to the holders of our series A-1, A-2 and A-3 convertible preferred stock upon the listing of our common stock on the NASDAQ Global Market in satisfaction of accumulated dividends, as required by the terms of the series A-1, A-2 and A-3 convertible preferred stock, assuming for this purpose that the listing of our common

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stock on the NASDAQ Global Market occurred on June 30, 2012, all of which is described more fully under the section of this prospectus entitled "Capitalization";

- the amendment and restatement of our certificate of incorporation and the amendment and restatement of our bylaws upon the listing of our common stock on the NASDAQ Global Market;
- the increase in the number of shares of our common stock reserved for future issuance under our amended 2011 equity incentive plan, which will become effective upon the listing of our common stock on the NASDAQ Global Market;
- no issuance of the dividends accrued on our series A-5 convertible preferred stock described above;
- no exercise of the outstanding options or warrants described above; and
- no exercise of the underwriters' option to purchase up to an additional shares of our common stock to cover over-allotments.

Certain of our existing stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of up to approximately $ in shares of our common stock in this offering at the initial public offering price. Assuming an initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, these stockholders would purchase an aggregate of up to approximately of the shares in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. In addition, the underwriters could determine to sell fewer shares to these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders.

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Summary financial data

You should read the following summary financial data in conjunction with "Selected financial data," "Management's discussion and analysis of financial condition and results of operations" and our financial statements and related notes, all included elsewhere in this prospectus.

We derived the statements of operations data for the years ended December 31, 2009, 2010 and 2011 and the balance sheet data as of December 31, 2011 from our audited financial statements included elsewhere in this prospectus. We derived the statement of operations data for the six months ended June 30, 2011 and 2012 and the balance sheet data as of June 30, 2012 from our unaudited financial statements for period ended June 30, 2012 included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

SEC rules require that the most recently filed annual financial statements be recast in this prospectus to reflect any subsequent changes in accounting principles or presentation that are being applied retrospectively. As a result, we have recast certain financial information presented in our Annual Report on Form 10-K to reflect the adoption of Accounting Standards Update No. 2011-05, *Presentation of Comprehensive Income*. These changes were previously reflected in our most recent quarterly report on Form 10-Q. Except as related to the matters that have led to the recast financial information presented herein, the disclosures contained in our Annual Report on Form 10-K have not otherwise been updated from those disclosures contained in our 2011 Form 10-K.

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Statements of Operations and Comprehensive Loss Data:	**Years ended December 31,**			**Six months ended June 30,**	
	2011	**2010**	**2009**	**2012**	**2011**
	(in thousands, except share and per share amounts)				
Revenue:					
Option fee revenue	$	$	$ 1,616	$	$
Operating expenses:					
Research and development	36,179	11,692	14,519	24,366	20,689
General and administrative	5,330	3,630	2,668	4,291	1,842
Restructuring		217			
Loss from operations	(41,509)	(15,539)	(15,571)	(28,657)	(22,531)
Other income (expense), net	(236)	824	(7)	(1,184)	22
Interest income (expense), net	(731)	85	489	(992)	(88)
Net loss	$ (42,476)	$ (14,630)	$ (15,089)	$ (30,833)	$ (22,597)
Other comprehensive loss, net of tax:					
Unrealized gain (loss) from available-for-sale securities	8	(18)	(232)	5	3
Comprehensive loss	$ (42,468)	$ (14,648)	$ (15,321)	$ (30,828)	$ (22,594)
Earnings (loss) attributable to common stockholders basic and diluted	$ 253	$ (26,773)	$ (26,494)	$ (37,643)	$ 1,013
Earnings (loss) per share basic	$ 0.51	$ (83.42)	$ (82.68)	$ (46.18)	$ 2.51
Earnings (loss) per share diluted	$ 0.07	$ (83.42)	$ (82.68)	$ (46.18)	$ 0.27
Weighted average shares basic	499,944	320,942	320,424	815,053	403,967
Weighted average shares diluted	3,454,276	320,942	320,424	815,053	3,790,913
Pro forma earnings (loss) attributable to common stockholders basic and diluted[(1)(2)] (unaudited)	$ 18,461			$ (30,833)	
Pro forma earnings (loss) per share basic[(1)] (unaudited)	$ 1.24			$ (1.38)	
Pro forma earnings (loss) per share diluted[(1)] (unaudited)	$ 1.17			$ (1.38)	
Weighted-average common shares used in computing pro forma earnings per share basic[(3)] (unaudited)	14,848,565			22,373,458	
Weighted-average common shares used in computing pro forma earnings per share diluted[(3)] (unaudited)	15,753,387			22,373,458	

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(1)

Unaudited pro forma basic and diluted earnings attributable to common stockholders and pro forma basic and diluted earnings per share are calculated after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into shares of common stock, as if these conversions occurred at the beginning of the respective period, or their original issuance date, if later.

(2)

Unaudited pro forma basic and diluted earnings attributable to common stockholders for the year ended December 31, 2011, is comprised of net loss and extinguishment of preferred stock, which are both included in basic and diluted earnings attributable to common stockholders. See Note 5, "Net loss per share," to our financial statements for the year ended December 31, 2011. Unaudited pro forma basic and diluted earnings attributable to common stockholders for the six months ended June 30, 2012 comprises net loss. See Note 4, "Net Income (Loss) Per Share," to our financial statements for the period ended June 30, 2012. Unaudited pro forma basic and diluted earnings, calculated using the if-converted method, excludes accretion of preferred stock and earnings attributable to participating preferred stockholders.

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(3) *Unaudited basic and diluted weighted-average common shares used in computing pro forma earnings per share for the year ended December 31, 2011 are calculated assuming that the Former Operating Company's Series A, B and C convertible preferred stock was exchanged for our series A-2, A-3 and A-4 convertible preferred stock at the beginning of the respective period, that our series A-2, A-3 and A-4 convertible preferred stock was outstanding for the entire respective period and that the Former Operating Company's series A, B and C convertible preferred stock was not outstanding for any portion of the respective period. See Note 4, "Recapitalization," to our financial statements for the year ended December 31, 2011.*

Group	Location	Approx. Square Feet
Industrial	Camanche, IA	95,000
	Centralia, IL (1)	77,000
	Dupo, IL (2)	64,000
	Minneapolis, MN (3)	9,000
	St. Paul, MN (4)	32,000
	Rosemount, MN (5)	63,000
	St Louis, MO	6,000
Water Treatment	Ft. Smith, AR (6)	

17,000

Apopka, FL (6)

32,100

Big Pine Key, FL (6)

4,200

Hollywood, FL (6)

5,400

LaBelle, FL (6)

8,200

Monticello, FL (6)

5,000

Starke, FL (6)

4,000

Webster, FL (6)

6,500

Swainsboro, GA

57,000

Eldridge, IA

6,000

Slater, IA

12,000

Centralia, IL

39,000

Havana, IL

16,000

Peotone, IL (6)

18,000

Muncie, IN

12,000

Garnett, KS

18,000

Frankfort, KY

20,000

Columbia, MO (6)

14,000

Billings, MT

9,000

Fargo, ND

20,000

Washburn, ND

14,000

Lincoln, NE (6)

16,000

Tulsa, OK

7,300

Sioux Falls, SD

27,000

Rapid City, SD

9,000

Fond du Lac, WI

24,000

Superior, WI

17,000

Industrial and Water Treatment
St. Paul, MN (7)

59,000

Memphis, TN

41,000

Health and Nutrition
Fullerton, CA (8)

55,800

Florida, NY (9)

107,000

(1) This facility includes 10 acres of land located in Centralia, Illinois owned by the Company. The facility includes manufacturing capacity and primarily serves our food-grade products and agriculture businesses.

(2) The land for this manufacturing and packaging facility is leased from a third party, with the lease expiring in May 2023.

(3) This facility is leased from a third party and is warehouse space.

(4) Our terminal operations, located at two sites on opposite sides of the Mississippi River, are made up of three buildings, outside storage tanks for the storage of liquid bulk chemicals, including caustic soda, as well as numerous smaller tanks for storing and mixing chemicals. The land is leased from the Port Authority of the City of St. Paul, Minnesota. One of the applicable leases runs through 2034, while the other one runs through 2018. We are in negotiations to extend the lease that runs through 2018 lease for a period of 15-20 years.

(5) This facility includes 28 acres of land owned by the Company. This manufacturing facility was constructed by us and has outside storage tanks for the storage of bulk chemicals, as well as numerous smaller tanks for storing and mixing chemicals.

(6) This facility is leased from a third party and is warehouse space.

(7) Our Red Rock facility, which consists of a 59,000 square-foot building located on approximately 10 acres of land, has outside storage capacity for liquid bulk chemicals, as well as numerous smaller tanks for storing and mixing chemicals. The land is leased from the Port Authority of the City of St. Paul, Minnesota and the lease runs until 2029.

(8) This is a leased facility comprising administrative offices and a distribution facility. The lease runs through January 2021.

(9) This is comprised of a 79,000 square foot manufacturing plant which sits on approximately 16 acres, as well as a leased 28,000 square foot warehouse located in close proximity.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries are a party or of which any of our property is the subject.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE COMPANY’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Quarterly Stock Data	High	Low
Fiscal 2016		
4th Quarter	$37.63	$30.53
3rd Quarter	43.17	34.74
2nd Quarter	44.00	33.94
1st Quarter	43.75	37.45
Fiscal 2015		
4th Quarter	$44.30	$36.93
3rd Quarter	45.13	33.22
2nd Quarter	38.00	34.00
1st Quarter	37.75	32.98

Cash Dividends	Declared	Paid
Fiscal 2017		
1st Quarter	—	$0.40
Fiscal 2016		
4th Quarter	$ 0.40	—
3rd Quarter	—	$0.40
2nd Quarter	$ 0.40	—
1st Quarter	—	$0.38
Fiscal 2015		
4th Quarter	$ 0.38	—
3rd Quarter	—	$0.38
2nd Quarter	$ 0.38	—
1st Quarter	—	$0.36

Our common shares are traded on The NASDAQ Global Market under the symbol “HWKN.” The price information represents sales prices as reported by The NASDAQ Global Market. As of May 27, 2016, shares of our common stock were held by approximately 442 shareholders of record.

We first started paying cash dividends in 1985 and have continued to do so since. Future dividend levels will be dependent upon our consolidated results of operations, financial position, cash flows and other factors, and are subject to approval by our Board of Directors.

On May 29, 2014, our Board of Directors authorized a share repurchase program of up to 300,000 shares of our outstanding common stock. The shares may be repurchased on the open market or in privately negotiated transactions subject to applicable securities laws and regulations. We did not sell or purchase any shares of our common stock during the fourth quarter of fiscal 2016. As of April 3, 2016, the maximum number of shares available to be repurchased under the share repurchase program was 112,546.

The following graph compares the cumulative total shareholder return on our common shares with the cumulative total returns of the NASDAQ Industrial Index, the NASDAQ Composite Index, the Russell 2000 Index and the Standard & Poor's ("S&P") Small Cap 600 Index for our last five completed fiscal years. The graph assumes the investment of $100 in our stock, the NASDAQ Industrial Index, the NASDAQ Composite Index, the Russell 2000 Index and the S&P Small Cap 600 Index on April 3, 2011, and reinvestment of all dividends.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the Company is presented in the table below and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 and the Company's Financial Statements and Notes to Financial Statements included in Item 8 of this Annual Report on Form 10-K. Total assets shown below are for the Company's total operations.

	Fiscal Years				
	2016	2015	2014	2013	2012
	(In thousands, except per share data)				
Sales	$413,976	$364,023	$348,263	$350,387	$343,834
Gross profit	80,257	65,791	61,600	56,936	65,868
Net Income [(1)]	18,143	19,214	18,094	17,108	21,628
Basic earnings per common share	1.72	1.82	1.72	1.64	2.09
Diluted earnings per common share	1.72	1.81	1.71	1.62	2.08
Cash dividends declared per common share	0.80	0.76	0.72	0.68	0.64
Cash dividends paid per common share	0.78	0.74	0.70	0.66	0.62
Total assets	$436,491	$248,462	$237,193	$222,148	$204,081

(1) - The reported numbers for fiscals 2013 and 2012 are income from continuing operations.

We acquired Stauber Performance Ingredients in December 2015, and we acquired substantially all the assets of Davis Supply, Inc. in the third quarter of fiscal 2016 and The Dumont Company, Inc. in the third quarter of fiscal 2015. The results of these operations since the acquisition dates are included in our consolidated results of operations.

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

The following is a discussion and analysis of our financial condition and results of operations for fiscal 2016, 2015 and 2014. Fiscal 2016 was a 53-week year, whereas fiscal 2015 and 2014 were 52-week years. This discussion should be read in conjunction with the Financial Statements and Notes to Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Overview

We derive substantially all of our revenues from the sale of chemicals and specialty ingredients to our customers in a wide variety of industries. We began our operations primarily as a distributor of bulk chemicals with a strong customer focus. Over the years, we have maintained the strong customer focus and have expanded our business by increasing our sales of value-added chemical products and specialty ingredients, including manufacturing, blending and repackaging certain products.

