SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported)
September 27, 1999

THE HAIN FOOD GROUP, INC.
(Exact name of registrant as specified in its charter)

| Delaware | 0-22818 | 22-3240619 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer dentification No.) |
| 50 Charles Lindbergh Boulevard Uniondale, New York | | 11553 |
| (Address of principal executive offices) | | (Zip Code) |

Registrant's telephone number, including area code (516) 237-6200



Item 5. Other Events

On September 27, 1999, The Hain Food Group, Inc. (the "Company") announced that it had entered into a strategic alliance with H.J. Heinz Company ("Heinz") related to the production and distribution of natural products domestically and internationally. In connection with the alliance, the Company issued 2,837,343 shares (the "Investment Shares") of its common stock, par value $.01 per share (the "Common Stock") to Earth's Best, Inc. ("Earth's Best"), a wholly owned subsidiary of Heinz, for an aggregate purchase price of $82,383,843 under a Securities Purchase Agreement dated September 24, 1999 (the "Securities Purchase Agreement") between the Company and Earth's Best.

In addition, in a separate transaction, the Company announced on September 27, 1999 that it had purchased the trademarks of Earth's Best (the "Acquisition") under a Purchase and Sale Agreement dated September 24, 1999 among the Company, Earth's Best and Heinz (the "Acquisition Agreement"). In consideration for the trademarks, the Company paid a combination of $4,620,000 in cash and 670,234 shares of Common Stock, valued at $17,380,000 (the "Acquisition Shares" and together with the Investment Shares, the "Shares"). Earth's Best has agreed to change its name following the consummation of the Acquisition.

In connection with the issuance of the Shares, the Company and Earth's Best have entered into an Investor's Agreement dated September 24, 1999 (the "Investor's Agreement") that sets forth certain restrictions and obligations of the Company and Earth's Best and its affiliates relating to the Shares, including restrictions and obligations relating to (1) the appointment by the Company of one member to its board of directors nominated by Earth's Best and one member jointly nominated by Earth's Best and the Company, (2) an 18-month standstill period during which Earth's Best and its affiliates may not purchase or sell shares of Common Stock, subject to certain exceptions, (3) a right of first offer by Heinz and its affiliates to the Company upon the sale of Shares by Earth's Best and its affiliates following the standstill period, (4) preemptive rights granted to Earth's Best and its affiliates relating to the future issuance by the Company of shares of capital stock and (5) confidentiality. Irwin D. Simon, the President and Chief Executive Officer of the Company is also a party to the Investor's Agreement for the purpose of

restricting certain sales by Mr. Simon of Common Stock during the standstill period.

In addition, the Company and Earth's Best have entered into a Registration Rights Agreement dated September 24, 1999 (the

"Registration Rights Agreement") that provides Earth's Best and its affiliates customary registration rights relating to the Shares, including two demand registration rights and "piggy-back" registration rights.

The parties have agreed to negotiate the strategic alliance agreements in good faith and execute the same as soon as reasonably practicable following the consummation of the issuance of the Investment Shares.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

| Exhibit No. | Description |
|---|---|
| 10.1 | Securities Purchase Agreement between the Company and Earth's Best, dated September 24, 1999. |
| 10.2 | Investor's Agreement among the Company, Earth's Best and Irwin D. Simon dated September 24, 1999. |
| 10.3 | Registration Rights Agreement between the Company and Earth's Best, dated September 24, 1999. |
| 10.4 | Purchase and Sale Agreement among, the Company, Earth's Best and H.J. Heinz Company, the parent of Earth's Best, dated September 24, 1999. |
| 20 | Press release dated September 27, 1999. |

SIGNATURES

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

THE HAIN FOOD GROUP, INC.

Dated: September 30, 1999

By: /s/ Gary M. Jacobs
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Gary M. Jacobs
Chief Financial Officer

EXHIBIT INDEX

| Number | Description |
| --- | --- |
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EXHIBIT 10.1

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SECURITIES PURCHASE AGREEMENT

by and between

THE HAIN FOOD GROUP, INC.

and

EARTH'S BEST, INC.

September 24, 1999

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EXHIBITS



SCHEDULES

# SECURITIES PURCHASE AGREEMENT

Securities Purchase Agreement (the "Agreement"), dated September 24, 1999, by and between The Hain Food Group, Inc., a Delaware corporation (the "Company"), and Earth's Best, Inc., an Idaho corporation (the "Purchaser").

W I T N E S S E T H :

WHEREAS, the Company desires to issue and sell to the Purchaser 2,837,343 shares (the "Investment Shares") of its Common Stock, par value $.01 per share (the "Common Stock"), on the terms and subject to the conditions set forth in this Agreement, and the Purchaser desires to purchase such Investment Shares on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, concurrently with the issuance and sale of the Investment Shares, the Purchaser desires to sell and assign to the Company, and the Company desires to purchase from the Purchaser (the "Acquisition"), the existing trademarks of the Purchaser (the "Business") pursuant to the terms and subject to the conditions contained in a separate Asset Purchase and Sale Agreement (the "Acquisition Agreement");

WHEREAS, in connection with the Acquisition, the Company has agreed to issue to the Purchaser an additional 670,234 shares of Common Stock (the "Acquisition Shares" and, together with the Investment Shares, the "Shares"); and

WHEREAS, in connection with the issuance and sale of the Investment Shares, H.J. Heinz Company, the indirect owner of EB ("Heinz"), and Company desire to enter into a Service Agreement for procurement, manufacturing and logistics (i.e., warehousing, handling and distribution) of food products and a Sales/Marketing/Distribution Agreement relating to existing and future foreign operations (together, the "Strategic Alliance Agreements").

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Purchaser hereby agree as follows:

ARTICLE I

THE SHARES

SECTION 1.1. Issuance, Sale and Purchase of the Investment Shares. In reliance upon the representations and warranties made herein and subject to the satisfaction or waiver of the conditions set forth herein, the Company agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase, the Investment Shares from the Company on the Closing Date (as defined below), for an aggregate purchase price of $82,383,843 (the "Purchase Price"), or $29.03556 per share.

SECTION 1.2. Other Agreements. (a) Concurrently with the Closing (as defined below), the Company will enter into (a) an Investor's Agreement with the Purchaser in substantially the form attached as Exhibit A hereto (the "Investor's Agreement") and (b) a Registration Rights Agreement in favor of the Purchaser and its permitted assignees in substantially the form attached as Exhibit B hereto (the "Registration Rights Agreement" and, together with the Investor's Agreement and the Acquisition Agreement, the "Other Documents").

(b) The Company and the Purchaser, on behalf of Heinz, agree to negotiate the Strategic Alliance Agreements in good faith and execute the same as soon as reasonably practicable following the Closing (as defined below), substantially on the terms and conditions set forth in Exhibit C hereto.

SECTION 1.3. Closing. The closing (the "Closing") of the issuance and sale of the Shares shall take place at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, on such date and time as may be agreed upon between the Purchaser and the Company following the satisfaction or waiver of the conditions set forth in Article III below (such date and time being called the "Closing Date"). At the Closing, the Company shall issue and deliver to the Purchaser stock certificates in definitive form, registered in the name of the Purchaser or its designee, representing the Investment Shares and, in accordance with the Acquisition Agreement, the Acquisition Shares. As payment in full for the Investment Shares, and against delivery therefor at the Closing, the Purchaser shall initiate a wire transfer in immediately available United States funds in the amount of the Purchase Price to an account of the Company in New York, New York designated by the Company by notice to the Purchaser not later than two days prior to the Closing Date.

SECTION 1.4. Legends. (a) Each certificate representing the Shares shall bear the following legend in addition to any other legend that may be required from time to time under applicable law or pursuant to any other contractual obligation:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF (A "TRANSFER") EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF AN INVESTOR'S AGREEMENT DATED SEPTEMBER 24, 1999 BY AND BETWEEN THE HAIN FOOD GROUP, INC. ("HAIN") AND EARTH'S BEST, INC. ("EBI"). SUCH SECURITIES ARE ALSO SUBJECT TO A REGISTRATION RIGHTS AGREEMENT DATED SEPTEMBER 24, 1999 BY AND BETWEEN HAIN AND EBI. ANY TRANSFEREE OF THESE SECURITIES TAKES SUBJECT TO THE TERMS OF SUCH AGREEMENTS, A COPY OF EACH OF WHICH IS ON FILE WITH THE COMPANY.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR STATE SECURITIES LAWS AND NO TRANSFER OF THESE SECURITIES MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, OR (B) PURSUANT TO AN EXEMPTION THEREFROM WITH RESPECT TO WHICH THE COMPANY MAY, UPON REQUEST, REQUIRE A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER THAT SUCH TRANSFER IS EXEMPT FROM THE REQUIREMENTS OF THE ACT.

(b) Upon termination of the Investor's Agreement and/or the Registration Rights Agreement, the legends set forth in the first paragraph of Section 1.4(a) referencing each such agreement which has been terminated shall be removed from the certificates representing the Shares. The legends set forth in the second paragraph of Section 1.4(a) shall be removed from the certificates representing the Shares upon delivery of a satisfactory opinion of counsel for the holders that the removal of such legends would comply with the Securities Act of 1933, as amended (the "Securities Act"). Notwithstanding anything in this Agreement to the contrary, the Purchaser shall be permitted to transfer all or any Shares to any wholly-owned, direct or indirect subsidiary of Heinz without the delivery to the Company of an opinion of counsel that such transfer is exempt from the requirements of the Securities Act; provided, the transferred Shares shall bear the legends set forth in Section 1.4(a) following such transfer (unless otherwise removed in accordance with this Section 1.4(b)).

SECTION 1.5. Further Action. During the period from the date hereof to the Closing Date, each of the Company and the Purchaser shall use its best efforts to take all action necessary or appropriate to satisfy the closing conditions contained in Article III hereof and to cause its respective representations and warranties contained in Article II to be complete and correct as of the Closing Date, after giving effect to the transactions contemplated by this Agreement, as if made on and as of such date.

## ARTICLE II

## REPRESENTATIONS AND WARRANTIES

SECTION 2.1. Representations and Warranties of the Company. The Company represents and warrants to the Purchaser as follows:

(a) Each of the Company and each of its subsidiaries (collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is organized, and has all requisite power and authority to own or lease and occupy its properties and conduct its business as currently conducted, and is duly qualified to do business, and is in good standing, in each jurisdiction which requires such qualification, except where the failure to so qualify would not, individually or in the aggregate, have or be reasonably likely to result in a material adverse effect on the business, results of operations, properties or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole (a "Material Adverse Effect").

(b) All of the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued and are fully paid and nonassessable and, are owned by the Company, directly, or indirectly through another Subsidiary, free and clear of any lien, adverse claim, security interest, mortgage, pledge, equity or other encumbrance except for the security interest granted therein under the Credit Agreement among the Company, the subsidiary guarantors named therein and IBJ Whitehall Bank & Trust Company, as administrative agent and Fleet Bank, N.A., as syndication agent dated May 18, 1999 (the "Credit Agreement"). None of the outstanding shares of capital stock of any of the Subsidiaries was issued in violation of the preemptive or similar rights of any stockholder or other holder of interests of such Subsidiary arising by operation of law, under its certificate or articles of incorporation or organization, by-laws or other organizational document or under any agreement to which the Company or any Subsidiary is a party. There are no outstanding (i) securities of the Company or any Subsidiary convertible into or exchangeable for shares of capital stock or voting securities of any Subsidiary or (ii)

options or other rights to acquire from the Company or any Subsidiary, or other obligation of the Company or any Subsidiary to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of any Subsidiary.