Recent Acquisitions and Business Expansion

On December 23, 2015, we acquired Stauber Performance Ingredients ("Stauber") for $157.0 million on a cash-free, debt-free basis, subject to a customary working capital adjustment. The total consideration for the acquisition was $158.2 million ($156.7 million net of cash acquired). We paid $156.0 million in cash at closing and paid an additional $2.2 million in early fiscal 2017 based upon closing cash, debt and working capital balances. The purchase was funded with $131.0 million of proceeds from the credit facility described more fully in Note 6 to the consolidated financial statements as well as cash on hand. Stauber operates out of facilities in New York and California and blends and distributes specialty products and ingredients to the nutritional, food, pharmaceutical, cosmetic and pet care

industries. The acquisition expands our portfolio of value-added specialty products within new markets. Stauber had revenues of approximately $118.0 million for the twelve months ended December 23, 2015. The results of operations since the acquisition date, and the assets, including the goodwill associated with the acquisition, are included in our newly formed Health and Nutrition operating segment, starting with our results for the fourth quarter of fiscal 2016. Direct costs of $3.3 million related to this acquisition, consisting mainly of professional and consulting fees, were expensed as incurred during the fiscal year, and are classified as selling, general and administrative expenses in our consolidated statement of income.

On September 18, 2015, we acquired substantially all of the assets of Davis Supply, Inc. (“Davis”) under the terms of an asset purchase agreement with Davis and its shareholders. We paid $4.5 million cash at closing, using available cash on hand to fund the acquisition. Davis was a water treatment chemical distribution company operating in Florida with revenues of approximately $5 million in calendar year 2014. We integrated this business into our existing Florida locations. The results of operations after the date of acquisition and the acquired assets are included in our Water Treatment Segment.

In the third quarter of fiscal 2015, we acquired substantially all of the assets of The Dumont Company, Inc. (“Dumont”) under the terms of an asset purchase agreement with Dumont and its shareholders. We paid $10.1 million in cash including a working capital adjustment, using available cash on hand to fund the acquisition. Dumont was a water treatment chemical distribution company with revenues of approximately $14.0 million in calendar year 2013. Through this acquisition we added seven operating locations across Florida serving municipal water and wastewater treatment, private utilities, commercial swimming pools, irrigation water treatment and food processing chemical markets. The results of operations since the acquisition date are included in our Water Treatment Segment.

In the third quarter of fiscal 2014, we acquired substantially all the assets of Advance Chemical Solutions, Inc. (“ACS”). We paid $2.9 million in cash, including $0.5 million of contingent consideration based on the achievement of certain financial performance targets. ACS had revenues of approximately $4.0 million for the 12 months ended September 30, 2013. The results of its operations since the acquisition date are included in our Water Treatment segment.

In addition to the acquisitions discussed above, we opened two new branches for our Water Treatment Group in fiscal 2016. We expect to continue to invest in existing and new branches to expand our Water Treatment Group’s geographic coverage. The cost of any one of these expansion branches is not expected to be material. In addition, over the past two years, we have proactively added route sales and other support personnel to Water Treatment Group branch offices within our existing geographic coverage area. While these additions will add costs in the near term, we expect these investments to better position us for future growth.

New Operating Segment

In connection with the Stauber acquisition in fiscal 2016, we established our Health and Nutrition operating segment. This segment specializes in providing ingredient distribution, processing and formulation solutions to manufacturers of nutraceutical, functional food and beverage, personal care, dietary supplement and other nutritional food and health and wellness products. This group offers a diverse product portfolio including minerals, botanicals and herbs, vitamins and amino acids, excipients, joint products, sweeteners and enzymes.

Because this is a new operating segment for us, there is no comparison to the prior year in the year-over-year discussions below.

Share Repurchase Program

In fiscal 2015, our Board of Directors authorized a share repurchase program of up to 300,000 shares of our outstanding common stock. The shares may be repurchased on the open market or in privately negotiated transactions subject to applicable securities laws and regulations. The primary objective of the share repurchase program is to offset the impact of dilution from issuances relating to employee and director equity grants and our employee stock purchase program. During fiscal 2016 we repurchased 127,852 shares of common stock with an aggregate purchase price of $4.8 million, and during fiscal 2015 we repurchased 59,602 shares of common stock with an aggregate purchase price of $2.2 million. The remaining balance of shares available to be purchased under the current share repurchase program is 112,546 shares.

Financial Overview

An overview of our financial performance in fiscal 2016 is provided below:

- Sales of $414.0 million, a 13.7% increase from fiscal 2015;
- Gross profit of $80.3 million, an increase of $14.5 million, or 22.0%, from fiscal 2015; and
- Net cash provided by operating activities of $36.3 million.

We seek to maintain relatively constant gross profit dollars per unit sold on each of our products as the cost of our raw materials increase or decrease, subject to competitive pricing pressures that may negatively impact our gross profit dollars per unit sold. Since we expect that we will continue to experience fluctuations in our raw material costs and resulting prices in the future, we

believe that gross profit dollars is the best measure of our profitability from the sale of our products, as opposed to gross profit as a percentage of sales.

We use the last in, first out ("LIFO") method of valuing the majority of our inventory, which causes the most recent product costs to be recognized in our income statement. The valuation of LIFO inventory for interim periods is based on our estimates of fiscal year-end inventory levels and costs. The LIFO inventory valuation method and the resulting cost of sales are consistent with our business practices of pricing to current chemical raw material prices. Our LIFO reserve decreased by $1.4 million in fiscal 2016 due to a decrease in certain inventory volumes on hand, along with lower commodity prices, resulting in an increase to our reported gross profit for the year. Our LIFO reserve increased by $0.4 million in fiscal 2015 due to an increase in inventory volumes on hand, resulting in a decrease to our reported gross profit for the year.

We disclose the sales of our bulk commodity products as a percentage of total sales dollars for our Industrial and Water Treatment segments. Our definition of bulk commodity products includes products that we do not modify in any way, but receive, store, and ship from our facilities, or direct ship to our customers in large quantities. We review our sales reporting on a periodic basis to ensure we are including all products that meet this definition. The disclosures in this document referring to sales of bulk commodity products have been updated for all periods presented based on the most recent review.

Results of Operations

The following table sets forth certain items from our statement of income as a percentage of sales from period to period:

	Fiscal 2016	Fiscal 2015	Fiscal 2014
Sales	100.0 %	100.0 %	100.0 %
Cost of sales	(80.6)%	(81.9)%	(82.3)%
Gross profit	19.4 %	18.1 %	17.7 %
Selling, general and administrative expenses	(11.9)%	(9.7)%	(9.6)%
Operating income	7.5 %	8.4 %	8.1 %
Interest (expense) income, net	(0.2)%	— %	— %
Income before income taxes	7.3 %	8.4 %	8.1 %
Income tax provision	(3.0)%	(3.1)%	(2.9)%
Net income	4.4 %	5.3 %	5.2 %

Fiscal 2016 Compared to Fiscal 2015

Sales

Sales increased $50.0 million, or 13.7%, to $414.0 million for fiscal 2016, as compared to sales of $364.0 million for fiscal 2015. Our newly-established Health and Nutrition segment accounted for $33.9 million of the year-over-year increase and water treatment locations acquired in fiscal 2015 and 2016 accounted for $12.6 million of the increase.

Industrial Segment. Industrial segment sales increased $2.7 million, or 1.1%, to $251.7 million for fiscal 2016. Sales of bulk commodity products in the Industrial segment were approximately 20% of sales in fiscal 2016 compared to 23% in fiscal 2015. An overall increase in sales volumes, driven in part by the 53rd week in fiscal 2016, along with a shift in product mix to more sales of products that carry higher per-unit selling prices, more than offset the impact of lower selling prices due to lower product costs and lower volumes sold on certain bulk commodity products.

Water Treatment Segment. Water Treatment segment sales increased $13.4 million, or 11.6%, to $128.3 million for fiscal 2016. Sales of bulk commodity products in the Water Treatment segment were approximately 16% of sales in fiscal 2016 compared to 19% in fiscal 2015. Our locations acquired in fiscal 2015 and 2016 accounted for $12.6 million of the total increase in sales. Also contributing to the year-over-year increase was an overall increase in sales volumes at our other locations, driven by the 53rd week in fiscal 2016, and higher sales volumes of specialty products, partially offset by lower volumes sold and lower selling prices on certain bulk commodity products.

Health and Nutrition Segment. Sales for our newly established Health and Nutrition segment were $33.9 million for the fourth quarter and full year of fiscal 2016.

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Gross Profit

Gross profit was $80.3 million, or 19.4% of sales, for fiscal 2016, an increase of $14.5 million from $65.8 million, or 18.1% of sales, for fiscal 2015. Our newly established Health and Nutrition segment accounted for $6.8 million of the increase, including an estimated $0.5 million related to the 53rd week in fiscal 2016. Including the Health and Nutrition segment, we estimate the total gross profit impact of the 53rd week to be approximately $2.1 million of additional gross profit for the year. The LIFO method of valuing inventory increased gross profit by $1.4 million for fiscal 2016, while it decreased gross profit by $0.4 million for fiscal 2015.

Industrial Segment. Gross profit for the Industrial segment was $38.0 million, or 15.1% of sales, for fiscal 2016, an increase of $4.3 million from $33.6 million, or 13.5% of sales, for fiscal 2015. We estimate the gross profit impact of the 53rd week in the Industrial segment to be approximately $1.0 million of additional gross profit for the year. An increase in sales of specialized products that carry higher per-unit margins were partially offset by lower sales of bulk commodity products, which carry lower per-unit margins. The LIFO method of valuing inventory increased gross profit in our industrial segment by $1.0 million in fiscal 2016, while it decreased gross profit by $0.3 million in fiscal 2015.

Water Treatment Segment. Gross profit for the Water Treatment segment increased $3.3 million to $35.5 million, or 27.6% of sales, for fiscal 2016, as compared to $32.2 million, or 28.0% of sales, for fiscal 2015. The increase in gross profit dollars was largely driven by profits from our locations acquired in fiscal 2015 and 2016. We estimate the gross profit impact of the 53rd week to be approximately $0.6 million of additional gross profit for the year. In addition, product margins at many of our other locations increased year over year on increased volumes, offset somewhat by increased operating expenses. The LIFO method of valuing inventory increased gross profit by $0.4 million in fiscal 2016, while it decreased gross profit by $0.1 million in fiscal 2015.

Health and Nutrition Segment. Gross profit for our newly established Health and Nutrition segment was $6.8 million for the fourth quarter and full year of fiscal 2016. We estimate the gross profit impact of the 53rd week to be approximately $0.5 million of additional gross profit for the year. Inventories in this segment are valued using the first-in, first-out (“FIFO”) method.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses increased $13.7 million to $49.1 million, or 11.9% of sales, for fiscal 2016, as compared to $35.4 million, or 9.7% of sales, for fiscal 2015. Our newly established Health and Nutrition segment accounted for $7.7 million of the increase, including $3.3 million in non-recurring costs directly related to the acquisition and $0.3 million related to the 53rd week in fiscal 2016. SG&A expenses from our Water Treatment locations acquired in fiscal 2015 and 2016 accounted for $1.8 million of the increase. Other drivers of the remaining expense increase are the addition of sales personnel in both our Water Treatment and Industrial segments and added administrative positions to support our business growth needs, with an estimated $0.6 million of the increase attributable to the 53rd week in fiscal 2016.

Operating Income

Operating income was $31.2 million, or 7.5% of sales, for fiscal 2016, as compared to $30.4 million, or 8.4% of sales, for fiscal 2015. Operating income was negatively impacted by $3.3 million of non-recurring costs directly associated with the acquisition, which are included in our Health and Nutrition Segment. Operating income for the Industrial segment increased by $2.0 million as a result of the gross profit and SG&A changes discussed above. Operating income for the Water Treatment segment decreased $0.4 million, as increased SG&A expenses more than offset increases in gross profit as discussed above.

Interest (Expense) Income, Net

Interest expense increased by $0.8 million for fiscal 2016 due to the interest costs on the debt added in fiscal 2016 to partially fund the Stauber acquisition.

Income Tax Provision

Our effective income tax rate was 40.2% for fiscal 2016 compared to 36.9% for fiscal 2015. Our effective tax rate for fiscal 2016 was negatively impacted by income tax expense of approximately $0.5 million associated with $1.4 million of Stauber acquisition related expenditures which are not deductible for tax purposes and were recorded as discrete items during fiscal 2016. Our effective tax rate for 2016 was also negatively impacted by $0.2 million related to a preliminary audit finding by a state income tax jurisdiction covering multiple years. The effective tax rate is generally impacted by projected levels of taxable income, permanent items, and state taxes.

Fiscal 2015 Compared to Fiscal 2014

Sales

Sales increased $15.8 million, or 4.5%, to $364.0 million for fiscal 2015, as compared to sales of $348.3 million for fiscal 2014. Sales of bulk commodity products were approximately 22% of sales in fiscal 2015 and 23% in fiscal 2014.

Industrial Segment. Industrial segment sales increased $4.2 million, or 1.7%, to $249.1 million for fiscal 2015. Volumes increased year-over-year; however, lower raw material prices and competitive pricing pressures in certain product lines resulted in lower per-unit selling prices.

Water Treatment Segment. Water Treatment segment sales increased $11.6 million, or 11.2%, to $115.0 million for fiscal 2015. Our recently acquired Florida and Oklahoma locations accounted for $7.9 million of the total increase. In addition, growth in our newer branches and increased sales of specialty chemicals were partially offset by the impact of lower raw material prices.

Gross Profit

Gross profit was $65.8 million, or 18.1% of sales, for fiscal 2015, as compared to $61.6 million, or 17.7% of sales, for fiscal 2014. The LIFO method of valuing inventory decreased gross profit by $0.4 million for fiscal 2015, while it increased gross profit by $1.9 million for fiscal 2014.