(c) The authorized capital stock of the Company consists of 40,000,000 shares of Common Stock and 5,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock"). As of the date hereof, 14,480,000 shares of Common Stock were issued and outstanding and no shares of Preferred Stock were issued and outstanding. The outstanding shares of Common Stock have been duly and validly authorized and issued in compliance with all Federal and state securities laws, and are fully paid and nonassessable; the Shares have been duly and validly authorized and, when issued and delivered pursuant to this Agreement, will be fully paid and nonassessable; and the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Shares.

(d) The Company and each of the Subsidiaries have all requisite power and authority, and all necessary material authorizations, approvals, orders, licenses, certificates and permits (collectively, "Governmental Licenses"), of and from the appropriate Federal, state, local or foreign regulatory or governmental agencies, officials, bodies and tribunals, necessary to own or lease their respective properties and to conduct their respective businesses as now being conducted, except where the failure to possess any such Government Licenses would not, individually or in the aggregate, have a Material Adverse Effect; all such Governmental Licenses are in full force and effect, except where the failure to be in full force and effect, individually or in the aggregate, would not have a Material Adverse Effect; and the Company and each of the Subsidiaries are in compliance with all applicable laws (including, without limitation laws and regulations governing the manufacture, processing, storage, packaging, distribution and sale of the food products of the Company and the Subsidiaries) and Governmental Licenses, except where the failure to comply would not, individually or in the aggregate, have a Material Adverse Effect.

(e) Except as otherwise disclosed in the Company's reports, proxy statements, registration statements, forms and other documents filed with the Securities and Exchange Commission (the "SEC") and publicly available during the Company's fiscal year ended June 30, 1998 and the nine months ended March 31, 1999 (the "Current SEC Documents") or as would not have a Material Adverse Effect, the Company and the Subsidiaries have good and marketable title in fee simple to all items of real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects, and any real property and buildings held under lease by the Company and the Subsidiaries are held by them under valid, existing and enforceable leases.

(f) The Company and the Subsidiaries own or possess a valid license to use the patents, patent rights, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names (collectively, "Intellectual Property") presently employed by them in connection with the business now operated by them. Neither the Company nor any of the Subsidiaries has received any notice or is otherwise aware of any facts or circumstances which would render any Intellectual Property invalid, unenforceable or inadequate to protect the interest of the Company or any of the Subsidiaries therein, and which invalidity, unenforceability or inadequacy, either singly or in the aggregate, might reasonably be expected to result in a Material Adverse Effect. Since the respective dates of the Base Balance Sheets (as defined below) neither the Company nor any of the Subsidiaries has been a defendant in any action, suit, investigation or proceeding relating to, or has otherwise been notified of, any alleged claim of infringement by the Company or any of the Subsidiaries of the intellectual property rights of any person, and neither the Company nor any of the Subsidiaries has knowledge of any other such infringement by the Company or any of the Subsidiaries which action, suit, investigation, proceeding or claim, either singly or in the aggregate, might reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of the Subsidiaries has any outstanding claim or suit for, or has any knowledge of, any continuing infringement by any other person of any of the Intellectual Property, and no Intellectual Property is subject to any outstanding judgment, injunction, order, decree or agreement restricting the use thereof by the Company or any of the Subsidiaries which, either singly or in the aggregate, might reasonably be expected to have a Material Adverse Effect.

(g) Except as set forth on Schedule 2.1(g), there is no action, suit, proceeding, inquiry, audit or investigation before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of the Subsidiaries, which is required to be disclosed in the Current SEC Documents, or which might reasonably be expected to have a Material Adverse Effect or materially and adversely affect the consummation of this Agreement or the performance by the Company of its obligations hereunder; the aggregate of all such pending legal or governmental proceedings to which the Company or any Subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Current SEC Documents, including ordinary routine litigation incidental to the business, could not reasonably be expected to have in a Material Adverse Effect.

(h) The Company has full corporate power and authority to enter into and perform its obligations under this Agreement, the Acquisition Agreement and the Investor's Agreement and to issue, sell and deliver the Shares; this Agreement, the Acquisition

Agreement and the Investor's Agreement have been or will be, at or prior to the Closing, duly authorized, executed and delivered by the Company and, when so executed (assuming the due authorization, execution and delivery by the Purchaser), will each constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (regardless of whether a proceeding is considered at law or in equity).

(i) The Company has full corporate power and authority to enter into and perform its obligations under the Registration Rights Agreement; the Registration Rights Agreement has been or will be, at or prior to the Closing, duly authorized, executed and delivered by the Company and, when so executed (assuming the due authorization, execution and delivery by the Purchaser), will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (ii) general principles of equity (regardless of whether a proceeding is considered at law or in equity) or (iii) with respect to any rights to indemnity or contribution thereunder, by applicable securities laws and public policy considerations.

(j) No filing with or consent, approval, authorization or order of any court or governmental agency, authority or body is required (and has not been received) for the execution and delivery by the Company of this Agreement and the Other Documents, the performance by the Company of its obligations hereunder and thereunder or the consummation by the Company of the transactions contemplated herein and therein, except (i) in connection with the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) filings with the SEC and state securities administrators and (iii) such other consents, approvals, authorizations or orders the failure of which to be obtained, made or given would not, individually or in the aggregate, have a Material Adverse Effect.

(k) Neither the Company nor any of the Subsidiaries is in violation of, in conflict with, in breach of or in default under (and none of them knows of an event which with the giving of notice or the lapse of time or both would be reasonably likely to constitute a default under) its certificate or articles of incorporation or organization or by-laws (and none of them knows of an event which with the giving of notice or the lapse of time or both would be reasonably likely to constitute a violation), and neither the Company nor any Subsidiary is in default in the performance of any obligation, agreement or condition contained in any loan, note or other evidence of indebtedness or in any indenture, mortgage, deed of trust or any other material agreement by which it or its properties are bound, except

for such defaults as would not, individually or in the aggregate, have a Material Adverse Effect.

(l) Except as described in the Current SEC Documents or as would not have a Material Adverse Effect, (A) neither the Company nor any of the Subsidiaries is in violation of any Federal, state, local or foreign laws or regulations relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), and (B) there are no events or circumstances that could form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of the Subsidiaries relating to any Hazardous Materials or the violation of any Environmental Laws.

(m) All "employee benefit plans", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), maintained or contributed to by the Company or the Subsidiaries are in compliance with their terms and all applicable provisions of ERISA, the Internal Revenue Code of 1986, as amended, and any other applicable laws, and the Company, the Internal Revenue Code of 1986, as amended, and any other applicable laws, and the Company and its Subsidiaries do not have liabilities or obligations with respect to such employee benefit plans (whether in respect of funding, provision of security or otherwise), except (i) liabilities or obligations to make benefit or other payments in accordance with the terms of such plan, and (ii) for instances of non-compliance or liabilities or obligations that, individually or in the aggregate, will not have a Material Adverse Effect.

(n) Neither the issuance and sale of the Shares nor the execution and delivery by the Company of this Agreement and the Other Documents and the performance by the Company of its obligations hereunder and thereunder will violate any provision of law, the organizational documents governing the Company or any Subsidiary or any order of any court or other agency of government, or conflict with, result in a breach of or constitute (with notice or lapse of time or both) a default under any indenture, agreement or other instrument by which the Company or any Subsidiary or any of their respective properties or assets is bound, or result in the creation or imposition of any lien, charge, restriction, claim or encumbrance of any nature whatsoever known to the Company upon any of the properties or assets of the Company or any Subsidiary.

(o) Except as set forth on Schedule 2.1(o), there are no (i) outstanding warrants or options to purchase any shares of capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company or (ii) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company, and there are no restrictions upon the voting or transfer of, or the declaration or payment of any dividend or distribution on, any shares of capital stock of the Company pursuant to the certificate of incorporation or by-laws of the Company, any agreement (other than the Credit Agreement) or other instrument to which the Company is a party or by which the Company is bound, or any order, law, rule, regulation or determination of any court, governmental agency or body (including, without limitation, any banking or insurance regulatory agency or body), or arbitrator having jurisdiction over the Company.

(p) Except as set forth on Schedule 2.1(p) hereto, there are no registration or other rights entitling any person to registration by the Company under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the issued capital stock of the Company (other than pursuant to the Registration Rights Agreement), or to purchase or subscribe for capital stock of the Company (other than pursuant to the Investors Agreement).

(q) The Company files and has filed all required reports, proxy statements, forms and other documents with the SEC since June 30, 1994 (including all information incorporated therein by reference, the "SEC Documents"). True and complete copies of all such SEC Documents have been made available to the Purchaser. As of their respective dates, (i) the SEC Documents complied in all material respects with the requirements of the Securities Act or the Securities Exchange Act of 1934, as amended, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and (ii) except to the extent that information contained in any SEC Document has been revised or superseded by a later filed SEC Document filed and publicly available prior to the date of this Agreement, none of the SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved and fairly present the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except

for liabilities and obligations incurred in the ordinary course of business, consistent with past practices, since the date of the most recent consolidated balance sheet included in our Current Report on Form 8-K filed in connection with the acquisition of Natural Nutrition Group, Inc. which was consummated on May 18, 1999 (the "8-K Balance Sheet"), neither the Company nor any of the Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than (i) liabilities provided for in the Base Balance Sheets or disclosed in the notes thereto and (ii) other undisclosed liabilities which, individually or in the aggregate, would not have a Material Adverse Effect.

(r) Schedule 2.1(r) sets forth a draft copy of the Company's consolidated balance sheet for the fiscal year ended June 30, 1999 (the "Draft Fiscal 1999 Balance Sheet" and, together with the 8-K Balance Sheet, the "Base Balance Sheets"). The Draft Fiscal 1999 Balance Sheet fairly presents in all material respects, in conformity with generally accepted accounting principles applied on consistent basis, the consolidated financial position of the Company and the Subsidiaries as of June 30, 1999. Except for liabilities and obligations incurred in the ordinary course of business, consistent with past practices, since the date of the Draft Fiscal 1999 Balance Sheet, neither the Company nor any of the Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than (i) liabilities provided for in the Base Balance Sheets or disclosed in the notes thereto and (ii) other undisclosed liabilities which, individually or in the aggregate, would not have a Material Adverse Effect.

(s) Except as disclosed in Current SEC Documents, since the respective dates of the Base Balance Sheets, the Company and the Subsidiaries have conducted their respective businesses only in the ordinary course of business in accordance with past practices, and there has not been (i) any event occurrence, development or state of circumstances or facts which, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect, (ii) any split, combination or reclassification of any of its capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of the capital stock of the Company, (iii) any damage, destruction or loss, whether or not covered by insurance, that has or reasonably could be expected to have a Material Adverse Effect, (iv) any change in accounting methods, principles or practices by the Company, except for the adoption of SOP 98-5 effective July 1, 1999, and (v) any dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(t) All Tax returns, statements, reports and forms (including estimated tax or information returns and reports) required to be filed with any Taxing Authority by or on behalf of the Company or any Subsidiary (collectively, the "Returns") have, to the extent required to be filed on or before the date hereof, been filed when due in accordance with all applicable laws; (ii) as of the time of filings, the Returns were true, correct and complete in all material respects; (iii) all Taxes shown as due and payable on the Returns that have been filed have been timely paid, or withheld and remitted to the appropriate Taxing Authority; (iv) the charges, accruals and reserves for Taxes with respect to the Company and each of its Subsidiaries reflected on the books of the Company and its Subsidiaries (excluding any provision for deferred income taxes reflecting either differences between the treatment of items for accounting and income tax purposes or carryforwards) are adequate to cover material Tax liabilities accruing through the end of the last period for which the Company and its Subsidiaries ordinarily record items on their respective books; and (v) there are no liens or encumbrances for Taxes upon the assets of the Company or any Subsidiary except liens for current Taxes not yet due. "Tax" means (i) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including, but not limited to, withholding on amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by any governmental authority (a "Taxing Authority") responsible for the imposition of any such tax (domestic or foreign) and (ii) liability of the Company or any Subsidiary for the payment of any amount of the type described in clause (i) as a result of being or having been before the Closing Date a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of the Company or any Subsidiary to a Taxing Authority is determined or taken into account with reference to the liability of any other Person.