Industrial Segment. Gross profit for the Industrial segment was $33.6 million, or 13.5% of sales, for fiscal 2015, an increase of $1.6 million from $32.0 million, or 13.1% of sales, for fiscal 2014. The increase in gross profit dollars was driven by higher sales volumes in fiscal 2015 as compared to fiscal 2014, partially offset by lower per-unit margins due to continued competitive pricing pressures in certain product lines. Gross profit for fiscal 2015 as compared to fiscal 2014 was favorably impacted by $0.3 million, as costs incurred in fiscal 2014 to exit a leased facility were partially offset by accelerated depreciation on assets incurred in fiscal 2015 in connection with a construction project. The LIFO method of valuing inventory decreased gross profit in our industrial segment by $0.3 million in fiscal 2015, while it increased gross profit by $1.6 million in fiscal 2014.

Water Treatment Segment. Gross profit for the Water Treatment segment increased $2.6 million to $32.2 million, or 28.0% of sales, for fiscal 2015, as compared to $29.6 million, or 28.6% of sales, for fiscal 2014. The increase in gross profit dollars was a result of higher sales volumes across most of our branches, in particular the addition of our recently acquired Florida and Oklahoma locations, along with increased sales of specialty chemicals. Gross profit as a percentage of sales decreased primarily due to the addition of and growth in our newer branches that have lower per-branch revenues, and the costs to operate these branches represent a higher percentage of their sales than many of our existing branches. The LIFO method of valuing inventory decreased gross profit by $0.1 million in fiscal 2015, while it increased gross profit by $0.3 million in fiscal 2014.

Selling, General and Administrative Expenses

SG&A expenses were $35.4 million, or 9.7% of sales, for fiscal 2015, as compared to $33.5 million, or 9.6% of sales, for fiscal 2014. The expenses increased in our Water Treatment segment, with $1.6 million of the increase due to our recently acquired Florida and Oklahoma locations, and the remainder of the increase driven by the addition of sales personnel in existing locations.

Operating Income

Operating income was $30.4 million, or 8.4% of sales, for fiscal 2015, as compared to $28.1 million, or 8.1% of sales, for fiscal 2014. Operating income for the Industrial segment increased by $1.6 million as a result of the gross profit increases discussed above. Operating income for the Water Treatment segment increased $0.8 million, as increased SG&A expenses partially offset increases in gross profit as discussed above.

Interest Income (Expense), Net

Interest income on cash and investments of $0.2 million was offset by interest expense related to our pension withdrawal liability of $0.2 million during both fiscal 2015 and fiscal 2014.

Income Tax Provision

Our effective income tax rate was 36.9% for fiscal 2015 compared to 35.5% for fiscal 2014. Our effective tax rate for fiscal 2014 was reduced by a non-recurring state tax benefit of $0.4 million. The effective tax rate is generally impacted by projected levels of taxable income, permanent items, and state taxes.

Liquidity and Capital Resources

Cash provided by operating activities in fiscal 2016 was $36.3 million compared to $20.7 million in fiscal 2015 and $34.6 million in fiscal 2014. The increase in cash provided by operating activities was primarily due to the timing of inventory purchases. Our inventory levels on hand at the end of fiscal 2014 were unusually low, which resulted in significant cash expended to rebuild inventory levels in the first quarter of fiscal 2015. At the end of fiscal 2015, our inventory levels were higher and we did not experience as large of a cash outflow during the first quarter of fiscal 2016. Due to the nature of our operations, which includes purchases of large quantities of bulk chemicals, the timing of purchases can result in significant changes in working capital and the resulting operating cash flow. Historically, our cash requirements for working capital increase during the period from April through November as caustic soda inventory levels increase as the majority of barges are received during this period.

Cash used in investing activities was $151.4 million in fiscal 2016 compared to $26.4 million in fiscal 2015 and $23.1 million in fiscal 2014. We expended $159.0 million, net of cash acquired, to complete the Stauber and Davis acquisitions in fiscal 2016 compared to $10.1 million for the Dumont acquisition in 2015. Net cash of $31.7 million was provided by sales of investments during fiscal 2016 as we liquidated our investments to partially fund the Stauber acquisition. Capital expenditures were $24.2 million in fiscal 2016, $14.6 million in fiscal 2015 and $12.3 million in fiscal 2014. Capital expenditures in fiscal 2016 included $7.7 million related to facility improvements, replacement equipment, new and replacement containers and water treatment trucks, $6.4 million related to business expansion, inventory storage and process improvements, and $5.4 million related to a major upgrade to one of our terminal facilities. Total capital spending in fiscal 2017 is currently expected to be comparable to fiscal 2016.

Cash provided by financing activities was $116.4 million in fiscal 2016, as compared to cash used in financing activities of $9.1 million in fiscal 2015 and $6.7 million in fiscal 2014. Proceeds of $131.0 million were received in connection with the credit facility we entered into during the third quarter of fiscal 2016 to fund the Stauber acquisition. This was partially offset by cash used to fund dividends of $8.3 million and share repurchases of $4.8 million.

Cash and investments available-for-sale was $20.0 million at April 3, 2016, a decrease of $30.4 million as compared with March 29, 2015, due to the cash outflow related to the Stauber acquisition, capital expenditures, dividend payments, the share repurchase program and the Davis acquisition exceeding the cash flows generated from operations for fiscal 2016.

On December 23, 2015, in connection with the Stauber acquisition described more fully in Note 2 to the consolidated financial statements, we entered into a credit agreement (the “Credit Agreement”) with U.S. Bank National Association (“U.S. Bank”) as Sole Lead Arranger and Sole Book Runner and other lenders from time to time party thereto (collectively, the “Lenders”), whereby U.S. Bank is also serving as Administrative Agent. The Credit Agreement provides us with senior secured credit facilities (the “Credit Facility”) totaling $165.0 million, consisting of a $100.0 million senior secured term loan credit facility (the “Term Loan Facility”) and a $65.0 million senior secured revolving loan credit facility (the “Revolving Loan Facility”). The Revolving Loan Facility includes a letter of credit subfacility in the amount of $5.0 million and a swingline subfacility in the amount of $8.0 million. The Term Loan facility requires mandatory quarterly repayments as outlined in Note 6 to the consolidated financial statements, with the balance due at maturity. The Credit Facility is scheduled to terminate on December 23, 2020. The Credit Facility is secured by substantially all of our personal property assets and those of our subsidiaries.

Borrowings under the Credit Facility bear interest at a rate per annum equal to one of the following, plus, in both cases, an applicable margin based upon our leverage ratio: (a) LIBOR for an interest period of one, two, three or six months as selected by us, reset at the end of the selected interest period, or (b) a base rate determined by reference to the highest of (1) U.S. Bank’s prime rate, (2) the Federal Funds Effective Rate plus 0.5%, or (3) one-month LIBOR for U.S. dollars plus 1.0%. The LIBOR margin is 1.125%, 1.25% or 1.5%, depending on our leverage ratio. The base rate margin is 0.125%, 0.25% or 0.5%, depending on our leverage ratio. At April 3, 2016, the effective interest rate on our borrowings was approximately 1.9%.

We used $131.0 million of the proceeds from the Credit Facility to fund our acquisition of Stauber. As of April 3, 2016, we had $34.0 million remaining available under the Credit Facility, which may be used for working capital, capital expenditures, restricted payments and acquisitions permitted under the credit agreement, and other general corporate purposes.

In addition to paying interest on the outstanding principal under the Credit Facility, we are required to pay a commitment fee on the unutilized commitments thereunder. The commitment fee is 0.25% to 0.3%, depending on our leverage ratio.
Debt issuance costs of $0.7 million paid to lenders are reflected as a reduction of long-term debt and will be amortized as interest expense over the term of the credit facility.
The Credit Agreement requires us to maintain (a) a minimum fixed charge coverage ratio of 1.15 to 1.00 and (b) a maximum total cash flow leverage ratio of 3.0 to 1.0. The Credit Agreement also contains other customary affirmative and negative covenants, including covenants that restrict our ability to incur additional indebtedness, dispose of significant assets, make certain investments, including any acquisitions other than permitted acquisitions, make certain payments, enter into sale and leaseback transactions, grant liens on our assets or enter into rate management transactions, subject to certain limitations. We will be permitted to make distributions, pay dividends and repurchase shares so long as no default or event of default exists or would exist as a result thereof. As of April 3, 2016, we were in compliance with all required covenants.
The Credit Agreement contains customary events of default, including failure to make payments under the Term Loan Facility, failure to comply with covenants in the Credit Agreement and other loan documents, cross default to other material indebtedness, failure by us to pay or discharge material judgments, bankruptcy, and change of control. The occurrence of an event of default would permit the lenders to terminate their commitments and accelerate loans under the Credit Facility.

As part of our growth strategy, we have acquired businesses and may pursue acquisitions or other strategic relationships in the future that we believe will complement or expand our existing businesses or increase our customer base. We believe we could borrow additional funds under our current or new credit facilities or sell equity for strategic reasons or to further strengthen our financial position.
Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.
Contractual Obligations and Commercial Commitments
The following table provides aggregate information about our contractual payment obligations and the periods in which payments are due:

	Payments Due by Period						
Contractual Obligation	2017	2018	2019	2020	2021	More than 5 Years	Total
	(In thousands)						
Senior secured term loan (1)	$5,625	$8,125	$10,000	$10,000	$65,000	$ —	$98,750
Senior secured revolver (2)	$—	$—	$—	$—	$31,000	$ —	$31,000
Operating lease obligations	$2,750	$2,553	$2,250	$2,059	$1,833	$ 3,596	$15,041
Pension withdrawal liability (3)	$467	$467	$467	$467	$467	$ 5,840	$8,175

(1) Represents principal payments only. See Note 6 of our consolidated Financial Statements for further information.
(2) Represents balance outstanding as of April 3, 2016, and assumes such amount remains outstanding until its maturity date. See Note 6 of our consolidated Financial Statements for further information.
(3) This relates to our withdrawal from a multiemployer pension plan. Payments on this obligation began in fiscal 2014 and will continue through 2034.
Critical Accounting Policies

In preparing the financial statements, we follow U.S. generally accepted accounting principles (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different

assumptions and conditions. We consider the following policies to involve the most judgment in the preparation of our financial statements.

Revenue Recognition - We recognize revenue when there is evidence that the customer has agreed to purchase the product, the price and terms of the sale are fixed, the product has shipped and title has passed to our customer, performance has occurred, and collection of the receivable is reasonably assured.

LIFO Reserve - Certain of our inventories are valued at the lower of cost or market with cost being determined using the LIFO method. We may incur significant fluctuations in our LIFO reserve and, as a result, gross margins, due primarily to changes in the level of inventory on hand and the per-unit cost of large-volume components of our inventory. The prices for this inventory fluctuate depending on the balance between supply and demand. Management reviews the LIFO reserve on a quarterly basis. Inventories not valued used the LIFO method are valued at the lower of cost or market with cost being determined using the FIFO method.

Goodwill and Infinite-life Intangible Assets - Goodwill represents the excess of the cost of acquired businesses over the fair value of identifiable tangible net assets and identifiable intangible assets purchased. Goodwill is tested at least annually for impairment, and is tested for impairment more frequently if events or changes in circumstances indicate that the asset might be impaired. As of January 1, 2016, we performed an analysis of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a two-step goodwill impairment test. Based on management's analysis of qualitative factors, we determined that it was not necessary to perform a two-step goodwill impairment test for any reporting unit.

Business Acquisitions - We account for acquired businesses using the acquisition method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income. Accordingly, for significant items, we typically obtain assistance from a third-party valuation expert.

There are several methods that can be used to determine the fair value of assets acquired and liabilities assumed in a business combination. For intangible assets, we normally utilize one or more forms of the "income method." This method starts with a forecast of all of the expected future net cash flows attributable to the subject intangible asset. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method (or other methods) include the projected future cash flows (including timing) and the discount rate reflecting the risks inherent in the future cash flows.

Estimating the useful life of an intangible asset also requires judgment. For example, different types of intangible assets will have different useful lives, influenced by the nature of the asset, competitive environment, and rate of change in the industry. Certain assets may even be considered to have indefinite useful lives. All of these judgments and estimates can significantly impact the determination of the amortization period of the intangible asset, and thus net income.

Recently Issued Accounting Pronouncements

See Item 8, "Note 1 - Nature of Business and Significant Accounting Policies" of the Notes to Consolidated Financial Statements for information regarding recently adopted accounting standards or accounting standards to be adopted in the future.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

We are exposed to market risks related to interest rates. Our exposure to changes in interest rates is limited to borrowings under our credit facility. A 25 basis point change in interest rates would potentially increase or decrease annual interest expense by approximately $0.3 million. Other types of market risk, such as foreign currency risk, do not arise in the normal course of our business activities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders of Hawkins, Inc.:
We have audited the accompanying consolidated balance sheets of Hawkins, Inc. and subsidiaries (the Company) as of April 3, 2016 and March 29, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended April 3, 2016. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule for each of the years in the three-year period ended April 3, 2016, listed in schedule II of this Form 10-K. We also have audited the Company's internal control over financial reporting as of April 3, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.
We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hawkins, Inc. and subsidiaries as of April 3, 2016, and March 29, 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended April 3, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a while, presents fairly, in all material respects, the information set forth therein. Also in our opinion, Hawkins, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of April 3, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations

of the Treadway Commission.