(u) Except as set forth on Schedule 2.01(u), there exists no strike, labor dispute, slowdown or work stoppage with the employees of the Company or any Subsidiary with is pending or, to the knowledge of the Company, threatened.

(v) The Company is not and, after giving effect to the offering and sale of the Shares, will not be an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder.

(w) The Company agrees that neither it nor anyone acting on its behalf will offer any of the Shares so as to bring the issuance and sale of the Shares within the provisions of Section 5 of the Securities Act, or offer any similar securities for issuance or sale to, or solicit any offer to acquire any of the same from, or otherwise approach or negotiate with respect thereto with, anyone if the sale of any of the Shares or any such similar

securities would be integrated as a single offering for the purposes of the Securities Act, including, without limitation, Regulation D thereunder.

(x) The Board of Directors of the Company has, by a majority vote at a meeting of such Board duly held on September 14, 1999, approved and adopted this Agreement, the offering and sale of the Shares and the other transactions contemplated hereby and determined that the offering and sale of the Shares is fair to the stockholders of the Company.

(y) Except as set forth in Schedule 2.1(y) hereof, none of the Company, the Subsidiaries, the Board of Directors of the Company or any member of the Board of Directors of the Company has employed any investment banker, broker, finder or intermediary in connection with the transactions contemplated hereby who might be entitled to a fee or any commission in connection with the offering and sale of the Shares.

(z) In connection with the Company's computer software relevant for the normal operation of its business (i) the Company is aware of the risk associated with the date change from December 31, 1999 to January 1, 2000, (ii) the Company is taking, or has taken, appropriate action to remedy any problems relating to the year 2000 date change that might adversely affect its business, both prior to and following January 1, 2000, (iii) the Company is taking, or has taken, steps to assure that its clients, counterparties and suppliers, including technology, telecommunications, and software providers, are able to meet the requirements of the year 2000 date change, as applicable and neither the Company nor any of the Subsidiaries knows of any inability of any of the foregoing to meet the requirements of the year 2000 date change and (iv) the Company will complete all year 2000 required modification, validation and implementation by October 31, 1999.

SECTION 2.2. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Company that:

(a) The Purchaser has been duly organized, and is validly existing and in good standing as a corporation under the laws of the jurisdiction in which it was organized, and has all requisite power and authority under such laws to own or lease and operate its properties and to carry on its business as now conducted.

(b) The Purchaser has the power and authority to execute, deliver and perform this Agreement, the Acquisition Agreement and the Investor's Agreement. All action on the part of the Purchaser necessary for the authorization, execution and delivery of this Agreement, the Acquisition Agreement and the Investor's Agreement and the performance of all obligations of the Purchaser hereunder and thereunder have been taken or will be taken prior to the Closing. This Agreement, the Acquisition Agreement and the Investor's

Agreement have been or will be, at or prior to the Closing, duly authorized, executed and delivered by the Purchaser and, when so executed (assuming the due authorization, execution and delivery by the Company), each constitutes a valid and legally binding obligation of the Purchaser, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought by proceedings in equity or at law).

(c) The Purchaser has full corporate power and authority to enter into and perform its obligations under the Registration Rights Agreement; the Registration Rights Agreement has been or will be, at or prior to the Closing, duly authorized, executed and delivered by the Purchaser and, when so executed (assuming the due authorization, execution and delivery by the Company), will constitute a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereinafter in effect relating to creditors' rights generally, (ii) general principles of equity (regardless of whether a proceeding is considered at law or in equity) or (iii) with respect to any rights to indemnity or contribution thereunder, applicable securities laws and public policy considerations.

(d) The execution and delivery by the Purchaser of this Agreement and the Other Documents and the performance by the Purchaser of its obligations hereunder and thereunder will not violate any provision of law, the organizational documents governing the Purchaser or any order of any court or other agency of government, or conflict with, result in a breach of or constitute (with notice or lapse of time or both) a default under any indenture, agreement or other instrument by which the Purchaser or any of their respective properties or assets is bound, or result in the creation or imposition of any lien, charge, restriction, claim or encumbrance of any nature whatsoever known to the Purchaser upon any of the properties or assets of the Purchaser.

(e) The Shares will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. The Purchaser further represents that it does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Shares. The Purchaser (i) has such knowledge and experience in financial and business matters, including investments of the type represented by the Shares, as to be capable of evaluating the merits of investment in the Company; (ii) has not been furnished with or relied upon any oral representation, warranty or information in connection with the offering of the Shares; and (iii) is an "accredited investor" as such term is defined in Rule

501 of the rules and regulations promulgated under the Securities Act. The Purchaser and its agents, attorneys and advisors have been provided reasonable access to all of the books, records, financial statements, accounts, places of business, and any other information reasonably related to the conduct of the business of the Company, and has been afforded the opportunity to conduct an independent investigation of all of those matters and has satisfied itself as to all of the risks of the business of the Company, and has satisfied itself that it has obtained all of the information and descriptions of reasonable risks associated with the transaction contemplated hereby that a reasonably prudent investor would wish to obtain.

(f) The Company will not have any liability or obligation for any brokerage fees or finder's fees with respect to this Agreement or the transactions contemplated hereby as a result of any action taken by the Purchaser in connection herewith and therewith.

(g) No filing with or consent, approval, authorization or order of any court or governmental agency, authority or body is required (and has not been received) for the execution and delivery by the Purchaser of this Agreement and the Other Documents, the performance by the Purchaser or its obligations hereunder and thereunder or the consummation by the Purchaser of the transactions contemplated herein and therein, except (i) in connection with the applicable requirements of the HSR Act and (ii) filings with the SEC and state securities administrators.

(h) On the Closing Date, the Purchaser and its corporate, limited liability and limited partnership Affiliates shall not beneficially own (as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended) shares of Common Stock other than the Shares.

## ARTICLE III

## CLOSING CONDITIONS

SECTION 3.1. Conditions to Obligation of the Purchaser. The obligation of the Purchaser to purchase the Investment Shares shall be subject to satisfaction or waiver by it of the following conditions on or before the Closing Date:

(a) The representations and warranties of the Company contained in Section 2.1 hereof that are qualified as to materiality shall be true and accurate, and those not so qualified shall be true and accurate in all material respects at and as of the Closing Date as if made on the date hereof.

(b) The Company shall have performed and complied in all material respects with all agreements, covenants and conditions contained herein that are required to be performed or complied with by it on or before the Closing Date.

(c) The Company shall have received all consents, permits, approvals and other authorizations that may be required from, and made all such filings and declarations that may be required with, any person pursuant to any law, statute, regulation or rule (federal, state, local and foreign), or pursuant to any agreement, order or decree by which the Company or any of its assets is bound, in connection with the transactions contemplated by this Agreement, except for (i) notice requirements which may be fulfilled subsequent to the Closing Date and (ii) consents, permits, approvals, authorizations, filings and declarations the failure to obtain or to undertake which will not adversely affect the Company's ability to perform its obligations under this Agreement or any agreement executed in accordance herewith.

(d) The waiting period (and any extension thereof) applicable to the offering and sale of the Shares under the HSR Act shall have been terminated or shall have expired.

(e) The Purchaser shall have received a certificate, dated the Closing Date and signed by the Chief Executive Officer and the Chief Financial Officer of the Company, certifying that the conditions in Sections 3.1(a), (b) and (c) are satisfied on and as of such date.

(f) The Company shall have executed and delivered the Investor's Agreement and Registration Rights Agreement, and the Purchaser's Designee and the Joint Designee (each as defined in the Investor's Agreement) shall have been appointed to the Board of Directors of the Company pursuant to the Investor's Agreement.

(g) The Purchaser and its counsel shall have received copies of the following documents:

(i) the certificate of incorporation of the Company (the "Certificate of Incorporation"), certified as of a recent date by the Secretary of State of the State of Delaware, and a certificate of such authority dated as of a recent date as to the due incorporation and good standing of the Company and listing all documents of the Company on file with said authority;

(ii) a certificate of the Secretary of the Company dated the Closing Date certifying: (A) that attached thereto is a true and complete copy of the by-laws of the Company (the "By-Laws") as in effect on the date of such

certification; (B) that attached thereto is a true and complete copy of all resolutions adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of this Agreement and the Other Documents and the issuance, sale and delivery of the Shares, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement; (C) that the Certificate of Incorporation has not been amended since the date of the last amendment referred to in the certificate delivered pursuant to clause (i) above; (D) that the By-Laws have not been amended since the date of the last amendment referred to in such certificate pursuant to subclause (ii)(A) above; and (E) that each officer of the Company executing this Agreement and the Other Documents, the certificates representing the Shares and any agreement, certificate or instrument furnished pursuant hereto, was, at the respective times of such execution and delivery of such documents, duly elected or appointed, qualified and acting as such officer, and the signatures of such persons appearing on such documents are their genuine signatures or true facsimiles thereof; and

(iii) such additional supporting documents as the Purchaser may reasonably request.

(h) The Purchaser shall have received an opinion (satisfactory to the Purchaser and its counsel), dated the Closing Date, from Cahill Gordon & Reindel in substantially the form of Exhibit C hereto.

(i) Each of the Investor's Agreement and the Registration Rights Agreement shall have been duly executed and delivered by the parties thereto and such agreements shall be in full force and effect upon Closing.

(j) On the Closing Date, the Company shall have made the requisite filings for listing of the shares on the Nasdaq National Market.

SECTION 3.2. Conditions to the Obligations of the Company. The Company's obligation to sell the Investment Shares shall be subject to the satisfaction or waiver by it of the following conditions on or before the Closing:

(a) The representations and warranties of the Purchaser contained in Section 2.2 of this Agreement that are qualified as to materiality shall be true and accurate, and those not so qualified shall be true and accurate in all material respects at and as of the Closing Date as if made on the date hereof.

(b) The Purchaser shall have performed and complied in all material respects with all agreements and conditions contained herein that are required to be performed or complied with by it on or before the Closing Date, including without limitation, payment of the Purchase Price.

(c) The Purchaser shall have received all consents, permits, approvals and other authorizations that may be required from, and made all such filings and declarations that may be required with, any person pursuant to any law, statute, regulation or rule (federal, state, local and foreign), or pursuant to any agreement, order or decree by which the Purchaser or any of its assets is bound, in connection with the transactions contemplated by this Agreement, except for (i) notice requirements which may be fulfilled subsequent to the Closing Date and (ii) consents, permits, approvals, authorizations, filings and declarations the failure to obtain or to undertake which will not adversely affect the Purchaser's ability to perform its obligations under this Agreement or any agreement executed in accordance herewith.

(d) The waiting period (and any extension thereof) applicable to the offering and sale of the Shares under the HSR Act shall have been terminated or shall have expired.

(e) The Company shall have received a certificate, dated the Closing Date and signed by the President of the Purchaser, certifying that the conditions in Sections 3.2(a), (b) and (c) are satisfied on and as of such date.

(f) The Company shall have received an opinion (reasonably satisfactory to the Company and its counsel), dated the Closing Date, from the Vice President-Legal Affairs of the Purchaser in substantially the form of Exhibit D hereto.

(g) Each of the Investor's Agreement and Registration Rights Agreement shall have been duly executed and delivered by the parties thereto and such agreements shall be in full force and effect upon Closing.