Management excluded from its assessment of the effectiveness of internal control over financial reporting as of April 3, 2016, Stauber Performance Ingredients, Inc's internal control over financial reporting that comprise total assets of $204.7 million and net sales of $33.9 million included in the consolidated financial statements of Hawkins, Inc. and subsidiaries as of and for the year ended April 3, 2016. Our audit of internal control over financial reporting of Hawkins, Inc. also excluded an evaluation of the internal control over financial reporting of Stauber Performance Ingredients, Inc.

/s/ KPMG LLP
Minneapolis, Minnesota
June 2, 2016

HAWKINS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)

	April 3, 2016	March 29, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$20,014	$18,639
Investments available-for-sale	—	14,485
Trade receivables, less allowance for doubtful accounts of $602 for 2016 and $445 for 2015	59,271	40,355
Inventories	47,719	37,028
Income taxes receivable	6,062	732
Prepaid expenses and other current assets	4,222	3,101
Total current assets	137,288	114,340
PROPERTY, PLANT, AND EQUIPMENT:		
Land	9,085	8,038
Buildings and improvements	84,391	73,095
Machinery and equipment	75,132	60,077
Transportation equipment	22,442	19,596
Office furniture and equipment including computer systems	13,798	11,966
	204,848	172,772
Less accumulated depreciation	88,527	79,042
Net property, plant, and equipment	116,321	93,730
OTHER ASSETS:		
Goodwill	97,724	11,750
Intangible assets, less accumulated amortization of $6,370 for 2016 and $3,933 for 2015	82,934	11,154
Long-term investments	—	17,249
Other	2,224	239
Total other assets	182,882	40,392
Total assets	$436,491	$248,462
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable — trade	$30,121	$20,083
Dividends payable	4,226	4,038
Accrued payroll and employee benefits	8,787	6,122
Current portion of long-term debt	5,489	—
Deferred income taxes	—	2,698
Due to sellers of acquired business	6,829	—
Container deposits	1,081	1,008
Other current liabilities	3,232	2,394
Total current liabilities	59,765	36,343
LONG-TERM DEBT, LESS CURRENT PORTION	123,616	—
PENSION WITHDRAWAL LIABILITY	6,282	6,589
OTHER LONG-TERM LIABILITIES	3,611	1,588
DEFERRED INCOME TAXES	42,242	9,978
Total liabilities	235,516	54,498
COMMITMENTS AND CONTINGENCIES	—	—
SHAREHOLDERS' EQUITY:		
	526	528

Common stock; authorized: 30,000,000 shares of $0.05 par value; 10,512,471 and 10,564,949 shares issued and outstanding for 2016 and 2015, respectively		
Additional paid-in capital	48,189	50,901
Retained earnings	152,265	142,567
Accumulated other comprehensive loss	(5)	(32)
Total shareholders' equity	200,975	193,964
Total liabilities and shareholders' equity	$436,491	$248,462

See accompanying notes to consolidated financial statements.

HAWKINS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per-share data)

	Fiscal Year Ended		
	April 3, 2016	March 29, 2015	March 30, 2014
Sales	$413,976	$364,023	$348,263
Cost of sales	(333,719)	(298,232)	(286,663)
Gross profit	80,257	65,791	61,600
Selling, general and administrative expenses	(49,086)	(35,375)	(33,510)
Operating income	31,171	30,416	28,090
Interest (expense) income, net	(805)	38	(29)
Income before income taxes	30,366	30,454	28,061
Income tax provision	(12,223)	(11,240)	(9,967)
Net income	$18,143	$19,214	$18,094
Weighted average number of shares outstanding-basic	10,524,730	10,568,582	10,544,467
Weighted average number of shares outstanding-diluted	10,578,042	10,633,554	10,599,755
Basic earnings per share	$1.72	$1.82	$1.72
Diluted earnings per share	$1.72	$1.81	$1.71
Cash dividends declared per common share	$0.80	$0.76	$0.72

See accompanying notes to consolidated financial statements.

HAWKINS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except share data)

(In thousands)

	April 3, 2016	March 29, 2015	March 30, 2014
Net income	$18,143	$19,214	$18,094
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on available-for-sale investments	25	11	(47)
Unrealized gain on post-retirement liability	2	1	109
Total other comprehensive income	27	12	62
Total comprehensive income	$18,170	$19,226	$18,156

See accompanying notes to consolidated financial statements.

HAWKINS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE — March 31, 2013	10,495,427	$ 525	$ 48,779	$ 120,974	$ (106)	$ 170,172
Cash dividends declared				(7,641)		(7,641)
Share-based compensation expense			1,322			1,322
Tax benefit on share-based compensation plans			(214)			(214)
Vesting of restricted stock	41,906	2	(2)			—
Shares surrendered for payroll taxes	(12,480)	(1)	(484)			(485)
Stock options exercised	9,333	1	185			186
ESPP shares issued	28,214	1	916			917
Other comprehensive income, net of tax					62	62
Net income				18,094		18,094
BALANCE — March 30, 2014	10,562,400	$ 528	$ 50,502	$ 131,427	$ (44)	$ 182,413
Cash dividends declared				(8,074)		(8,074)
Share-based compensation expense			1,631			1,631
Tax benefit on share-based compensation plans			92			92
Vesting of restricted stock	29,355	1	(1)			—
Shares surrendered for payroll taxes	(7,920)		(295)			(295)
Stock options exercised	9,333		186			186
ESPP shares issued	31,383	2	986			988
Shares repurchased	(59,602)	(3)	(2,200)			(2,203)
Other comprehensive income, net of tax					12	12
Net income				19,214		19,214
BALANCE — March 29, 2015	10,564,949	$ 528	$ 50,901	$ 142,567	$ (32)	$ 193,964
Cash dividends declared				(8,445)		(8,445)
Share-based compensation expense			1,706			1,706
Tax benefit on share-based compensation plans			(1)			(1)
Vesting of restricted stock	60,658	3	(3)			—
Shares surrendered for payroll taxes	(18,834)	(1)	(698)			(699)
ESPP shares issued	33,550	2	1,079			1,081
Shares repurchased	(127,852)	(6)	(4,795)			(4,801)
Other comprehensive income, net of tax					27	27
Net income				18,143		18,143
BALANCE — April 3, 2016	10,512,471	$ 526	$ 48,189	$ 152,265	$ (5)	$ 200,975

See accompanying notes to consolidated financial statements.

HAWKINS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended		
	April 3, 2016	March 29, 2015	March 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$18,143	$19,214	$18,094
Reconciliation to cash flows:			
Depreciation and amortization	15,511	13,015	12,605
Amortization of debt issuance costs	34	—	—
Loss on disposal of investments	104	—	—
Deferred income taxes	1,103	(418)	2,150
Share-based compensation expense	1,706	1,631	1,322
(Gain) loss from property disposals	(33)	45	111
Changes in operating accounts (using) providing cash, net of effects of acquisition:			
Trade receivables	(2,950)	(1,051)	(1,698)
Inventories	(322)	(9,977)	2,122
Accounts payable	3,831	563	335
Accrued liabilities	192	(506)	141
Accrued interest	50	—	—
Income taxes	(701)	(2,177)	(2)
Other	(335)	325	(568)
Net cash provided by operating activities	36,333	20,664	34,612
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant, and equipment	(24,183)	(14,552)	(12,261)
Purchases of investments	(6,091)	(15,303)	(25,161)
Sale and maturities of investments	37,763	13,280	16,612
Proceeds from property disposals	358	223	115
Acquisitions, net of cash acquired	(159,199)	(10,068)	(2,416)
Net cash used in investing activities	(151,352)	(26,420)	(23,111)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends paid	(8,257)	(7,859)	(7,410)
New shares issued	1,081	988	917
Stock options exercised	—	186	186
Excess tax benefit from share-based compensation	(1)	92	62
Shares surrendered for payroll taxes	(699)	(295)	(485)
Shares repurchased	(4,801)	(2,203)	—
Repayment of debt	(1,250)	—	—
Payments for debt issuance costs	(679)	—	—
Proceeds from long-term borrowings	100,000	—	—
Proceeds from revolver borrowings	31,000	—	—
Net cash provided by (used in) financing activities	116,394	(9,091)	(6,730)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,375	(14,847)	4,771
CASH AND CASH EQUIVALENTS - beginning of period	18,639	33,486	28,715
CASH AND CASH EQUIVALENTS - end of period	$20,014	$18,639	$33,486
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION-			
Cash paid during the year for income taxes	$11,811	$13,801	$7,757
Cash paid for interest	702	—	—
Noncash investing activities - Capital expenditures in accounts payable	1,884	1,126	699

Acquisition consideration accrued but not paid	2,200	—	—

See accompanying notes to consolidated financial statements.

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HAWKINS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Note 1 — Nature of Business and Significant Accounting Policies

Nature of Business - We have three reportable segments: Industrial, Water Treatment and Health and Nutrition. The Industrial Group specializes in providing industrial chemicals, products and services to industries such as agriculture, chemical processing, electronics, energy, food, pharmaceutical, plating and power generation. This group also manufactures and sells certain food-grade products, including liquid phosphates, lactates and other blended products. The Water Treatment Group specializes in providing chemicals, equipment and solutions for potable water, municipal and industrial wastewater, industrial process water and non-residential swimming pool water. This group has the resources and flexibility to treat systems ranging in size from a single small well to a multi-million-gallon-per-day facility. We established the Health and Nutrition segment of our business in December 2015 through our acquisition of Stauber Performance Ingredients (“Stauber”). Our Health and Nutrition Group specializes in providing ingredient distribution, processing and formulation solutions to manufacturers of nutraceutical, functional food and beverage, personal care, dietary supplement and other nutritional food and health and wellness products. This group offers a diverse product portfolio including minerals, botanicals and herbs, vitamins and amino acids, excipients, joint products, sweeteners and enzymes.

Fiscal Year - Our fiscal year is a 52 or 53-week year ending on the Sunday closest to March 31. Our fiscal year ended April 3, 2016 (“fiscal 2016”) was 53 weeks. Our fiscal year ended March 29, 2015 (“fiscal 2015”) and March 30, 2014 (“fiscal 2014”) were 52 weeks. The fiscal year ending April 2, 2017 (“fiscal 2017”) will also be 52 weeks.

Principles of Consolidation - The consolidated financial statements include the accounts of Hawkins, Inc. and its wholly-owned subsidiaries. All intercompany transactions and accounts have been eliminated.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue Recognition - We recognize revenue when there is evidence that the customer has agreed to purchase the product, the price and terms of the sale are fixed, the product has shipped and title has passed to our customer, performance has occurred, and collection of the receivable is reasonably assured.

Shipping and Handling - All shipping and handling amounts billed to customers are included in revenues. Costs incurred related to the shipping and the handling of products are included in cost of sales.

Fair Value Measurements - The financial assets and liabilities that are re-measured and reported at fair value for each reporting period include marketable securities, as well as contingent consideration payable in fiscal 2015 related to the acquisition of Advance Chemical Solutions, Inc. (“ACS”). There are no fair value measurements with respect to nonfinancial assets or liabilities that are recognized or disclosed at fair value in our consolidated financial statements on a recurring basis.

Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

Level 1: Valuation is based on observable inputs such as quoted market prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Valuation is based on inputs such as quoted market prices for similar assets or liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

In making fair value measurements, observable market data must be used when available. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

HAWKINS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Cash Equivalents - Cash equivalents include all liquid debt instruments (primarily cash funds and money market accounts) purchased with an original maturity of three months or less. The balances maintained at financial institutions may, at times, exceed federally insured limits.

Investments - Available-for-sale securities consist of certificates of deposit (“CD’s”) and municipal bonds and are valued at current market value, with the resulting unrealized gains and losses excluded from earnings and reported, net of tax, as a separate component of shareholders’ equity until realized. Any impairment loss to reduce an investment’s carrying amount to its fair market value is recognized in income when a decline in the fair market value of an individual security below its cost or carrying value is determined to be other than temporary. As of April 3, 2016, we did not own any available-for-sale securities.

Trade Receivables and Concentrations of Credit Risk - Financial instruments, which potentially subject us to a concentration of credit risk, principally consist of trade receivables. We sell our principal products to a large number of customers in many different industries. There are no concentrations of credit risk with a single customer from a particular service or geographic area that would significantly impact us in the near term. To reduce credit risk, we routinely assess the financial strength of our customers. We record an allowance for doubtful accounts to reduce our receivables to an amount we estimate is collectible from our customers. Estimates used in determining the allowance for doubtful accounts are based on historical collection experience, current trends, aging of accounts receivable and periodic evaluations of our customers’ financial condition. Our cash balances are held at two separate financial institutions where the cash balances may exceed federally insured limits. The institutions are two of the largest commercial banking institutions in the country and both have maintained strong credit ratings.

Inventories - Inventories, consisting primarily of finished goods, are primarily valued at the lower of cost or net realizable value, with cost for approximately 70% of our inventory determined using the last-in, first-out (“LIFO”) method. Cost for the other 30% of our total inventory is determined using the first-in, first-out (“FIFO”) method.

Property, Plant and Equipment - Property is stated at cost and depreciated or amortized over the lives of the assets, using the straight-line method. Estimated lives are: 10 to 40 years for buildings and improvements; 3 to 20 years for machinery and equipment; and 3 to 10 years for transportation equipment and office furniture and equipment including computer systems. Leasehold improvements are depreciated over the lesser of their estimated useful lives or the remaining lease term.

Significant improvements that add to productive capacity or extend the lives of properties are capitalized. Costs for repairs and maintenance are charged to expense as incurred. When property is retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any related gains or losses are included in income.

We review the recoverability of long-lived assets to be held and used, such as property, plant and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset group may not be recoverable, such as prolonged industry downturn or significant reductions in projected future cash flows. The assessment of possible impairment is based on our ability to recover the carrying value of the asset group from the expected future pre-tax cash flows (undiscounted) of the related operations. If these cash flows are less than the carrying value of such asset group, an impairment loss would be measured by the amount the carrying value exceeds the fair value of the long-lived asset group. The measurement of impairment requires us to estimate future cash flows and the fair value of long-lived assets. No long-lived assets were determined to be impaired during fiscal years 2016, 2015 or 2014.

Goodwill and Identifiable Intangible Assets - Goodwill represents the excess of the cost of acquired businesses over the fair value of identifiable tangible net assets and identifiable intangible assets purchased. Goodwill is tested at least

annually for impairment, and is tested for impairment more frequently if events or changes in circumstances indicate that the asset might be impaired. As of January 1, 2016, the company performed an analysis of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a two-step goodwill impairment test. Based on management's analysis of qualitative factors, we determined that it was not necessary to perform a two-step goodwill impairment test for any reporting unit.

Our primary identifiable intangible assets include customer lists, trade secrets, non-competition agreements, trademarks and trade names acquired in previous business acquisitions. Identifiable intangible assets with finite lives are amortized whereas identifiable intangible assets with indefinite lives are not amortized. The values assigned to the intangible assets with finite lives are being amortized on average over approximately 14 years. Identifiable intangible assets that are subject to amortization are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Identifiable intangible assets not subject to amortization are tested for impairment annually or more frequently if events warrant. The impairment test consists of a qualitative assessment to determine whether it is more likely than not that the asset is impaired. Based on

HAWKINS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

management's analysis of qualitative factors, we determined that it was not necessary to perform a quantitative impairment test for fiscal 2016.

Impairment assessments were also completed in the fourth quarters of fiscal 2015 and 2014, which resulted in no impairment charges for either of these fiscal years.

Income Taxes - In the preparation of our consolidated financial statements, the calculation of income taxes by management is 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. Differences that are temporary in nature result in deferred tax assets and liabilities, which are recorded on the consolidated balance sheet, while differences that are permanent in nature impact the income tax expense recorded on the income statement and impact the effective tax rate for the fiscal year. The deferred tax assets and liabilities are analyzed regularly and management assesses the likelihood that deferred tax assets will be recovered from future taxable income. We record any interest and penalties related to income taxes as income tax expense in the consolidated statements of income.

The effect of income tax positions are recognized only if those positions are more likely than not of being sustained. Changes in recognition or measurement are made as facts and circumstances change. See note 11 for further information regarding the recording of a liability and offsetting receivable regarding an uncertain tax position taken by Stauber prior to its acquisition by us.

Stock-Based Compensation - We account for stock-based compensation on a fair value basis. The estimated grant date fair value of each stock-based award is recognized in expense over the requisite service period (generally the vesting period). Non-vested share awards are recorded as expense over the requisite service periods based on the market value on the date of grant.

Earnings Per Share - Basic earnings per share ("EPS") are computed by dividing net income by the weighted-average number of common shares outstanding. Diluted EPS are computed by dividing net income by the weighted-average number of common shares outstanding including 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:

	April 3, 2016	March 29, 2015	March 30, 2014
Weighted average common shares outstanding — basic	10,524,730	10,568,582	10,544,467
Dilutive impact of stock performance units, restricted stock, and stock options	53,312	64,972	55,288
Weighted average common shares outstanding — diluted	10,578,042	10,633,554	10,599,755

There were no shares or stock options excluded from the calculation of weighted average common shares for diluted EPS for fiscal 2016, 2015 or 2014.

Derivative Instruments and Hedging Activities - We do not have any freestanding or embedded derivatives and it is our practice to not enter into contracts that contain them.

Recently Issued Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09 which provides accounting guidance intended to improve the accounting for share-based payment transactions. This guidance outlines new provisions intended to simplify various aspects related to accounting for share-based payments and their presentation in the financial statements and will be effective for years beginning after December 15, 2016 (our fiscal year ending April 1, 2018) and interim periods within those years. We are currently

evaluating the impact of this accounting pronouncement on our results of operations and financial position.

In March 2016, the FASB issued ASU 2016-02 which provides new accounting guidance requiring lessees to recognize most leases as assets and liabilities on the balance sheet. This guidance will be effective for interim periods beginning after December 15, 2018 (our fiscal year ended March 30, 2020). We are currently evaluating the impact of this accounting pronouncement on our results of operations and financial position.

In January 2016, the FASB issued ASU 2016-01 which provides guidance that addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for annual reporting periods beginning after December 15, 2017 (our fiscal year ending March 31, 2019), and interim periods within those annual periods.

Early adoption is not permitted. We are currently evaluating the impact that this guidance will have on our results of operations and financial position.

In September 2015, the FASB issued ASU 2015-16 which eliminates the requirement for an acquirer to retrospectively adjust the financial statements for measurement-period adjustments that occur in periods after a business combination is consummated. The new guidance is effective for fiscal years beginning after December 15, 2015 (our fiscal year ending April 2, 2017), and interim periods within those years. We do not expect adoption of this accounting pronouncement to have a significant impact on our consolidated financial statements or results of operations.

In July 2015, the FASB issued ASU 2015-11 which requires company to change the measurement principal for inventory measured using the FIFO or average cost method from the lower of cost or market to the lower of cost and net realizable value. Treatment of inventory valued under the last-in, first-out ("LIFO") method is unchanged by this guidance. The new guidance will be applied prospectively and will be effective for fiscal years beginning after December 15, 2016 (our fiscal year ending April 1, 2018), and interim periods within those years. We are currently evaluating the impact of this accounting pronouncement on our results of operations and financial position.

In May 2014, the FASB issued ASU 2014-09 which provides new accounting requirements for recognition of revenue from contracts with customers. The requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2017 (our fiscal year ending March 31, 2019), and interim periods within those annual periods. We are currently evaluating the impact of this accounting pronouncement on our results of operations and financial position.

Recently Adopted Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03 which simplifies the presentation of debt issuance costs. The new guidance requires debt issuance costs related to a recognized debt liability to be presented as a direct deduction from the debt liability on the balance sheet. The guidance is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. We elected to early adopt this guidance in our third quarter of fiscal 2016.

In November 2015, the FASB issued ASU 2015-17 requiring entities with a classified balance sheet to present all deferred tax assets and liabilities as non-current. The new guidance is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. We elected to early adopt this guidance prospectively effective December 28, 2016, the beginning of our fourth quarter of fiscal 2016. Accordingly, all of our deferred tax assets and liabilities have been presented as long-term liabilities on the April 3, 2016 consolidated balance sheet.

Note 2 — Business Combinations

Acquisition of Stauber Performance Ingredients: On December 23, 2015, we acquired Stauber for $157.0 million on a cash-free, debt-free basis subject to a customary working capital adjustment. The total consideration for the acquisition was $158.2 million ($156.7 million net of cash acquired). We paid $156.0 million in cash at closing and paid an additional $2.2 million in early fiscal 2017 based upon closing cash, debt and working capital balances. The purchase was funded with $131.0 million of proceeds from the credit facility described more fully in Note 6 as well as cash on hand.

Stauber operates out of facilities in New York and California and blends and distributes specialty products and ingredients to the nutritional, food, pharmaceutical, cosmetic and pet care industries. The acquisition expands our portfolio of value-added specialty products within new markets. Stauber had revenues of approximately $118.0 million for the twelve months ended December 23, 2015, the date of the acquisition. The results of operations since the acquisition date, and the assets, including the goodwill associated with the acquisition, are included in our newly formed Health and Nutrition operating segment.

Direct acquisition costs of $3.3 million, consisting mainly of professional and consulting fees, were expensed as incurred during the year ended April 3, 2016, and are classified as selling, general, and administrative expenses in our consolidated statement of income, and are reported in our Health and Nutrition segment.

The acquisition was accounted for under the acquisition method of accounting. Accordingly, the cost to acquire Stauber was allocated to the underlying net assets in proportion to estimates of their respective fair values.

The fair value of acquired property, plant and equipment of $11.0 million was valued using a cost approach with consideration given to the continuation of the property in the current operation at the present locations. The fair value of acquired identifiable intangible assets is $71.5 million. The acquired intangible assets, all of which are finite-lived, have a weighted average useful life

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of 16.3 years and are being amortized on a straight-line basis. The intangible assets include customer relationships of $66.0 million (17 years life), trade name of $4.0 million (10 years life), non-competition agreements of $1.3 million (3.3 years weighted average life) and order backlog of $0.1 million.

The fair value of acquired identifiable intangible assets was determined using the income approach. In performing these valuations, the key underlying probability-adjusted assumptions of the discounted cash flows were projected revenues, gross margin expectations and operating cost estimates. The valuations were based on the information that was available as of the acquisition date and the expectations and assumptions that have been deemed reasonable by management. There are inherent uncertainties and management judgment required in these determinations. The fair value measurements of the assets acquired were based on valuations involving significant unobservable inputs, or Level 3 in the fair value hierarchy. None of the intangible assets are expected to be deductible for income tax purposes. As a result, a $28.6 million deferred tax liability was recorded on the opening balance sheet for the amount of non-deductible amortization expense.

The purchase price of Stauber exceeded the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed by $84.2 million. Cash flows used to determine the purchase price included strategic and synergistic benefits (investment value) specific to Hawkins, which resulted in a purchase price in excess of the fair value of identifiable net assets. The purchase price also included the fair values of other assets that were not identifiable, not separately recognizable under accounting rules (e.g., assembled workforce) or of immaterial value in addition to a going-concern element that represents our ability to earn a higher rate of return on the group of assets than would be expected on the separate assets as determined during the valuation process. None of the goodwill is expected to be deductible for income tax purposes.
The allocation of the purchase price to trade receivables, income taxes and goodwill is subject to change within the measurement period (up to one year from the acquisition date). The fair value of trade receivables is open pending the collection of certain uncollected balances. Any adjustment to the preliminary allocation of fair value of trade receivables will result in an adjustment to goodwill. Income taxes and related accounts are open pending the finalization of Stauber's December 23, 2015 tax returns. Any adjustment to the income tax balances recorded will result in an adjustment to the amount recorded as a payable to the prior owners and/or goodwill. The following table summarizes the fair value measurement of the assets acquired and liabilities assumed as of the acquisition date:

(In thousands)	Amount
Cash and cash equivalents (a)	$1,502
Trade receivables	15,737
Inventories	10,207
Other assets	900
Property, plant, and equipment	10,989
Intangible assets	71,459
Accounts payable	(5,398)
Accrued expenses and other current liabilities (a)	(2,925)
Deferred income taxes	(28,445)
Other non-current liabilities	(79)
Net assets acquired	73,947
Goodwill	84,229
Total preliminary purchase price	158,176
Less acquired cash	(1,502)
Preliminary purchase price, net of cash acquired	$156,674

(a) In addition to these balances, $7.3 million of cash and current accrued liabilities were recorded that relate to stock and other acquisition-related compensation payments, which were recorded by Stauber as of the acquisition date but were paid subsequent to the acquisition date.

Note: Included in our consolidated balance sheet is an income tax receivable of $4.6 million related to pre-acquisition income taxes, with an offsetting liability payable to the prior owners as these amounts will be paid to them upon receipt.

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The following pro forma information has been prepared as if the Stauber acquisition and the borrowing to finance the acquisition had occurred as of the beginning of the fiscal years presented. The unaudited pro forma information is not necessarily indicative of what our consolidated results of operations actually would have been had the acquisition occurred at the beginning of each fiscal year, nor is it indicative of our future operational results.

	Year Ended	
(In thousands, except per share data)	April 3, 2016	March 29, 2015
Pro forma net sales	$501,667	$469,538
Pro forma net income	22,952	21,352
Pro forma basic earnings per share	$2.18	$2.02
Pro forma diluted earnings per share	$2.17	$2.01

The unaudited pro forma financial information above is adjusted to reflect the following: (a) interest expense, including amortization of debt issuance costs, related to the $131.0 million of debt used to fund the acquisition; (b) amortization expense related to the $71.5 million of identifiable intangible assets recognized in conjunction with the acquisition; (c) elimination of amortization of intangibles and interest expense previously reflected on Stauber's financial statements; (d) elimination of stock and other acquisition-related compensation recorded by Stauber, and transaction-related expenses recorded by us; and (e) recording income taxes at an estimated combined federal and state statutory rate of approximately 38% on these pre-tax adjustments.

Acquisition of Davis Supply, Inc.: On September 18, 2015, we acquired substantially all of the assets of Davis Supply, Inc. ("Davis") under the terms of an asset purchase agreement with Davis and its shareholders. We paid $4.5 million cash at closing, using available cash on hand to fund the acquisition. Davis was a water treatment chemical distribution company operating in Florida with revenues of approximately $5.0 million in calendar year 2014. We have integrated this business into our existing Florida locations. The results of operations after the date of acquisition and the acquired assets are included in our Water Treatment Segment. Costs associated with this transaction were not material and were expensed as incurred.