(h) On the Closing Date, the Company shall have made the requisite filings for listing of the shares on the Nasdaq National Market.

ARTICLE IV

TERMINATION

SECTION 4.1 (a) This Agreement maybe terminated at any time prior to Closing:

(i) by the written agreement of the Company and the Purchaser;

(ii) upon notice given by the Company or the Purchaser to the other party if the Closing has not occurred on or prior to October 15, 1999; provided that if the Closing has not occurred as of such date due to the failure of such party to perform or comply with any of the conditions required to be performed by it prior to the Closing, such party will have no termination rights under this clause (ii); or

(iii) upon notice given by the Company or the Purchaser to the other parties, if the consummation of the transactions contemplated hereby would violate, in whole or in part, any non-appealable final order, decree or judgment of any court or governmental body having competent jurisdiction.

(b) In the event of the termination of this Agreement pursuant to this Article IV, this Agreement, except for the provisions of Article V(a), (f) and (g), shall become void and shall have no effect, without any liability on the part of any party or its directors, officers or stockholders. Notwithstanding the foregoing, nothing in this Article IV shall relieve any party to this Agreement for a breach of any of its covenants or agreements contained in this Agreement.

(c) The Company and the Purchaser acknowledge that, in the event this Agreement is terminated in accordance with this Article IV, the Confidentiality Agreements dated August 23, 1999 and September 1, 1999 between the Company and the Purchaser shall remain in full force and effect.

ARTICLE V

MISCELLANEOUS

(a) The Company shall pay all expenses (including, without limitation, reasonable counsel fees) in connection with the transactions contemplated hereby, including all fees incurred in connection with filings under the HSR Act.

(b) The representations or warranties contained in this Agreement or in any instrument delivered in connection with this Agreement shall survive for 12 months after the Closing Date.

(c) The Company agrees to make all commercially reasonable efforts to have the Shares duly admitted for listing on the Nasdaq National Market as soon as reasonable practicable following the Closing Date.

(d) The Company and the Purchaser acknowledge that the rules of the Nasdaq Stock Market, Inc. regarding the issuance of securities listed on the Nasdaq National Market (the "NNM Rules") would require the approval of the Company's stockholders in the event the Company issues shares constituting in excess of twenty percent (20%) of the then outstanding Common Stock at a price less than the greater of the book value and the current market price of the Common Stock and/or as otherwise provided in the NNM Rules. In the event the Company and the Purchaser determine that the issuance of the Shares would require approval of the stockholders of the Company under NNM Rules, the Company and the Purchaser agree to cooperate to take all action necessary to receive such approval in a timely fashion.

(e) The Company and the Purchaser, on behalf of Heinz, agree to negotiate the Strategic Alliance Agreements in good faith and execute the same as soon as reasonably practicable following the Closing on terms and conditions substantially as set forth in Exhibit C hereto.

(f) Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by an instrument in writing, signed by the party against which enforcement of such amendment, discharge, waiver or termination is sought.

(g) This Agreement shall not be assignable or otherwise transferable by a party without the prior consent of the other parties, and any attempt to so assign or otherwise transfer this Agreement without such consent shall be void and of no effect; provided

that Heinz may, without the consent of the Company, assign its rights hereunder upon the transfer of the Investment Shares in accordance with Section 1.4(b) to a wholly-owned direct or indirect subsidiary of Heinz who agrees to be subject to the terms and conditions of this Agreement, the Investor's Agreement and the Registration Rights Agreement. This Agreement shall be binding upon the respective successors and assigns of the parties hereto. Nothing in this Agreement shall be construed as giving any person, other than the parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

(h) No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

(i) All notices, requests, consents and other communications hereunder shall be in writing and shall be delivered in person, sent by facsimile or mailed by certified or registered mail; return receipt requested, addressed as follows:

If to the Purchaser, to:
Earth's Best, Inc.
c/o H.J. Heinz Company
1062 Progress Street
Pittsburgh, PA 15230
Telecopier No.: (412) 237-3523
Attention: Francis W. Daily, Jr.

with a copy to:
H.J. Heinz Company
600 Grant Street
Pittsburgh, PA 15219
Telecopier No.: (412) 4566102
Attention: Vice President - Legal Affairs

If to the Company, to:
The Hain Food Group, Inc.
50 Charles Lindbergh Boulevard
Uniondale, NY 11553
Telecopier No.: (516) 237-6240
Attention: President

with a copy to:
Cahill Gordon & Reindel
80 Pine Street

New York, New York 10005
Telecopier No.: (212) 269-5420
Attention: Roger Meltzer, Esq.

or, in any such case, at such other address or addresses as shall have been furnished in writing by such party to the others. All notices, requests, consents and other communications hereunder shall be deemed to have been duly given or served on the date on which personally delivered or on the date actually received, with receipt acknowledged.

(j) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

(k) This Agreement, the Other Documents (when executed and delivered by the parties hereto) and the Acquisition Agreement constitute the sole and entire agreement of the parties with respect to the subject matter hereof and supersede any and all prior or contemporaneous agreements, discussions, representations, except as set forth in Section 4.1(c) hereof, warranties or other communications. All Schedules and Exhibits hereto are hereby incorporated herein by reference.

(l) Reference in this Agreement to the Acquisition Agreement, including in connection with the Shares, are for convenience purposes only and create no obligation of the parties hereto with respect to the Acquistion.

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

(n) As used in this Agreement, knowledge shall mean, with respect to any person, actual knowledge of such person (without imputing any knowledge to such person), if an individual, or of any executive officer of such person, if not an individual.

(o) This Agreement may not be amended or modified without the written consent of the Company and the Purchaser, nor shall any waiver be effective against any party unless in a writing executed on behalf of such party.

(p) If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms to the fullest extent permitted by law.

(q) The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting any term or provisions of this Agreement.

IN WITNESS WHEREOF, the Company and the Purchaser have caused this Agreement to be executed and delivered by the undersigned duly authorized officers as of the day and year first above written.

THE HAIN FOOD GROUP, INC.

By: /s/ Irwin D. Simon
---
Name: Irwin D. Simon
Title: President

EARTH'S BEST, INC.

By: /s/ Robert Yoshida
---
Name: Robert Yoshida
Title: President

EXHIBIT 10.2

# INVESTOR'S AGREEMENT

This Investor's Agreement (the "Agreement"), dated as of September 24, 1999, among The Hain Food Group, Inc., a Delaware corporation (the "Company"), Earth's Best, Inc., an Idaho corporation (the "Purchaser") and Irwin D. Simon (solely for purposes of Section 3.05).

W I T N E S S E T H :

WHEREAS, upon the terms and subject to the conditions of a Securities Purchase Agreement between the parties hereto dated September 24, 1999 (the "Purchase Agreement"), the Company has agreed to issue and sell to the Purchaser 2,837,343 shares (the "Investment Shares") of Common Stock, par value $0.01 per share, of the Company ("Common Stock");

WHEREAS, upon the terms and subject to the conditions of an Asset Purchase and Sale Agreement by and among the parties hereto and H.J. Heinz Company dated September 24, 1999 (the "Acquisition Agreement"), the Company has agreed to issue to the Purchaser 670,234 shares of Common Stock (the "Acquisition Shares"); and

WHEREAS, the Purchaser and the Company each desire to enter into this Agreement for the purpose of regulating certain aspects of their relationship with regard to the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Purchaser hereby agree as follows:

## ARTICLE I

## DEFINITIONS

(a) As used herein, the following terms shall have the following meanings:

"Affiliate" shall mean, with respect to any Person, (i) any Person or entity directly or indirectly controlling or controlled by or under direct or indirect common con-



trol with such Person, (ii) any spouse or non-adult child (including by adoption), (iii) any relative other than a spouse or non-adult child (including by adoption) who has the same principal residence of any natural person described in clause (i) above, (iv) any trust in which any such Persons described in clause (i), (ii) or (iii) above has a beneficial interest and (v) any corporation, partnership, limited liability company or other organization of which any such Persons described in clause (i), (ii) or (iii) above collectively own more than fifty percent (50%) of the equity of such entity.

"Lock-up Period" means the period commencing on the Closing Date (as defined in the Purchase Agreement) and ending the earlier of (I) eighteen months thereafter and (II) the occurrence of a Significant Corporate Event.

"New Securities" has the meaning set forth in Section 5.01.

"Person" shall mean an individual, partnership, limited liability company, joint venture, corporation, trust or unincorporated organization or any other similar entity.

"Registration Rights Agreement" means the Registration Rights Agreement between the parties hereto dated the date hereof.

"Related Party" shall mean with respect to any Person: (i) any parent, controlling shareholder, fifty percent (50%) or greater owned subsidiary, or spouse or ex-spouse or immediate family member (in the case of an individual) of such Person; or (ii) a trust, corporation, partnership, limited liability company or other entity, the beneficiaries, shareholders, partners, owners or

persons holding a fifty percent (50%) or greater controlling interest of which consist of such Person and/or such other persons or entities referred to in the immediately preceding clause (i).

A "Significant Corporate Event" means any of the following: (i) the launch of a bona fide tender offer for the capital stock of the Company by a third party other than the Purchaser or its Affiliate, (ii) the issuance and sale by the Company in a private transaction or series of private transactions to a third party other than the Purchaser or its Affiliate of capital stock of the Company resulting in a greater ownership interest in the Company by such third party than the Purchaser's maximum allowable ownership interest at the time of such transaction(s), (iii) the acquisition by a third party other than the Purchaser or its Affiliates of shares of Common Stock constituting in the aggregate 15% (fifteen percent) or greater of the outstanding Common Stock in a transaction or series of transactions approved prior to consummation thereof by the Company's Board of Directors, (iv) the acquisition by the Company of a business such that, following such acquisition, greater than twenty-five percent (25%) of the Company's sales, on a pro forma basis, are derived from the sale of products other than food, beverage or natural health and beauty products

(excluding dietary supplements) sold through the Company's existing distribution channels; provided, the Company does not divest that portion of the acquired business necessary to fall below the twenty-five percent (25%) threshold within a reasonable period of time following such acquisition, (v) the sale by the Company of all or substantially all of its assets or (vi) the loss by the Company of the services of Irwin D. Simon as its President and Chief Executive Officer.

"Shares" shall mean, without duplication, (i) the Investment Shares, if and when issued in connection with the Purchase Agreement, (ii) the Acquisition Shares, if and when issued in accordance with the Acquisition Agreement, (iii) any New Securities purchased by the Purchaser in accordance with Article V hereof and (iv) any other shares of Common Stock hereafter acquired by the Purchaser.

(b) Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Purchase Agreement.

## ARTICLE II

## CORPORATE GOVERNANCE

SECTION 2.01. Board of Directors. Upon the execution of this Agreement, and until such time as the Purchaser and its Affiliates no longer collectively beneficially own Common Stock representing at least fifty percent (50%) of the Shares issued to the Purchaser on the Closing Date (as defined in the Purchase Agreement), the Company agrees as follows:

(a) Purchaser's Designee. The Company agrees to take all action necessary such that from and after the date hereof until the next regularly scheduled meeting of the Company's stockholders, the Board of Directors of the Company (the "Board") shall include one director designated by the Purchaser (the "Purchaser's Designee") and thereafter to use its best efforts to cause a nominee designated by the Purchaser to be included in each slate of proposed directors put forth by the Company to its stockholders and recommended for election in any proxy solicitation materials disseminated by the Company; provided, however, that the identity of any Purchaser's Designee other than Joseph Jimenez shall be reasonably acceptable to the Company. Upon the death, resignation or removal of a Purchaser's Designee, the Company will use its best efforts to have the vacancy filled by a subsequent Purchaser's Designee. The Purchaser's Designee shall be fully covered by any directors' and officers' liability insurance maintained from time to time on the same

terms as the other members, shall be entitled to the benefit of any indemnification arrangements applicable to the other members and shall have the right to receive all fees paid and options and other awards granted and expenses reimbursed to non-employee directors generally.