The acquisition has been accounted for under the acquisition method of accounting, under which the total purchase price is allocated to the net tangible and intangible assets of Davis acquired based on their estimated fair values. We estimated the fair values of the assets acquired and liabilities assumed using a discounted cash flow analysis (income approach). The following table summarizes the allocation of the purchase price to the fair values assigned to the assets acquired and liabilities assumed as of the acquisition date:

(In thousands)	Amount
Inventories	$ 145
Property, plant, and equipment	78
Intangible assets	2,532
Net assets acquired	2,755
Goodwill	1,745
Total purchase price	$ 4,500

Intangible assets recognized in connection with this acquisition consist of $2.4 million related to customer relationships to be amortized over 20 years, and $0.1 million related to a non-compete agreement to be amortized over five years. The goodwill recognized as a result of this acquisition is primarily attributable to strategic and synergistic benefits, as well as the assembled workforce. Such goodwill is expected to be deductible for tax purposes.

Acquisition of The Dumont Company, Inc.: On October 20, 2014, we acquired substantially all of the assets of The Dumont Company, Inc. ("Dumont") under the terms of an asset purchase agreement with Dumont and its shareholders. We paid $10.1 million in cash including a working capital adjustment, using available cash on hand to fund the

acquisition. Dumont was a water treatment chemical distribution company with revenues of approximately $14.0 million in calendar year 2013. Through this acquisition we added seven operating locations across Florida. The results of operations since the acquisition date, and the assets,

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including the goodwill associated with this acquisition, are included in our Water Treatment segment. Costs associated with this transaction were not material to our company and were expensed as incurred.

The acquisition has been accounted for under the acquisition method of accounting, under which the total purchase price is allocated to the net tangible and intangible assets of Dumont acquired in connection with the acquisition based on their estimated fair values. We estimated the fair values of the assets acquired and liabilities assumed using a discounted cash flow analysis (income approach). The following table summarizes the preliminary allocation of the purchase price to the fair values assigned to the assets acquired and liabilities assumed at the date of the Dumont acquisition:

(In thousands)	Amount
Accounts receivable	$1,358
Inventory	859
Other assets	159
Property, plant, and equipment	702
Intangible assets	3,509
Current liabilities	(877)
Net assets acquired	5,710
Goodwill	4,358
Total purchase price	$10,068

Intangible assets recognized in connection with this acquisition consist of $2.8 million related to customer relationships to be amortized over 20 years and $0.7 million related to a trade name to be amortized over four years. The goodwill recognized as a result of this acquisition is primarily attributable to strategic and synergistic benefits, as well as the assembled workforce. Such goodwill is expected to be deductible for tax purposes.

Acquisition of Advance Chemical Solutions, Inc.: On October 1, 2013, we acquired substantially all of the assets of ACS. We paid $2.9 million in cash, including $0.5 million of contingent consideration based on the achievement of certain financial performance targets.

The ACS acquisition was accounted for under the acquisition method of accounting, under which the total estimated purchase price is allocated to the net tangible and intangible assets acquired based on their estimated fair values. We estimated the fair values of the assets acquired and liabilities assumed to be $2.8 million using a discounted cash flow analysis (income approach). ACS had revenues of approximately $4.0 million for the 12 months ended September 30, 2013. The results of its operations since the acquisition date, and the assets, are included in our Water Treatment segment.

Note 3 — Cash and Cash Equivalents and Investments

The following table presents information about our financial assets that are measured at fair value on a recurring basis as of April 3, 2016 and March 29, 2015, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

Description (In thousands)	April 3, 2016	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$20,014	$20,014	$ —	$ —

Description (In thousands)	March 29,	Level 1	Level 2	Level 3

	2015			
Assets:				
Cash and cash equivalents	$18,639	$18,639	$ —	$ —
Certificates of deposit	29,136	—	29,136	—
Municipal Bonds	2,598	—	2,598	—

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As of March 29, 2015, our financial assets that were measured at fair value on a recurring basis were CD's and municipal bonds, with maturities ranging from three months to three years, which fall within valuation technique Level 2. The CD's and municipal bonds were classified as investments in current assets and noncurrent assets on the consolidated balance sheets.

The carrying value of cash and cash equivalents accounts approximates fair value, as maturities are three months or less. During the fiscal year ended April 3, 2016, we sold all available-for-sale securities to partially fund the purchase of Stauber as discussed in Note 2. Realized gains and losses were not material for fiscal 2016, 2015 or 2014.

Note 4 — Inventories

Inventories at April 3, 2016 and March 29, 2015 consisted of the following:

	2016	2015
(In thousands)		
Inventory (FIFO basis)	$51,857	$42,567
LIFO reserve	(4,138)	(5,539)
Net inventory	$47,719	$37,028

The FIFO value of inventories accounted for under the LIFO method was $36.5 million at April 3, 2016 and $39.0 million at March 29, 2015. The remainder of the inventory was valued and accounted for under the FIFO method.

We decreased the LIFO reserve by $1.4 million in fiscal 2016 due primarily to lower levels of certain inventory on hand at the end of the year, as well as lower commodity costs as compared to the previous year, and increased the reserve $0.4 million in fiscal 2015 due primarily to higher levels of inventory at the end of that year.
Note 5 — Goodwill and Other Identifiable Intangible Assets

The changes in the carrying amount of goodwill for each of our three reportable segments were as follows:

(In thousands)	Industrial	Water Treatment	Health and Nutrition	Total
Balance as of March 31, 2014	$ 6,495	$ 897	$ —	$7,392
Addition due to acquisition	—	4,358	—	4,358
Balance as of March 29, 2015	6,495	5,255	—	11,750
Addition due to acquisition	—	1,745	84,229	85,974
Balance as of April 4, 2016	$ 6,495	$ 7,000	$ 84,229	$97,724

As of April 3, 2016, goodwill amounted to $97.7 million, an increase of $86.0 million from the balance at March 29, 2015. The increase in goodwill relates to the Stauber and Davis acquisitions discussed more fully in Note 2.
The following is a summary of our intangible assets as of April 3, 2016 and March 29, 2015:

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	2016		
	Gross Amount	Accumulated Amortization	Net carrying value
(In thousands)			
Finite-life intangible assets:			
Customer relationships	$78,384	$ (3,289)	$75,095
Trademarks and trade names	6,045	(1,090)	4,955
Trade secrets	962	(934)	28
Carrier relationships	800	(568)	232
Other finite-life intangible assets	1,886	(489)	1,397
Total finite-life intangible assets	88,077	(6,370)	81,707
Indefinite-life intangible assets	1,227	—	1,227
Total intangible assets, net	$89,304	$ (6,370)	$82,934

	2015		
	Gross Amount	Accumulated Amortization	Net carrying value
(In thousands)			
Finite-life intangible assets:			
Customer relationships	$9,723	$ (1,697)	$8,026
Trademarks and trade names	2,034	(667)	1,367
Trade secrets	962	(896)	66
Carrier relationships	800	(337)	463
Other finite-life intangible assets	341	(336)	5
Total finite-life intangible assets	13,860	(3,933)	9,927
Indefinite-life intangible assets	1,227	—	1,227
Total intangible assets, net	$15,087	$ (3,933)	$11,154

Intangible asset amortization expense was $2.4 million during fiscal 2016, $0.9 million during fiscal 2015, and $0.7 million during fiscal 2014.

The estimated future amortization expense for identifiable intangible assets during the next five years is as follows:

(In thousands)	2017	2018	2019	2020	2021
Estimated amortization expense	$6,051	$5,704	$5,454	$5,074	$5,028

Note 6 – Debt

On December 23, 2015, in connection with the Stauber acquisition described more fully in Note 2, we entered into a credit agreement (the “Credit Agreement”) with U.S. Bank National Association (“U.S. Bank”), as Lead Arranger, and Sole Bookrunner, and other lenders from time to time party thereto (collectively, the “Lenders”), whereby U.S. Bank is also serving as Administrative Agent. The Credit Agreement provides us with senior secured credit facilities (the “Credit Facility”) totaling $165.0 million, consisting of a $100.0 million senior secured term loan credit facility (the “Term Loan Facility”) and a $65.0 million senior secured revolving loan credit facility (the “Revolving Loan Facility”). The Revolving Loan Facility includes a letter of credit subfacility in the amount of $5.0 million and a swingline subfacility in the amount of $8.0 million. The Term Loan facility requires mandatory quarterly repayments as outlined in the table below with the remainder of the loan due at maturity. The Credit Facility is scheduled to terminate on December 23, 2020. The Credit Facility is secured by substantially all of our personal property assets and those of our

subsidiaries.

Borrowings under the Credit Facility bear interest at a rate per annum equal to one of the following, plus, in both cases, an applicable margin based upon our leverage ratio: (a) LIBOR for an interest period of one, two, three or six months as selected by us, reset at the end of the selected interest period, or (b) a base rate determined by reference to the highest of (1) U. S. Bank's prime rate, (2) the Federal Funds Effective Rate plus 0.5%, or (3) one-month LIBOR for U.S. dollars plus 1.0%. The LIBOR margin is 1.125%, 1.25% or 1.5%, depending on our leverage ratio. The base rate margin is 0.125%, 0.25% or 0.5%, depending on our leverage ratio. At April 3, 2016, the effective interest rate on our borrowings was approximately 1.9%.

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We used $131.0 million of the proceeds from the Credit Facility to fund our acquisition of Stauber. We may use the remaining $34.0 million for working capital, capital expenditures, restricted payments and acquisitions permitted under the Credit Facility, and other general corporate purposes.
In addition to paying interest on the outstanding principal under the Credit Facility, we are required to pay a commitment fee on the unutilized commitments thereunder. The commitment fee is 0.25% to 0.3%, depending on our leverage ratio.
Debt issuance costs of $0.7 million paid to the lenders are reflected as a reduction of debt and are being amortized on a straight line basis over the term of the credit facility. During the fiscal year ended April 3, 2016, less than $0.1 million of debt issuance costs were expensed. As of April 3, 2016, $0.6 million of debt issuance costs were reflected as a reduction of debt on our balance sheet.
The Credit Agreement requires us to maintain (a) a minimum fixed charge coverage ratio of 1.15 to 1.00 and (b) a maximum total cash flow leverage ratio of 3.0 to 1.0. The Credit Agreement also contains other customary affirmative and negative covenants, including covenants that restrict our ability to incur additional indebtedness, dispose of significant assets, make certain investments, including any acquisitions other than permitted acquisitions, make certain payments, enter into sale and leaseback transactions, grant liens on our assets or enter into rate management transactions, subject to certain limitations. We will be permitted to make distributions, pay dividends and repurchase shares so long as no default or event of default exists or would exist as a result thereof. As of April 3, 2016, we were in compliance with all required covenants.
Debt at April 3, 2016 consisted of the following:

(In thousands)	April 3, 2016
Senior secured term loan	$98,750
Senior secured revolver	31,000
Total debt	129,750
Less: unamortized debt issuance costs	(645)
Less: current portion of long-term debt, net of current unamortized debt issuance costs	(5,489)
Total long-term debt	$123,616

Scheduled annual maturities of debt as of April 3, 2016 are as follows:

Fiscal year ending	(In thousands)
2017	$ 5,625
2018	8,125
2019	10,000
2020	10,000
2021	96,000
	$ 129,750

We had no debt as of March 29, 2015.
Note 7 — Share-Based Compensation

Performance-Based Restricted Stock Units. Our Board of Directors has approved a performance-based equity compensation arrangement for our executive officers. This performance-based arrangement provides for the grant of performance-based restricted stock units that represent a possible future issuance of restricted shares of our common stock based on our pre-tax income target for the applicable fiscal year. The actual number of restricted shares to be issued to each executive officer will be determined when our final financial information becomes available after the applicable fiscal year and will be between zero shares and 44,447 shares in the aggregate for fiscal 2016. The restricted shares issued will fully vest two years after the last day of the fiscal year on which the performance is based.

We are recording the compensation expense for the outstanding performance share units and then-converted restricted stock over the life of the awards.

The following table represents the restricted stock activity for fiscal 2016:

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	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	53,580	$ 37.55
Granted	37,309	40.89
Vested	(53,580)	37.55
Forfeited or expired	—	—
Outstanding at end of year	37,309	$ 40.89

The weighted average grant date fair value of restricted shares issued in fiscal 2016, 2015 and 2014 was $40.89, $34.45, and $40.25, respectively. We recorded compensation expense on performance-based restricted stock of approximately $1.2 million for fiscal 2016, $1.1 million for fiscal 2015 and $0.8 million for fiscal 2014, substantially all of which was recorded in selling, general and administrative (“SG&A”) expense in the Consolidated Statements of Income. The total fair value of performance-based restricted stock units vested in fiscal 2016 was $2.0 million compared to $0.8 million in fiscal 2015 and $1.3 million in fiscal 2014.

Until the performance-based restricted stock units result in the issuance of restricted stock, the amount of expense recorded each period is dependent upon our estimate of the number of shares that will ultimately be issued and our then current common stock price. Upon issuance of restricted stock, we record compensation expense over the remaining vesting period using the award date closing price. Unrecognized compensation expense related to non-vested restricted stock and non-vested restricted share units as of April 3, 2016 was $1.2 million and is expected to be recognized over a weighted average period of 1.4 years.

The benefits of tax deductions that vary from the recognized compensation costs from share-based compensation are recorded as a change in additional paid-in capital rather than a deduction of taxes paid. The amount of excess tax benefit (expense) recognized and recorded in additional paid-in capital resulting from share-based compensation cost was nominal in fiscal 2016, $1.0 million in fiscal 2015 and $(0.2) million in 2014.