(b) Joint Designee. The Company agrees to take all action necessary such that from and after the date hereof until the next regularly scheduled meeting of the Company's stockholders, the Board shall include one director designated jointly by the Purchaser and the Company (the "Joint Designee"), and thereafter to use its best efforts to cause a nominee jointly designated by the Purchaser and the Company to be included in each slate of proposed directors put forth by the Company to its stockholders and recommended for election in any proxy solicitation materials disseminated by the Company. The initial Joint Designee shall be A.G. Malcolm Ritchie. In the event the Company and the Purchaser fail to agree on a successor Joint Designee, each of the Company and the Purchaser shall submit one name to a committee comprised of three independent members (other than the Purchaser's Designee) of the Board, and such committee shall determine, from the two names submitted, the proposed nominee for Joint Designee, which determination shall be final. Upon the death, resignation or removal of a Joint Designee, the Company will use its best efforts to have the vacancy filled by a subsequent Joint Designee. The Joint Designee shall be fully covered by any directors' and officers' liability insurance maintained from time to time on the same terms as the other members, shall be entitled to the benefit of any indemnification arrangements applicable to the other members and shall have the right to receive all fees paid and options and other awards granted and expenses reimbursed to non-employee directors generally.

## ARTICLE III

## RESTRiCTIONS ON TRANSFER; RIGHT OF FIRST OFFER

SECTION 3.01. Lock-up Period. Without the prior written consent of the Board, the Purchaser agrees and covenants that, during the Lock-up Period, it will not sell, assign, pledge or otherwise transfer any Shares.

SECTION 3.02. Company's Right of First Offer. If, following the Lock-up Period, the Purchaser has received a bona fide offer (a "Transfer Offer") which the Purchaser proposes to accept to sell or otherwise transfer any or all of the Shares (the "Transfer Stock") then owned by the Purchaser to any Person (a "Bona Fide Purchaser"), then before the Purchaser may sell the Transfer Stock, the Purchaser shall provide the

Company a written notice detailing the terms of such Transfer Offer that the Purchaser has received with respect to such Transfer Stock (a "Transfer Notice"). Such Transfer Notice shall identify the number of shares of the Transfer Stock, the price of the Transfer Stock, the identity of the Bona Fide Purchaser and all the other material terms and conditions of such Transfer Offer. The Transfer Notice shall contain an irrevocable offer to sell to the Company the Shares constituting Transfer Stock at a price equal to the price and upon substantially the same terms as the terms contained in such Transfer Offer. If the Company does not notify the Purchaser of its intent to purchase the Transfer Stock within 20 days of delivery of the Transfer Notice, the Company's right of first offer with respect to the Transfer Stock shall terminate. If the Company notifies the Purchaser that it has decided not to purchase the Transfer Stock, the Purchaser shall have 120 days from the date of such notice to transfer to the Bona Fide Purchaser any or all of the Transfer Stock at a price not less than and on terms no more favorable than were contained in the Transfer Notice. No sale may be made to any third party unless such third party agrees, in writing, to be bound by the provisions of this Agreement. Promptly after any sale pursuant to this Section 3.02, the Purchaser shall notify the Company of the consummation thereof and shall furnish such evidence of the completion (including time of completion) of such sale and of the terms thereof as the Company may reasonably request. If, at the termination of the 120-day sale period specified above, the Purchaser has not completed the sale of all of the Transfer Stock, the Purchaser shall no longer be permitted to transfer such Transfer Stock pursuant to this Section 3.02 without again fully complying with the provisions of this Section 3.02 and all the restrictions on transfer contained in this Agreement shall again be in effect with respect to all the Purchaser's Shares.

SECTION 3.03. Restrictions on Transfer to Certain Parties. In addition to the restrictions on transfer set forth in Sections 3.01 and 3.02, the Purchaser agrees that the Purchaser will not sell, assign, pledge, or otherwise transfer any of the Company's Common Stock or other securities exercisable for, or convertible or exchangeable into Common Stock, including, but not limited to, the Shares (collectively, "Company Securities"), or any right or interest therein, whether voluntarily or by operation of law, or otherwise, (i) to an Adverse Person (as defined below), (ii) to any transferee who holds, prior to such transfer, ten percent (10%) or greater of the outstanding voting capital stock of the Company registered in its name or beneficially owned by it or its Affiliates as of the date thereof or (iii) without the consent of the Company, that would result in such transferee holding ten percent (10%) or greater of outstanding voting capital stock of the Company registered in its name or beneficially owned by it or any of its Affiliates upon the consummation of such transfer. The term "Adverse Person" as used in this Section 3.03 shall mean any corporation or entity which at such time is a competitor of the Company or any Affiliate of such corporation or entity.

SECTION 3.04. Public Offering Lock-Up. (a) The Purchaser agrees and covenants that in connection with an underwritten public offering of Company Securities by the Company, it will agree if requested by the underwriter(s) not to offer, sell or otherwise dispose of any Shares for a period not to exceed 90 days after the date of the underwriting agreement, without the prior consent of the underwriter(s).

(b) The Company agrees and covenants that in connection with an underwritten public offering of Company Securities in connection with a Demand Registration (as defined in the Registration Rights Agreement), the Company will agree if requested by the underwriter(s) not to offer, sell or otherwise dispose of any Company Securities for a period not to exceed 45 days after the date of the underwriting agreement, without the prior consent of the underwriter(s).

SECTION 3.05. Restrictions on Transfer by Irwin D. Simon. Without the prior written approval of the Purchaser, during the Lock-up Period, Irwin D. Simon, the Company's President and Chief Executive Officer, will not sell in excess of 500,000 (five hundred thousand) shares of Common Stock (including shares of Common Stock issued or issuable upon the exercise of options). In addition to the foregoing, in the event Mr. Simon proposes to sell, during the Lock-up Period, 50,000 or greater shares of Common Stock in any single transaction, Mr. Simon will use commercially reasonable efforts to sell such shares, subject to requisite approval of the Board, to Heinz or its Affiliates in a transaction substantially consistent with Section 3.02 (with respect to notice requirements and time periods).

## ARTICLE IV

## STANDSTILL AGREEMENT

SECTION 4.01. Standstill Agreement. The Purchaser agrees and covenants that, without the prior written consent of the Board, during the Lock-up Period, the Purchaser will not, and will cause each of its Affiliates not to, singly or as part of a "partnership, limited partnership, syndicate or other group" (as those terms are used within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which meanings shall apply for all purposes of this Agreement), directly or indirectly, through one or more intermediaries or otherwise:

(a) acquire, offer or propose to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise (other than as may be otherwise permitted in this Section 4.01), any Company Securities, except (i) in accordance with Article V

of this Agreement or (ii) by way of stock dividends, stock splits, reorganization, recapitalization, merger, consolidation or like distributions made available to holders of the Common Stock generally;

(b) make, or in any way participate, directly or indirectly, in, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A of the Exchange Act) by Persons other than the Company with respect to Company Securities (including by the execution of actions by written consent), become a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 of the Exchange Act) with respect to the Company other than in concurrence with actions initiated or supported by the Board;

(c) initiate, propose or otherwise solicit, or participate in the solicitation of, stockholders for the approval of one or more stockholder proposals with respect to the Company as described in Rule 14a-8 under the Exchange Act or induce any other individual or entity to initiate any stockholder proposal relating to the Company;

(d) directly or indirectly participate in or encourage the formation of any group that seeks control of the Company (other than as may be otherwise permitted in this Section 4.01) or for the purpose of circumventing any provision of this Agreement;

(e) other than in connection with a competing proposal in respect of any such action taken by a third party without the direct or indirect assistance of the Purchaser or its Affiliates, solicit, seek or offer to effect with any third party, or make any statement or proposal, whether written or oral, either alone or in concert with others, with respect to any form of business combination or transaction involving the Company or any subsidiary thereof, including, without limitation, a merger, exchange offer or liquidation of the Company's assets, or instigate or encourage any third party to do any of the foregoing;

(f) deposit any Company Securities into a trust or subject any Company Securities to any arrangement or agreement with respect to the voting thereof or take any action by written consent in lieu of a meeting, in any such case that seeks control of the Company (except as may be otherwise permitted in this Section 4.01) or for the purpose of circumventing any provision of this Agreement; or

(g) other than in connection with a competing proposal in respect of any such action taken by a third party without the direct or indirect assistance of the Purchaser or its Affiliates, otherwise act, directly or indirectly, alone or in concert

with others (including by providing financing for another party) to seek or offer to acquire control of the Company.

SECTION 4.02. Additional Standstill Agreement on Transactions with 10% or Greater Stockholders. Notwithstanding the foregoing, during the term of this Agreement, the Purchaser shall not enter any arrangement, written or otherwise, with any holder of ten percent (10%) or greater of the outstanding voting capital stock of the Company registered in its name or beneficially owned by it or its Affiliates, for the purpose of effecting any acquisition, offer, proposal, solicitation or participation specified in clauses (a) through (g) of Section 4.01.

SECTION 4.03. Voting Rights. The Purchaser agrees that, for the duration of this Agreement, so long as the Purchaser and its Affiliates own any voting capital stock of the Company registered in their respective names or beneficially owned by them, it will use reasonable best efforts to, and to cause each of its Affiliates to, be present, in person or represented by proxy, at all stockholder meetings of the Company so that all of the Common Stock beneficially owned by the Purchaser and its Affiliates may be counted for the purpose of determining the presence of a quorum at such meetings and to vote in favor of (i) the slate of directors put forth by the Company to its stockholders at any such meetings and recommended for election in proxy solicitation materials disseminated by the Company and (ii) at the Company's annual meeting of stockholders to be held on or about December 7, 1999, amendments to the Company's certificate of incorporation and by-laws providing for the classification of our board of directors into three classes and amendments to the Company's stock option plans providing for increases in the number of shares eligible for grant thereunder.

## ARTICLE V

## PREEMPTIVE RIGHTS; ETC.

SECTION 5.01. Private Transactions. If the Company proposes to issue or sell any additional Company Securities ("New Securities"), other than (i) in an underwritten public offering registered under the Securities Act, (ii) pursuant to any Company stock option plan or in connection with the exercise of currently outstanding warrants or currently outstanding options or options received pursuant to any Company stock option plan or the conversion of outstanding convertible notes or (iii) pursuant to a stock split, dividend or other recapitalization, then the Company shall deliver written notice thereof (the "Preemptive Notice") to the Purchaser setting forth the number, terms and purchase consideration (or if such purchase consideration is not expressed in cash, the fair market

value cash equivalent thereof determined in good faith by the Board) of the New Securities which the Company proposes to issue. The Purchaser shall thereupon have the right, unless otherwise agreed in writing by the Purchaser in advance, to elect to purchase on the same terms and conditions (including consideration or the cash equivalent thereof) as those offered to any third party that number of New Securities proposed to be issued as would maintain the Purchaser's relative proportional equity interest in the Company as of the date of such Preemptive Notice. The Purchaser may make such election by written notice to the Company within 20 days of receipt of notice of any proposed issuance of New Securities. If the Purchaser does not elect to purchase its pro rata portion of New Securities within 20 days of the date of the Preemptive Notice (the "Preemptive Notice Period"), this pro rata purchase right shall terminate with respect to the New Securities described in the written notice delivered to that party (but not with respect to any future proposed sales of New Securities by the Company), and the Company may, in its sole discretion, sell to third parties within 120 days after the Purchaser's receipt of the Preemptive Notice any or all of the New Securities described in such written notice to the Purchaser. Subject to the Company's rights under the preceding sentence, any purchases by the Purchaser of New Securities in accordance with this Section 5.01 shall be made at the closing and upon terms of the sale of New Securities to the third party permitted by the preceding sentence. At such closing, the Purchaser shall deliver a certified check or checks or a wire transfer of immediately available funds in the appropriate amount to the Company against delivery of certificates representing the New Securities so purchased.