Restricted Stock Awards. As part of their retainer, our non-employee directors receive restricted stock 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 following table represents the Board’s restricted stock activity for fiscal 2016:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	7,077	$ 34.61
Granted	6,804	36.00
Vested	(7,077)	34.61
Forfeited or expired	—	—
Outstanding at end of year	6,804	$ 36.00

Annual expense related to the value of restricted stock was $0.2 million for each of fiscal 2016, 2015 and 2014, all of which was recorded in SG&A expense in the Consolidated Statements of Income. Unrecognized compensation expense related to non-vested restricted stock awards as of April 3, 2016 was $0.1 million and is expected to be recognized over a weighted average period of 0.3 years.

Stock Option Awards. Our Board of Directors (the “Board”) previously approved a long-term incentive equity compensation arrangement for our executive officers that provided for the grant of non-qualified stock options that

vested at the end of a three-year period, although no stock options have been granted under this arrangement since the fiscal year ended March 28, 2010. During fiscal 2015, 9,333 options were exercised with an exercise price of $19.90. As of April 3, 2016 we had no stock options outstanding. No expense was recorded in fiscal 2016, 2015 or 2014 related to the value of stock options.

Note 8 — Share Repurchase Program

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On May 29, 2014, our Board authorized a share repurchase program of up to 300,000 shares of our outstanding common shares. Under the program, we are authorized to repurchase shares for cash on the open market or in privately negotiated transactions subject to applicable securities laws and regulations. Upon repurchase of the shares, we reduce our common stock for the par value of the shares with the excess applied against additional paid-in capital. We repurchased 127,852 of common stock at an aggregate purchase price of $4.8 million during fiscal 2016, and 59,602 shares of common stock at an aggregate purchase price of $2.2 million during fiscal 2015. As of April 3, 2016, the number of shares available to be purchased under the share repurchase program was 112,546.

Note 9 — Profit Sharing, Employee Stock Ownership, Employee Stock Purchase and Pension Plans

Company sponsored plans. The majority of our non-bargaining unit employees are eligible to participate in a company-sponsored profit sharing plan. Contributions are made at our discretion subject to a maximum amount allowed under the Internal Revenue Code. The profit sharing plan contribution level for each employee depends upon date of hire, with those employees hired after April 1, 2012 eligible to receive a contribution that is 50% of the contribution made for employees hired on or before April 1, 2012. Our contribution to the profit sharing plan for fiscal 2016, fiscal 2015 and fiscal 2014 was 5% of each employee's eligible compensation for employees hired on or before April 1, 2012. In addition to the discretionary employer contribution described above, the profit sharing plan includes a 401(k) plan that allows employees to contribute pre-tax earnings up to the maximum amount allowed under the Internal Revenue Code, with an employer match of up to 5% of the employee's eligible compensation.

We have an employee stock ownership plan ("ESOP") covering the majority of our non-bargaining unit employees. Contributions are made at our discretion subject to a maximum amount allowed under the Internal Revenue Code. The ESOP contribution level for each employee depends upon date of hire, with those employees hired after April 1, 2012 eligible to receive a contribution that is 50% of the contribution made for employees hired on or before April 1, 2012. Our contribution to the ESOP for fiscal 2016, fiscal 2015 and fiscal 2014 was 5% of each employee's eligible compensation for employees hired on or before April 1, 2012.

As described in Note 2, we acquired Stauber on December 23, 2015. Concurrent with the acquisition, Stauber's existing company sponsored plans were terminated. Effective January 1, 2016, Stauber employees became eligible for the 401(k) component of the profit sharing plan described above, including the employer match component

We have an employee stock purchase plan ("ESPP") covering substantially all of our employees. The ESPP allows employees to purchase newly-issued shares of the Company's common stock at a discount from market. The number of new shares issued under the ESPP was 33,550 in fiscal 2016, 31,383 in fiscal 2015 and 28,214 in fiscal 2014.

In March 2013, concurrent with our withdrawal from a multiemployer pension plan described below, we established a retirement plan and ESOP for our collective bargaining unit employees. Each of these plans is subject to a maximum amount allowed under the Internal Revenue Code. The retirement plan provides for a contribution of 5% of each employee's eligible wages annually for employees who were eligible to enter the plan on March 1, 2013 and a contribution of 2.5% of each employee's eligible wages annually for employees who entered the plan subsequent to March 1, 2013. Additionally, the retirement plan includes a 401(k) plan that will allow employees to contribute pre-tax earnings up to the maximum amount allowed under the Internal Revenue Code, with an employer match of up to 5% of the employee's eligible compensation. The ESOP provides for contributions of 5% of each employee's eligible wages annually for employees who were eligible to enter the plan on March 1, 2013, and a contribution of 2.5% of each employee's eligible wages annually for employees who enter the plan subsequent to March 1, 2013.

The following represents the contribution expense for the company sponsored profit sharing, ESOP, ESPP and 401(k) plans for fiscal 2016, 2015 and 2014:

Benefit Plan	2016	2015	2014
(In thousands)			
Non-bargaining unit employee plans:			
Profit sharing	$1,393	$1,266	$1,231
401(K) matching contributions	1,586	1,216	980

ESOP	1,393	1,266	1,231
Bargaining unit employee plans	444	450	500
ESPP - all employees	274	253	257
Total contribution expense	$5,090	$4,451	$4,199

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Multiemployer pension plan. In fiscal 2013, we concluded negotiations with two collective bargaining units to discontinue our participation in the Central States, Southeast and Southwest Areas Pension Fund (“CSS” or “the plan”), a collectively bargained multiemployer pension plan. Payment of our share of the unfunded vested benefit liability will be made over 20 years and is subject to a cap. At the end of the 20-year period we will have no further liability, even if our share of the unfunded vested benefit liability has not yet been paid in full. The cash payments to be made total approximately $9.3 million, or $467,000 per year. Our payments began in fiscal 2014.

Note 10 — Commitments and Contingencies

Leases — We have various operating leases for buildings and land on which some of our operations are located as well as trucks utilized for deliveries in certain branches. Future minimum lease payments due under operating leases with an initial term of one year or more at April 3, 2016 are as follows:

(In thousands)	2017	2018	2019	2020	2021	Thereafter
Minimum lease payment	$2,750	$2,553	$2,250	$2,059	$1,833	$ 3,596

Total rental expense for fiscal years 2016, 2015 and 2014 was as follows:

	2016	2015	2014
(In thousands)			
Minimum rentals	$2,890	$1,665	$1,223
Contingent rentals	21	103	110
Total rental expense	$2,911	$1,768	$1,333

Litigation - As of April 3, 2016 there were no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries are a party or of which any of our property is the subject. Legal fees associated with such matters are expensed as incurred.

Asset Retirement Obligations - We have three leases of land which contain terms that state that at the end of the lease term, we have a specified amount of time to remove the property and buildings. These leases expire in 2018, 2023 and 2034. At that time, anything that remains on the land becomes the property of the lessor, and the lessor has the option to either maintain the property or remove the property at our expense. We are currently negotiating an extension for a period of 15-20 years for the lease which expires in 2018. We have not been able to reasonably estimate the fair value of the asset retirement obligations, primarily due to the combination of the following factors: The leases do not expire in the near future; we have a history of extending the leases with the lessors and currently intend to do so at expiration of the lease periods; the lessors do not have a history of terminating leases with their tenants; and because it is more likely than not that the buildings will have value at the end of the lease life and therefore, may not be removed by either the lessee or the lessor. Therefore, in accordance with accounting guidance related to asset retirement and environmental obligations, we have not recorded an asset retirement obligation as of April 3, 2016. We will continue to monitor the factors surrounding the requirement to record an asset retirement obligation and will recognize the fair value of a liability in the period in which it is incurred and a reasonable estimate can be made.

Note 11 — Income Taxes

The provisions for income taxes for fiscal 2016, 2015 and 2014 were as follows:

	2016	2015	2014
(In thousands)			
Federal — current	$8,761	$9,574	$7,612
State — current	2,238	2,133	1,255
Total current	10,999	11,707	8,867
Federal — deferred	1,027	(517)	676
State — deferred	197	50	424

Total deferred	1,224	(467)	1,100
Total provision	$12,223	$11,240	$9,967

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HAWKINS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reconciliations of the provisions for income taxes, based on income from continuing operations, to the applicable federal statutory income tax rate of 35% are listed below.

	2016	2015	2014
Statutory federal income tax	35.0 %	35.0 %	35.0 %
State income taxes, net of federal deduction	5.0 %	4.7 %	3.2 %
ESOP dividend deduction on allocated shares	(0.7)%	(0.7)%	(0.8)%
Domestic production deduction	(1.5)%	(2.4)%	(2.1)%
Non-deductible acquisition costs	1.6 %	— %	— %
Assessment related to state tax audit	0.6 %	— %	— %
Other — net	0.2 %	0.3 %	0.2 %
Total	40.2 %	36.9 %	35.5 %

The tax effects of items comprising our net deferred tax liability as of April 3, 2016 and March 29, 2015 are as follows:

(In thousands)	2016	2015
Deferred tax assets:		
Trade receivables	$361	$178
Stock compensation accruals	620	949
Pension withdrawal liability	2,635	2,755
Other	1,302	811
Total deferred tax assets	$4,918	$4,693
Deferred tax liabilities:		
Inventories	$(2,671)	$(3,307)
Prepaid	(975)	(689)
Excess of tax over book depreciation	(14,439)	(12,699)
Intangibles	(29,075)	(674)
Total deferred tax liabilities	$(47,160)	$(17,369)
Net deferred tax liabilities	$(42,242)	$(12,676)

As of April 3, 2016, the Company has determined that it is more likely than not that the deferred tax assets at April 3, 2016 will be realized either through future taxable income or reversals of taxable temporary differences.

As of March 29, 2015, there were no unrecognized tax benefits. During fiscal 2016, we recorded a gross unrecognized tax benefit of $1.9 million in other long-term liabilities on our consolidated balance sheet as a result of uncertain income tax positions taken by Stauber on its tax returns for periods prior to our acquisition. The Stauber acquisition agreement provides the Company with indemnification from the prior owners for any tax liabilities relating to pre-acquisition tax returns. Accordingly, we have also recorded an offsetting, long-term receivable for $1.9 million, and as such any change in the unrecognized tax benefit will not impact our effective tax rate in future periods. As of April 3, 2016, the liability for uncertain tax positions and the corresponding receivable included $0.3 million of interest and penalties. We expect these uncertain income tax amounts to decrease as the applicable examination periods by the relevant taxing authorities expire.

We are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The tax years prior to our fiscal year ended March 31, 2013 are closed to examination by the Internal Revenue Service, and with few exceptions, state and local income tax jurisdictions.

Note 12 — Segment Information

We have three reportable segments: Industrial, Water Treatment and Health and Nutrition. Our Health and Nutrition segment was established as a result of our acquisition of Stauber in December 2015. 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 allocations of shared and centralized functions. We evaluate performance based on profit or loss

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HAWKINS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

from operations before income taxes not including nonrecurring gains and losses. Reportable segments are defined primarily by product and type of customer. Segments are responsible for the sales, marketing and development of their products and services. Other than our Health and Nutrition segment, 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. Given the nature of our business, it is not practical to disclose revenues from external customers for each product or each group of similar products. No single customer's revenues amounted to 10% or more of our total revenue. Sales are primarily within the United States and all assets are located within the United States.

Reportable Segments	Industrial	Water Treatment	Health and Nutrition	Total
(In thousands)				
Fiscal Year Ended April 3, 2016:				
Sales	$251,749	$128,312	$33,915	$413,976
Gross profit	37,967	35,470	6,820	80,257
Selling, general, and administrative expenses	22,137	19,261	7,688	49,086
Operating income (loss)	15,830	16,209	(868)	31,171
Identifiable assets*	$158,015	$50,013	$195,939	$403,967
Fiscal Year Ended March 29, 2015:				
Sales	$249,066	$114,957	$—	$364,023
Gross profit	33,619	32,172	—	65,791
Selling, general, and administrative expenses	19,793	15,582	—	35,375
Operating income	13,826	16,590	—	30,416
Identifiable assets*	$151,157	$42,860	$—	$194,017
Fiscal Year Ended March 30, 2014:				
Sales	$244,888	$103,375	$—	$348,263
Gross profit	32,041	29,559	—	61,600
Selling, general, and administrative expenses	19,781	13,729	—	33,510
Operating income	12,260	15,830	—	28,090
Identifiable assets*	$141,506	$29,001	$—	$170,507

* Unallocated assets, consisting primarily of cash and cash equivalents, investments and prepaid expenses, were $32.8 million at April 3, 2016, $53.7 million at March 29, 2015 and $66.7 million at March 30, 2014.

In fiscal 2016, operating profit for the Health and Nutrition segment was negatively impacted by $3.3 million (pre-tax) of non-recurring SG&A expenses directly related to the acquisition by Hawkins.

HAWKINS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 13 — Selected Quarterly Financial Data (Unaudited)

(In thousands, except per share data)	Fiscal 2016 (1)			
	First	Second	Third	Fourth
Sales	$101,496	$94,592	$88,375	$129,513
Gross profit	20,735	19,811	14,709	25,002
Selling, general, and administrative expenses	9,891	10,303	12,825	16,067
Operating income	10,844	9,508	1,884	8,935
Net income	$6,791	$5,678	$815	$4,859
Basic earnings per share	$0.64	$0.54	$0.08	$0.46
Diluted earnings per share	$0.64	$0.54	$0.08	$0.46

	Fiscal 2015			
	First	Second	Third	Fourth
Sales	$98,036	$88,881	$83,825	$93,281
Gross profit	18,496	18,122	13,642	15,531
Selling, general, and administrative expenses	8,875	8,271	8,697	9,532
Operating income	9,621	9,851	4,945	5,999
Net income	$6,021	$6,147	$3,146	$3,900
Basic earnings per share	$0.57	$0.58	$0.30	$0.37
Diluted earnings per share	$0.57	$0.58	$0.30	$0.37

(1) The sum of quarterly per share data may not equal the full year due to rounding.

Operating income was negatively impacted by non-recurring SG&A expenses directly related to the acquisition of Stauber by Hawkins of $2.7 million (pre-tax) in the third quarter and $0.6 million (pre-tax) in the fourth quarter of fiscal 2016.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

As of the end of the period covered by this Annual Report on Form 10-K, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of April 3, 2016, based on the criteria described in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that our internal control over financial reporting was effective as of April 3, 2016.

We acquired Stauber Performance Ingredients on December 23, 2015. In the conduct of our assessment of the effectiveness of internal control over financial reporting for the year ended April 3, 2016, we have excluded total assets of $204.7 million (of which $154.5 million represents goodwill and intangibles included within the scope of the assessment) and net sales of $33.9 million related to Stauber that are included in our consolidated financial statements as of and for the year ended April 3, 2016. We must include Stauber in the conduct of our assessment of the

effectiveness of internal control over financial reporting no later than the third quarter of fiscal 2017.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting for April 3, 2016 which is included in the Report of Independent Registered Public Accounting Firm in Item 8 of this Annual Report on 10-K.

/s/ Patrick H. Hawkins	/s/ Kathleen P. Pepski
Patrick H. Hawkins	Kathleen P. Pepski
Chief Executive Officer and President	Vice President, Chief Financial Officer, and Treasurer
June 2, 2016	June 2, 2016

Attestation Report of Registered Public Accounting Firm

The attestation report required under this Item 9A is contained in Item 8 of this Annual Report on 10-K under the caption “Report of Independent Registered Public Accounting Firm.”

Changes in Internal Control Procedures

Other than the acquisition of Stauber described in Item 9A, there was no change in our internal control over financial reporting during the fourth quarter of fiscal 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION
Not Applicable

PART III

Certain information required by Part III is incorporated by reference from Hawkins' definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 4, 2016 (the "2016 Proxy Statement"). Except for those portions specifically incorporated in this Form 10-K by reference to the 2016 Proxy Statement, no other portions of the 2016 Proxy Statement are deemed to be filed as part of this Form 10-K.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Our executive officers, their ages and offices held, as of June 2, 2016 are set forth below:

Name	Age	Office
Patrick H. Hawkins	45	Chief Executive Officer and President
Kathleen P. Pepski	61	Vice President, Chief Financial Officer, and Treasurer
Richard G. Erstad	52	Vice President, General Counsel and Secretary
Olivier A. Guiot	39	President — Stauber Performance Ingredients
Thomas J. Keller	56	Vice President — Water Treatment Group
Steven D. Matthews II	45	Vice President — Operations
Theresa R. Moran	53	Vice President — Quality and Support
John R. Sevenich	58	Vice President — Industrial Group

Patrick H. Hawkins has been our Chief Executive Officer and President and member of our board since March 2011. He has held the position of President since March 2010. He joined the Company in 1992 and served as the Business Director - Food and Pharmaceuticals, a position he held from 2009 to 2010. Previously he served as Business Manager - Food and Co-Extrusion Products from 2007 to 2009 and Sales Representative - Food Ingredients from 2002 to 2007. He previously served the Company in various other capacities, including Plant Manager, Quality Director and Technical Director.

Kathleen P. Pepski has been our Vice President, Chief Financial Officer and Treasurer since February 2008 and was Secretary from February 2008 to November 2008. She was the Executive Vice President and Chief Financial Officer of PNA Holdings, LLC and Katun Corporation, a supplier of business equipment parts, from 2003 to 2007, the Vice President of Finance of Hoffman Enclosures, a manufacturer of systems enclosures and a subsidiary of Pentair, Inc., from 2002 to 2003, Senior Vice President and Chief Financial Officer of BMC Industries, Inc., a manufacturer of lenses and aperture masks, from 2000 to 2001, and Vice President and Controller at Valspar Corporation, a paint and coatings manufacturer, from 1994 to 2000.

Richard G. Erstad has been our Vice President, General Counsel and Secretary since November 2008. He was General Counsel and Secretary of BUCA, Inc., a restaurant company, from 2005 to 2008. Mr. Erstad had previously been an attorney with the corporate group of Faegre & Benson LLP, a law firm, from 1996 to 2005, where his practice focused on securities law and mergers and acquisitions. He is a member of the Minnesota Bar.

Olivier A. Guiot has served as President of Stauber Performance Ingredients since our acquisition of Stauber in December 2015. Prior to that, Mr. Guiot held the position of Executive Vice President of Sales and Marketing for Stauber since 2013 and President of Pharmline, Inc., which was acquired by Stauber, from 2010 to 2013. Mr. Guiot originally joined Pharmline in 2004 and served in various positions before his promotion to President.

Thomas J. Keller has been our Vice President - Water Treatment Group since April 2012. Prior to attaining this position, Mr. Keller held various positions since joining the Company in 1980, most recently as its Water Treatment General Manager, a position he held since June 2011. Previously, Mr. Keller served as a Regional Manager of the Water Treatment Group from 2002 to 2011.

Steven D. Matthews II has been our Vice President - Operations since December 2013. He was a Regional General Manager in the Paperboard Converting Division of Newark Recycled Paperboard Solutions, a producer of recycled paperboard, from 2012 to 2013. Previously, he spent a total of fifteen years during two different periods at General Electric in a variety of engineering, Six Sigma, supply chain and plant leadership positions in the Plastics, Aircraft Engines, Lighting and Water divisions. From 2005-2008, he was a Corporate Supply Chain Engagement Leader with Ingersoll Rand, a global diversified industrial company.

Theresa R. Moran has been our Vice President - Quality and Support since February 2010. Since joining the Company in 1981, Ms. Moran has served the Company in a variety of positions, including Administration Operations Manager from 1999 to 2007 and most recently as Director - Process Improvement, a position she held from 2007 until the time of her promotion.

John R. Sevenich has been our Vice President - Industrial Group since May 2000. He was the Business Unit Manager of Manufacturing from 1998 to 2000 and was a Sales Representative with the Company from 1989 to 1998.

“Election of Directors,” “Corporate Governance,” and “Section 16(a) Beneficial Ownership Reporting Compliance” of the 2015 Proxy Statement are incorporated herein by reference.

Steven D. Matthews II filed a bankruptcy petition related to the dissolution of a small family business of which Mr. Matthews was an owner and guarantor. The bankruptcy was discharged in 2009.

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors and employees, including our principal executive officer, principal financial officer, controller and other persons performing similar functions. We have posted the Code of Business Conduct and Ethics on our website located at http://www.hawkinsinc.com. Hawkins’ Code of Business Conduct and Ethics is also available in print to any shareholder who requests it in writing from our Corporate Secretary. We intend to post on our website any amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, controller and other persons performing similar functions within four business days following the date of such amendment or waiver. We are not including the information contained on our website as part of, or incorporating it by reference into, this report.

ITEM 11. EXECUTIVE COMPENSATION

“Compensation of Executive Officers and Directors” of the 2016 Proxy Statement is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

“Security Ownership of Management and Beneficial Ownership” and “Equity Compensation Plan Information” of the 2016 Proxy Statement are incorporated herein by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

“Election of Directors” and “Related Party Transactions” of the 2016 Proxy Statement are incorporated herein by this reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

“Independent Registered Public Accounting Firm’s Fees” of the 2016 Proxy Statement is incorporated herein by this reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) FINANCIAL STATEMENTS OF THE COMPANY

The following financial statements of Hawkins, Inc. are filed as part of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets at April 3, 2016 and March 29, 2015.

Consolidated Statements of Income for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014.

Consolidated Statements of Comprehensive Income for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014.

Consolidated Statements of Shareholders' Equity for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014.

Consolidated Statements of Cash Flows for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014.

Notes to Consolidated Financial Statements.

(a)(2) FINANCIAL STATEMENT SCHEDULES OF THE COMPANY

The additional financial data listed below is included as a schedule to this Annual Report on Form 10-K and should be read in conjunction with the 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.

The following financial statement schedule for the fiscal years 2016, 2015 and 2014.

Schedule II — Valuation and Qualifying Accounts.

(a)(3) EXHIBITS

The exhibits of this Annual Report on Form 10-K included herein are set forth on the attached Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HAWKINS, INC.

Date: June 2, 2016	By	/s/ Patrick H. Hawkins Patrick H. Hawkins, Chief Executive Officer and President

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 Company and in the capacities indicated on the date set forth beside their signature.

/s/ Patrick H. Hawkins Patrick H. Hawkins, Chief Executive Officer and President (Principal Executive Officer) and Director	Date: June 2, 2016
/s/ Kathleen P. Pepski Kathleen P. Pepski, Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer and Principal Accounting Officer)	Date: June 2, 2016
/s/ John S. McKeon John S. McKeon, Director, Chairman of the Board	Date: June 2, 2016
/s/ Daniel J. Stauber Daniel J. Stauber, Director	Date: June 2, 2016
/s/ Duane M. Jergenson Duane M. Jergenson, Director	Date: June 2, 2016
/s/ Daryl I. Skaar Daryl I. Skaar, Director	Date: June 2, 2016
/s/ James A. Faulconbridge James A. Faulconbridge, Director	Date: June 2, 2016
/s/ James T. Thompson James T. Thompson, Director	Date: June 2, 2016
/s/ Jeffrey L. Wright Jeffrey L. Wright, Director	Date: June 2, 2016
/s/ Mary J. Schumacher Mary J. Schumacher, Director	Date: June 2, 2016

SCHEDULE II
HAWKINS, INC.

VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEARS ENDED APRIL 3, 2016, MARCH 29, 2015, AND MARCH 30, 2014

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions Write-Offs	Balance at End of Year
	(In thousands)				
Reserve deducted from asset to which it applies:					
Year Ended April 3, 2016:					
Allowance for doubtful accounts	$445	$ 272	$ —	$ 115	$ 602
Year Ended March 29, 2015:					
Allowance for doubtful accounts	$477	$ (32)	$ —	$ —	$ 445
Year Ended March 30, 2014:					
Allowance for doubtful accounts	$469	$ 44	$ —	$ 36	$ 477

Exhibit Index
Unless otherwise indicated, all documents incorporated into this Annual Report on Form 10-K by reference to a document filed with the SEC are located under file number 0-7647.

Exhibit	Description	Method of Filing
2.1	Stock Purchase Agreement, dated November 23, 2015, by and among the Company, SPH Holdings, Inc., the stockholders of SPH Holdings, Inc. listed therein, and ICV Manager, LLC. (1)	Incorporated by Reference
3.1	Amended and Second Restated Articles of Incorporation.(2)	Incorporated by Reference
3.2	Amended and Restated By-Laws.(3)	Incorporated by Reference
10.1*	Hawkins, Inc. 2004 Omnibus Stock Plan.(4)	Incorporated by Reference
10.2*	Form of Non-Statutory Stock Option Agreement under the Company's 2004 Omnibus Stock Plan.(5)	Incorporated by Reference
10.3*	Hawkins, Inc. 2010 Omnibus Incentive Plan.(6)	Incorporated by Reference
10.4*	Form of Performance-Based Unit Award Notice and Restricted Stock Agreement under the Company's 2010 Omnibus Incentive Plan.(7)	Incorporated by Reference
10.5*	Form of Restricted Stock Agreement under the Company's 2010 Omnibus Incentive Plan.(8)	Incorporated by Reference
10.6*	Hawkins, Inc. Executive Severance Plan.(9)	Incorporated by Reference
10.7	Commitment Letter, dated November 23, 2015, by and among the Company, U.S.Bank National Association, and JP Morgan Chase Bank, N.A. (10)	Incorporated by Reference
10.8	Credit Agreement dated as of December 23, 2015 among the Company, U.S. Bank National Association, and certain financial institutions.(11)	Incorporated by Reference
21	Subsidiaries of the registrant	Filed Electronically
23.1	Consent of Independent Registered Public Accounting Firm.	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
32.1	Section 1350 Certification by Chief Executive Officer.	Filed Electronically
32.2	Section 1350 Certification by Chief Financial Officer.	Filed Electronically
101	Financial statements from the Annual Report on Form 10-K of Hawkins, Inc. for the period ended April 3, 2016, filed with the SEC on June 2, 2016, formatted in Extensible Business Reporting Language (XBRL); (i) the Consolidated Balance Sheets at April 3, 2016 and March 29, 2015, (ii) the Consolidated Statements of Income for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014 (iii) the Consolidated Statements of Comprehensive Income (Loss) for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014 (iv) the Consolidated Statements of Shareholders' Equity for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014 (v) Consolidated Statements of Cash Flows for the fiscal years ended April 3, 2016, March 29, 2015 and March 30, 2014 (iv) Notes to Consolidated Financial Statements.	Filed Electronically

* Management contract or compensation plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K.

(1) Incorporated by reference to Exhibit 2.1 on the Company's Current Report on Form 8-K dated November 23, 2015.

(2) Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010.

(3) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated October 28, 2009 and filed November 3, 2009.

(4) Incorporated by reference to Appendix B to the Company's Proxy Statement for the 2004 Annual Meeting of Shareholders filed July 23, 2004.

(5) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008.

(6) Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed June 6, 2011 (file no. 333-174735).

(7) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010.

(8) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010.

(9) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2011.

(10) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 23, 2015

(11) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 23, 2015.