SECTION 5.02. Underwritten Offerings. If, during the Lock-up Period, the Company issues and sells any New Securities in an underwritten public offering pursuant to an effective Registration Statement under the Securities Act (an "Underwritten Offering"), then the Company shall arrange for the Purchaser to be allocated securities in the Underwritten Offering on the same terms and conditions as those offered in such offering such that the number of New Securities issued to the Purchaser would maintain the Purchaser's relative proportional equity interest in the Company as of the date of consummation of such Underwritten Offering; provided, the Company may, in the alternative, and with the consent of the Purchasers, issue and sell to the Purchaser in a private offering to be consummated simultaneously with the closing of the Underwritten Offering that the number of New Securities that would maintain the Purchaser's relative proportional equity interest in the Company as of the date of consummation of the Underwritten Offering.

SECTION 5.03. Option and Warrant Exercises. The Purchaser shall have the right, as of each November 15, February 15, May 15 and August 15 during the Lock-up Period, to acquire in open market transactions or private transactions with third parties (other than in violation of Section 4.02) the number of shares of Common Stock, which shall be deemed to constitute "New Securities" for purposes of this Agreement, such that

the Purchaser can maintain the relative proportional equity interest in the Company it would have held if the Company had issued no shares of Common Stock upon the exercise of options or warrants or the conversion of convertible notes outstanding on the date hereof during the three-month period immediately prior to such date; provided, the above mentioned period ending November 15, 1999 shall commence as of the date of the Purchase Agreement.

SECTION 5.04. Recapitalizations, etc. Notwithstanding the foregoing, the provisions of this Agreement (including any calculation of share ownership) shall apply, except to the extent specifically set forth herein with respect to the Shares, to any and all shares of capital stock of the Company or any capital stock or any other security evidencing ownership interests in any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution of the Common Stock by reason of any stock dividend, split, reverse split, combination, recapitalization, liquidation, reclassification, merger, consolidation or otherwise.

SECTION 5.05. Stockholders Rights Plan. In the event the Company adopts a stockholders rights plan, the Company agrees that no provision of such plan shall have the effect of diluting the economic or voting power of the Shares, notwithstanding the occurrence of any event or contingency, including without limitation the ownership or acquisition by the H.J. Heinz Company or any of its Affiliates of any amount of Common Stock.

## ARTICLE VI

## CONFIDENTIALITY

SECTION 6.01. Confidentiality. (a) As used herein, "Confidential Material" means, with respect to either party hereto (the "Providing Party"), all information, whether oral, written, or otherwise, furnished to the other party hereto (the "Receiving Party") or such Receiving Party's directors, officers, partners, Affiliates, employees, agents or representatives (collectively, "Representatives"), and all reports, analyses, compilations, studies and other materials prepared by the Receiving Party or its Representatives (in whatever form maintained, whether documentary, computer storage or otherwise) containing, reflecting or based upon, in whole or in part, any such information. The term "Confidential Material" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party, its Representatives or anyone to whom the Receiving Party or any of its

Representatives transmits any Confidential Material in violation of this Agreement, or (ii) is or becomes known or available to the Receiving Party on a non-confidential basis from a source (other than the Providing Party or one of its Representatives) who is not, to the knowledge of the Receiving Party after reasonable inquiries, prohibited from transmitting the information to the Receiving Party or its Representatives by contractual legal, fiduciary or other obligations.

(b) Subject to paragraph (c) below or except as required by law, the Confidential Material will be kept confidential and will not, without prior written consent of the Providing Party, be disclosed by the Receiving Party or its Representatives, in whole or in part, and will not be used by the Receiving Party or its Representatives, directly or indirectly, for any purpose other than in connection with the Purchase Agreement, this Agreement or with respect to the matters contemplated therein. Moreover, each Receiving Party agrees to transmit Confidential Material to its Representatives only if and to the extent that such Representatives need to know the Confidential Material for purposes of such transaction and are informed by such Receiving Party of the confidential nature of the Confidential Material and of the terms of this Section 6.01. In any event, each Receiving Party will be responsible for any actions by its Representatives which are not in accordance with the provisions hereof.

(c) In the event that the Receiving Party, its Representatives or anyone to whom such Receiving Party or its Representatives supply Confidential Material is requested or required (by oral questionnaires, interrogatories, requests for information or documents, subpoena, civil investigative demand, any informal or formal investigation by any government or governmental agency authority or otherwise in connection with legal processes) to disclose any Confidential Material, such Receiving Party agrees (i) to immediately notify the Providing Party of the existence, terms and circumstances surrounding such request, (ii) to consult with the Providing Party on the advisability of taking legally available steps to resist or narrow such request and (iii) if disclosure of such information is required, to furnish only that portion of the Confidential Material which, in the opinion of such Receiving Party's counsel, such Receiving Party is legally compelled to disclose and to cooperate with any action by the Providing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Material (it being agreed that the Providing Party shall reimburse the Receiving Party for all reasonable out-of-pocket expenses incurred by the Receiving Party in connection with such cooperation.)

(d) In the event of the termination of this Agreement in accordance with its terms, promptly upon request from either Providing Party, the Receiving Party shall, except to the extent prevented by law, redeliver to the Providing Party or destroy all tangible Confidential Material and will not retain any copies, extracts or other reproductions

thereof in whole or in part. Any such destruction shall be certified in writing to the Providing Party by an authorized officer of the Receiving Party supervising the same. Notwithstanding the foregoing, each Receiving Party and one Representative designated by each Receiving Party shall be permitted to retain one permanent file copy of each document constituting Confidential Material.

## ARTICLE VII

## MISCELLANEOUS

SECTION 7.01. Successors, Assigns and Transferees. This Agreement shall not be assignable or otherwise transferable by a party without the prior consent of the other parties, and any attempt to so assign or otherwise transfer this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon the respective successors and assigns of the parties hereto. Nothing in this Agreement shall be construed as giving any Person, other than the parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

SECTION 7.02. Amendment and Waiver. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by an instrument in writing, signed by the party against which enforcement of such amendment, discharge, waiver or termination is sought.

SECTION 7.03. No Failure or Delay. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 7.04. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be delivered in person, sent by facsimile or mailed by certified or registered mail; return receipt requested, addressed as follows:

If to the Purchaser, to: Earth's Best, Inc.
c/o H.J. Heinz Company
1062 Progress Street
Pittsburgh, PA 15230

Telecopier No.: (412) 237-3523
Attention: Francis W. Daily

with a copy to: H.J. Heinz Company
600 Grant Street
Pittsburgh, PA 15219
Telecopier No.: (412) 4566102
Attention: Vice President - Legal Affairs

If to the Company or
Irwin D. Simon, to: The Hain Food Group, Inc.
50 Charles Lindbergh Boulevard
Uniondale, NY 11553
Telecopier No.: (516) 237-6240
Attention: President

with a copy to: Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Telecopier No.: (212) 269-5420
Attention: Roger Meltzer, Esq.

or, in any such case, at such other address or addresses as shall have been furnished in writing by such party to the others. All notices, requests, consents and other communications hereunder shall be deemed to have been duly given or served on the date on which personally delivered or on the date actually received, with receipt acknowledged.

SECTION 7.05. Choice of Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

SECTION 7.06. Entire Agreement. This Agreement, the Purchase Agreement, Acquisition Agreement and the Registration Rights Agreement constitute the sole and entire agreement of the parties with respect to the subject matter hereof and supersede any and all prior or contemporaneous agreements, discussions, representations, warranties or other communications.

SECTION 7.07. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7.08. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms to the fullest extent permitted by law.

SECTION 7.09. Termination. Unless earlier terminated by an instrument in writing amending this Agreement pursuant to Section 7.02, this Agreement shall terminate upon the earlier of (a) the tenth anniversary of the effective date of this Agreement or (b) the first date on which the Purchaser and its Affiliates no longer own any Shares.

SECTION 7.10. Headings. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting any term or provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Investor's Agreement to be duly executed as of the date first above written.

THE HAIN FOOD GROUP, INC.

By: /s/ Irwin D. Simon
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Name: Irwin D. Simon
Title: President

EARTH'S BEST, INC.

By: /s/ Robert Yoshida
---
Name: Robert Yoshida
Title: President

IRWIN D. SIMON
(solely for purposes of
Section 3.05)

/s/ Irwin D. Simon
---

EXHIBIT 10.3

# REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of September 24, 1999, by and between The Hain Food Group, Inc., a Delaware corporation (the "Company"), and Earth's Best, Inc., an Idaho corporation (the "Purchaser").

W I T N E S S E T H :

WHEREAS, upon the terms and subject to the conditions of a Securities Purchase Agreement between the parties hereto dated September 24, 1999 (the "Purchase Agreement"), the Company has agreed to issue and sell to the Purchaser 2,837,343 shares (the "Investment Shares") of common stock of the Company, par value $.01 per share (the "Common Stock");

WHEREAS, upon the terms and subject to the conditions of an Asset Purchase and Sale Agreement by and among the parties hereto and H.J. Heinz Company dated September 24, 1999 (the "Acquisition Agreement"), the Company has agreed to issue to the Purchaser 670,234 additional shares of Common Stock (the "Acquisition Shares" and, together with the Investment Shares, the "Shares"); and

WHEREAS, to induce the Purchaser to execute and deliver the Purchase Agreement and the Acquisition Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute and rules (collectively, the "Securities Act"), and applicable state securities laws.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Purchaser hereby agree as follows:

## ARTICLE I

## DEFINITIONS

(a) As used in this Agreement, the following terms shall have the following meanings:

(i) "Effective Date" means the date of execution of this Agreement and the Purchase Agreement.

(ii) "Existing Warrantholders" means holders of warrants to purchase Common Stock outstanding on the Effective Date.



(iii) "Investor's Agreement" means the Investor's Agreement between the parties hereto dated the date hereof.

(iv) "Lock-up Period" means the period commencing on the Closing Date (as defined in the Purchase Agreement) and ending the earlier of (I) eighteen months thereafter and (II) the occurrence of a Significant Corporate Event (as defined in the Investor's Agreement).

(v) "Person" shall mean an individual, partnership, limited liability company, joint venture, corporation, trust or unincorporated organization or any other similar entity.

(vi) "Register," "Registered" and "Registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(vii) "Registrable Shares" means (i) the Investment Shares, if and when issued in accordance with the Purchase Agreement and (ii) the Acquisition Shares, if and when issued in accordance with the Acquisition Agreement, and including any New Securities (as defined in the Investor's Agreement) purchased by the Purchaser in accordance with Article V of the Investor's Agreement and any other shares of Common Stock hereinafter acquired by the Purchaser, but excluding (i) any Registrable Shares sold by

a person in a transaction in which such person's registration rights are not assigned, (ii) any Registrable Shares sold pursuant to an effective registration statement or pursuant to Rule 144 under the Securities Act and (iii) any Registrable Shares eligible for resale without volume restrictions under Rule 144(k) of the Securities Act.

(viii) "Registration Expenses" shall mean any and all expenses incident to performance of or compliance with this Agreement, including, without limitation, (i) all SEC and National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses of complying with securities or blue sky laws (including fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Shares), (iii) all printing expenses, (iv) all fees and expenses incurred in connection with the listing of the Registrable Shares on the National Market System of The Nasdaq Stock Market, Inc., (v) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or "cold comfort" letters required by or in-

cident to such performance and compliance and the reasonable fees of any special experts retained in connection with the requested registration, (vi) any fees and disbursements of underwriters customarily paid by the issuers or sellers of securities, including liability insurance if the Company so desires or if the underwriters so require, and the reasonable fees and expenses of any special expert retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any.

(ix) "Registration Statement" means a registration statement of the Company under the Securities Act.

(x) "SEC" means the Securities and Exchange Commission.

(xi) "Significant Corporate Event" shall have the meaning ascribed thereto in the Investor's Agreement.

(b) Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Purchase Agreement.

## ARTICLE II

## REGISTRATION

2.1 (a) Demand Registration. At any time on or after the expiration of the Lock-up Period, the Purchaser may make a written request for registration under the Securities Act of all or a part of its Registrable Shares (a "Demand Registration"). Subject to the conditions set forth in Section 2.3 hereof, within 45 days of the receipt of such written request for a Demand Registration, the Company shall file with the SEC and use its best efforts to cause to become effective under the Securities Act a Registration Statement with respect to such Registrable Shares. Any such request will specify the number of Registrable Shares proposed to be sold (the "Included Shares") and will also specify the intended method of disposition thereof; provided that, if such demand occurs during the "lock up" or "black out" period (not to exceed 90 days) imposed on the Company pursuant to any underwriting or purchase agreement relating to an underwritten Rule 144A or registered public offering of Common Stock or other securities exerciseable for, or convertible or exchangeable into, Common Stock, the Company shall file such demand registration statement prior to the end of such "lock up" or "black out" period, in which event the Company will use its best efforts to cause such Demand Registration statement to become effective no later than 45 days after the end of such "lock up" or "black out" period. Subject to Section 2.1(b) hereof, the Company shall be required to register Registrable Shares pursuant to this Section 2.1(a) on no more than two occasions and each such registration shall be separated by at least nine months.

Without the written consent of the Purchaser, no other securities of the Company except securities held by the Purchaser and any Person entitled to exercise "piggy-back" registration rights (including the Existing Warrantholders) pursuant to contractual commitments of the Company shall be included in a Demand Registration.

(b) Effective Registration. A Registration Statement will not be deemed to have been effected as a Demand Registration unless it has been declared effective by the SEC and the Company has complied in a timely manner and in all material respects with all of its obligations under this Agreement with respect thereto; provided, however, that if, after such Registration Statement has become effective, the offering of Registrable Shares pursuant to such Registration Statement is or becomes the subject of any stop order, injunction or other order or requirement of the SEC or any other governmental or administrative agency or court that prevents, restrains or otherwise limits the sale of Registrable Shares pursuant to such Registration Statement for any reason not attributable to the Purchaser and such Registration Statement has not become effective within a reasonable time period thereafter (not to exceed 30 days), such Registration Statement will be deemed not to have been effective. If (i) a registration requested pursuant to this Section 2.1 is deemed not to have been effective or (ii) a Demand Registration does not remain effective under the Securities Act until at least the earlier of (A) an aggregate of 180 days after the effective date thereof or (B) the consummation of the distribution by the Purchaser of all of its Registrable Shares covered thereby, then such registration shall not constitute one of the two Demand Registrations provided for under Section 2.1(a) and the Company shall continue to be obligated to effect such registration or registrations pursuant to this Section 2.1. For purposes of calculating the 180-day period referred to in the preceding sentence, any period of time during which such Registration Statement was not in effect shall be excluded.

(c) Priority in Demand Registration. If the managing underwriter or underwriters of an underwritten Demand Registration have informed, in writing, the Company that in such underwriter's or underwriters' opinion the total number of securities which the Purchaser and any other Persons desiring to participate in such registration intend to include in such offering is such as to materially and adversely affect the success of such offering, including the price at which such securities can be sold, then the Registration Statement relating to such offering shall include only such amount of securities which the underwriter or underwriters have so advised should be included in such registration. In such event, the amount of Registrable Shares to be offered for the account of the Company and all Persons other than the Purchaser shall been reduced to zero.

(d) Designation of Managing Underwriter. In connection with any Demand Registration, the Purchaser may designate the managing underwriter or underwriters, which shall be reasonably acceptable to the Company.

(e) Expenses. The Company shall pay all Registration Expenses in connection with the first Demand Registration of Registrable Shares pursuant to Section 2.1 (and any registration deemed not to be a Demand Registration in accordance with Section 2.1(b)) and the Purchaser shall pay all Registration Expenses in connection with the second Demand Registration of Registrable Shares pursuant to this Section 2.1.

2.2 (a) Piggy-Back Registration. If at any time following the Lock-up Period, the Company proposes to file a Registration Statement under the Securities Act with respect to an offering by the Company for its own account or for the account of any of its securityholders of any class of its common equity securities (other than (i) a Registration Statement on Form S-4 or S-8 (or any substitute form that may be adopted by the SEC), (ii) a Registration Statement filed in connection with an exchange offer or offering of securities solely to the Company's existing securityholders or (iii) a Demand Registration), then the Company shall give written notice of such proposed filing to the Purchaser as soon as practicable (but in no event less than 30 days before the anticipated filing date), and such notice shall offer the Purchaser the opportunity to register such number of shares of Registrable Shares as the Purchaser may request in writing within 20 days after receipt of such written notice from the Company (which request shall specify the Registrable Shares intended to be disposed of by the Purchaser and the intended method of distribution thereof) (a "Piggy-Back Registration"). The Company shall use its best efforts to keep such Piggy-Back Registration continuously effective under the Securities Act until the earlier of (A) an aggregate of 180 days after the effective date thereof or (B) the consummation of the distribution by the Purchaser of all of the Registrable Shares covered thereby. If such registration is pursuant to an underwritten offering, the Company shall use its best efforts to cause the managing underwriter or underwriters of such proposed offering to permit the Registrable Shares requested to be included in a Piggy-Back Registration to be included on the same terms and conditions as any similar securities of the Company or any other securityholder included therein and to permit the sale or other disposition of such Registrable Shares in accordance with the intended method of distribution thereof. The Purchaser shall have the right to withdraw its request for inclusion of its Registrable Shares in any Registration Statement pursuant to this Section 2.2 by giving written notice to the Company of its request to withdraw. The Company may withdraw a Piggy-Back Registration at any time prior to the time it becomes effective or the Company may elect to delay the registration; provided, however, that the Company shall give prompt written notice thereof to the Purchaser.

No registration effected under this Section 2.2, and no failure to effect a registration under this Section 2.2, shall relieve the Company of its obligations to effect a registration upon the request of the Purchaser pursuant to Section 2.1 hereof, and no failure to effect a registration under this Section 2.2 and to complete the sale of Registrable Shares registered

thereunder in connection therewith shall relieve the Company of any other obligation under this Agreement.

(b) Priority in Piggy-Back Registration. In a registration pursuant to Section 2.2(a) hereof involving an underwritten offering in which the Purchaser has requested to participate in accordance with Section 2.2(a), if the managing underwriter or underwriters of such underwritten offering have informed, in writing, the Company and the Purchaser that in such underwriter's or underwriters' opinion the total number of securities which the Company, the Purchaser and any other Persons desiring to participate in such registration intend to include in such offering is such as to materially and adversely affect the success of such offering, including the price at which such securities can be sold, then the Company will be required to include in such registration only the amount of securities which it is so advised should be included in such registration. In such event: (x) in cases initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities which the Company proposes to register, (ii) second, the securities which have been requested to be included in such registration by the Purchaser pursuant to this Agreement and by the Existing Warrantholders (pro rata based on the amount of securities sought to be registered by such Persons) and (iii) third, provided that no securities sought to be included by the Purchaser and the Existing Warrantholders have been excluded from such registration, the securities of other Persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by such Persons); and (y) in cases not initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering as follows: (i) first, the securities of any Person whose exercise of a "demand" registration right pursuant to a contractual commitment of the Company is the basis for the registration, (ii) second, the securities requested to be included in such registration by the Purchaser pursuant to this Agreement and by the Existing Warrantholders (pro rata based on the total amount of securities sought to be registered by such Persons) and (iii) third, securities of other Persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments (pro rata based on the amount of securities sought to be registered by such Persons) and (iv) fourth, the securities which the Company proposes to register.

If, as a result of the provisions of this Section 2.2(b), the Purchaser shall not be entitled to include all Registrable Shares in a Piggy-Back Registration that the Purchaser has requested to be included, the Purchaser may elect to withdraw its request to include Registrable Shares in such registration (a "Withdrawal Election"); provided, however, that a Withdrawal Election shall be irrevocable and, after making a Withdrawal Election, the Purchaser shall no longer have any right to include Registrable Shares in the registration as to which such Withdrawal Election was made.

(c) Expenses. The Company will pay all Registration Expenses in connection with each registration of Registrable Shares requested pursuant to this Section 2.2.

## ARTICLE III
## OBLIGATIONS OF THE COMPANY

In connection with the registration of the Registrable Shares, the Company shall have the following obligations:

(a) Once declared effective, the Company shall use its commercially reasonable efforts to keep each Registration Statement effective pursuant to Rule 415 at all times for the applicable period specified in Sections 2.1(b) and 2.2(a) (the "Registration Period").

(b) The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares of the Company covered by such Registration Statement .

(c) The Company shall furnish to the Purchaser such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act and such other documents as the Purchaser may reasonably request in order to facilitate the disposition of the Registrable Shares owned by the Purchaser.

(d) The Company shall use commercially reasonable efforts to register and qualify the Registrable Shares covered by each Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Purchaser may reasonably request and maintain such registrations and qualifications in effect at all times during the Registration Period; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (a) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (b) subject itself to general taxation in any such jurisdiction, (c) file a general consent to service of process in any such jurisdiction, (d) make any change in its certificate of incorporation or bylaws.

(e) In the event that, in the reasonable judgment of the Company, it is advisable to suspend use of the prospectus relating to a Registration Statement for a discrete period of time (a "Deferral Period") due to pending material corporate developments or similar material events that have not yet been publicly disclosed and as to which the Company believes public disclosure will be prejudicial to the Company, the Company shall deliver a notice in writing, to the Purchaser, to the effect of the foregoing (but in no event shall the Company be

obligated to disclose to the Purchaser the facts and circumstances giving rise to the foregoing) and, upon receipt of such notice, the Purchaser agrees not to dispose of any Registrable Shares covered by such Registration Statement (other than in transactions exempt from the registration requirements under the Securities Act) until the Purchaser is advised in writing by the Company that use of the prospectus may be resumed; provided, however, that the aggregate number of days in any such Deferral Period or Deferral Periods shall be no more than 90 in any 12-month period.

(f) In a registration involving an underwritten offering, the Company shall cause senior management of the Company to participate in "road shows" relating to any offering of Registrable Shares, as reasonably requested by the managing underwriter or underwriters of such offering; provided, no such road show shall last more than 10 consecutive business days.

(g) In a registration involving an underwritten offering, the Company will enter into customary agreements (including an underwriting agreement in customary form) (in the judgment of its counsel) and take such other actions as are reasonably required (in the judgment of its counsel) in order to expedite or facilitate the sale of such Registrable Shares.

(h) In a registration involving an underwritten offering, the Company shall furnish to each underwriter a signed counterpart, addressed to such underwriter, of an opinion or opinions of counsel to the Company and a comfort letter or comfort letters from the Company's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the managing underwriter reasonably requests.

## ARTICLE IV

## OBLIGATIONS OF THE PURCHASER

In connection with the registration of the Registrable Shares, the Purchaser shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement that the Purchaser shall furnish to the Company such information regarding itself, the Registrable Shares held by it and the intended method of disposition of the Registrable Shares held by it as shall be required to effect the registration of such Registrable Shares and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) The Purchaser, by acceptance of the Registrable Shares, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Purchaser has notified the Company in writing of the Purchaser's election to exclude the Registrable Shares from the Registration Statement.

(c) For any offer or sale of any of the Registrable Shares under a Registration Statement by the Purchaser in a transaction that is not exempt under the Securities Act, the Purchaser, in addition to complying with any other federal securities laws, shall deliver a copy of the final prospectus (together with any amendment of or supplement to such prospectus) of the Company covering the Registrable Shares, in the form furnished to the Purchaser by the Company, to the purchaser of any of the Registrable Shares on or before the settlement date for the purchase of such Registrable Shares.

(d) The Company shall promptly notify the Purchaser of (1) the existence of any fact or the happening of any event as a result of which the prospectus included in a Registration Statement, as such Registration Statement is then in effect, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (2) the issuance by the SEC of any stop order or injunction suspending or enjoining the use or the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, or the taking of any similar action by the securities regulators of any state or other jurisdiction, or (3) the request by the SEC or any other federal or state governmental agency for amendments or supplements to a Registration Statement or related prospectus or for additional information related thereto. Upon receipt of any such notice, the Purchaser shall forthwith discontinue disposition of its Registrable Shares covered by such Registration Statement or related prospectus (other than in transactions exempt from the registration requirements under the Securities Act) until receipt of the supplemented or amended prospectus or until the Purchaser is advised in writing by the Company that the use of the applicable prospectus may be resumed, and, if so directed by the Company, the Purchaser shall deliver to the Company or destroy (and deliver to the Company a certificate of destruction) all copies in the Purchaser's possession (other than permanent file copies), of the prospectus covering such Registrable Shares current at the time of receipt of such notice. In such a case, subject to Section 3(e), the Company shall as promptly as reasonably practicable (i) prepare an amendment to correct or update the prospectus, (ii) use its commercially reasonable efforts to remove the impediments referred to in subclause (2) above, or (iii) comply with the requests referred to in subclause (3) above. In the event the Company shall give such notice, the Company shall extend the applicable Registration Period by the number of days during the period from and including the date of the giving of such notice to the date when the Company shall make available to Pur-

chaser such supplemental or amended prospectus or the Company shall notify the Purchaser that the use of the applicable prospectus may be resumed.

ARTICLE V

INDEMNIFICATION

In the event any Registrable Shares are included in a Registration Statement under this Agreement:

(a) Indemnification by the Company. To the extent permitted by law, the Company will indemnify and hold harmless the Purchaser, its directors, officers, employees and representatives and each person who controls the Purchaser within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), if any (each, an "Indemnified Person"), against any joint or several losses, claims, damages or liabilities to third parties (collectively, "Claims") to which any of them may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such Claims arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading; (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading; or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Shares (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to the provisions set forth in Section 5(c), the Company shall reimburse promptly the Indemnified Person for any legal fees or other expenses as and when reasonably incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 5(a): (i) shall not apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person for such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(c) hereof; (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior writ-

ten consent of the Company, which consent shall not be unreasonably withheld; and (iii) with respect to any preliminary prospectus, shall not inure to the benefit of any Indemnified Person if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented, such corrected prospectus was timely made available by the Company pursuant to Section 3(c) hereof, and the Indemnified Person was promptly advised in writing not to use the incorrect prospectus prior to the use giving rise to a Violation and such Indemnified Person, notwithstanding such advice, used it.

(b) Indemnification by the Purchaser. In connection with any Registration Statement in which the Purchaser is participating, the Purchaser agrees to indemnify and hold harmless, to the same extent and in the same manner set forth in Section 5(a), the Company, each of its directors, each of its officers who signs the Registration Statement, its employees representatives and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Party"), against any Claim to which any of them may become subject, under the Securities Act, the Exchange Act or other federal or state securities law, insofar as such Claim arises out of or is based upon any Violation by such Purchaser, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by the Purchaser expressly for use in connection with such Registration Statement; and subject to Section 5(c) the Purchaser will reimburse any legal or other expenses reasonably incurred by it in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 5(b) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld; provided, further, however, that the Purchaser shall be liable under this Agreement (including this Section 5(b) and Section 6) for only that amount as does not exceed the gross proceeds to the Purchaser as a result of the sale of Registrable Shares pursuant to such Registration Statement. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 5(b) with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented.

(c) Notices of Claims, Etc. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 5 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 5, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party upon the request of the Indemnified Person or Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Person or the Indemnified Party

(which consent shall not be unreasonably withheld), as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the reasonable fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The indemnifying party shall pay for only one separate legal counsel (in addition to any local counsel) for the Indemnified Persons or the Indemnified Parties, as applicable, and such legal counsel shall be selected by the Purchaser, if the Purchaser is entitled to indemnification hereunder, or the Company, if the Company is entitled to indemnification hereunder, as applicable. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 5.

(d) Contribution. If the indemnity provided for in the foregoing paragraphs of this Section 5 is unavailable or insufficient for any reason to hold harmless an Indemnified Person or Indemnified Party in respect of any Claim referred to therein, then the indemnifying party, in lieu of indemnifying such Indemnified Person or Indemnified Party, agrees to contribute to the amount paid or payable by such Indemnified Person or Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party on the one hand and the Indemnified Person or Indemnified Party, as the case may be, on the other hand from the sale of securities under such registration statement or, if the foregoing allocation is not permitted by applicable law, in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party on the one hand and the Indemnified Person or Indemnified Party, as the case may be, on the other hand from the sale of securities under such registration statement, (ii) the relative fault of the indemnifying party on the one hand and the Indemnified Person or Indemnified Party on the other hand in connection with the statements, actions or omissions which resulted in such Claim and (iii) any other relevant equitable considerations. The relative fault of the indemnifying party on the one hand and of the Indemnified Person or Indemnified Party on the other hand (i) in the case of an untrue or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact, shall be determined by reference to, among other things, whether such statement or omission relates to information supplied by the indemnifying party or by the Indemnified Person or Indemnified Party respectively and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission and (ii) in the case of any other action or omission, shall be determined by reference to, among other things, whether such action or omission was taken or omitted to be taken by the indemnifying party or the Indemnified Person or Indemnified Party respec-

tively and the parties' relative intent, knowledge, access to information and opportunity to prevent such action or omission. The parties agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding sentences. The amount paid or payable by the Indemnified Person or Indemnified Party as a result of the Claims referred to in such sentences shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person or Indemnified Party in connection with investigating, preparing to defend or defending any such Claim.

(e) Non-Exclusivity. The obligations of the parties under this Section 5 shall be in addition to any liability which any party may otherwise have to any other party.

## ARTICLE VI

## GENERAL PROVISIONS

(a) Registered Holder. A person or entity is deemed to be a holder of Registrable Shares whenever such person or entity owns of record such Registrable Shares. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Shares, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Shares.

(b) Successor, Assigns and Transferees. This Agreement shall not be assignable or otherwise transferable by a party without the prior consent of the other parties, and any attempt to so assign or otherwise transfer this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon the respective successors and assigns of the parties hereto. Nothing in this Agreement shall be construed as giving any Person, other than the parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

(c) Amendment and Waiver. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by an instrument in writing, signed by the party against which enforcement of such amendment, discharge, waiver or termination is sought.

(d) No Failure or Delay. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

(e) Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be delivered in person, sent by facsimile or mailed by certified or registered mail; return receipt requested, addressed as follows:

If to the Purchaser, to:
Earth's Best, Inc.
c/o H.J. Heinz Company
1062 Progress Street
Pittsburgh, PA 15230
Telecopier No.: (412) 237-3523
Attention: Francis W. Daily, Jr.

with a copy to:
H.J. Heinz Company
600 Grant Street
Pittsburgh, PA 15219
Telecopier No.: (412) 4566102
Attention: Vice President - Legal Affairs

If to the Company, to:
The Hain Food Group, Inc.
50 Charles Lindbergh Boulevard
Uniondale, NY 11553
Telecopier No.: (516) 237-6240
Attention: President

with a copy to:
Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Telecopier No.: (212) 269-5420
Attention: Roger Meltzer, Esq.

or, in any such case, at such other address or addresses as shall have been furnished in writing by such party to the others. All notices, requests, consents and other communications hereunder shall be deemed to have been duly given or served on the date on which personally delivered or on the date actually received, with receipt acknowledged.

(f) Choice of Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

(g) Entire Agreement. This Agreement, the Purchase Agreement, the Acquisition Agreement and the Investor's Agreement constitute the sole and entire agreement of the

parties with respect to the subject matter hereof and supersede any and all prior or contemporaneous agreements, discussions, representations, warranties or other communications.

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

(i) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms to the fullest extent permitted by law.

(j) Termination. This Agreement shall terminate and be of no further force or effect when there shall not be any Registrable Shares, except Sections 5 and 6(f) and (g) shall survive any such termination.

(k) Headings. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting any term or provisions of this Agreement.

IN WITNESS WHEREOF, the Company and the Purchaser have caused this Agreement to be duly executed as of the date first above written.

THE HAIN FOOD GROUP, INC.

By: /s/ Irwin D. Simon
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Name: Irwin D. Simon
Title: President and
Chief Executive Officer

EARTH'S BEST, INC.

By: /s/ Robert Yoshida
---
Name: Robert Yoshida
Title: President

EXHIBIT 10.4

# PURCHASE AND SALE AGREEMENT

This Agreement dated September 24, 1999 by and among The Hain Food Group, Inc., a Delaware corporation, located at 50 Charles Lindbergh Boulevard, Uniondale, New York 11553 ("Hain"), Earth's Best, Inc., an Idaho corporation, located at 877 West Main Street, Suite 510, Boise, Idaho 83702 ("EB") and H. J. Heinz Company, a Pennsylvania corporation and parent corporation of EB, located at 600 Grant Street, Pittsburgh, Pennsylvania 15219 ("Heinz").

WITNESSETH:

WHEREAS, Hain and Heinz entered into that certain Licensing and Profit Sharing Agreement dated April 1, 1999 (the "License Agreement"), wherein Heinz USA, a division of Heinz, as licensee to EB, granted an exclusive sublicense to Hain to utilize the United States trademarks owned by EB in connection with the manufacture, marketing, sale and distribution of Certified Organic food products through Retail Foods Channels and Natural Foods Channels; Any capitalized terms not otherwise defined herein shall have the meanings ascribed in the License Agreement ;

WHEREAS, Hain is now desirous of entering into an agreement wherein Hain acquires all of the Trademarks (as herein defined) which are owned by EB and where such agreement shall supersede the License Agreement in its entirety other than with respect to those terms which expressly survive the termination of that License Agreement;

WHEREAS, EB and Heinz are desirous of selling the Trademarks to Hain pursuant to the terms set forth herein (the "Acquisition");

WHEREAS, concurrently with the Acquisition, EB and Hain is entering into that certain Securities Purchase Agreement dated September 24, 1999, together with all Exhibits and Schedules thereto (the "Stock Purchase Agreement");

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:



## ARTICLE I

## Definitions

"Acquisition Shares" shall have the meaning specified in Section 3.1.

"Affiliate" means a person, firm or corporation, which directly or indirectly, alone or through one or more intermediaries, controls, or is controlled by, or is under common control with a specified person, firm or corporation.

"Agreement" shall mean this Agreement between Hain and EB as originally executed and delivered, as the same may be amended or supplemented in accordance with the provisions hereof, together with all Exhibits and Schedules made a part hereof by the references thereto.

"Closing" and "Closing Date" shall have the respective meanings specified in Section 4.1.

"Trademarks" shall mean all United States and foreign pending trademark applications and registrations owned by EB (as set forth on Schedule A attached hereto), together with all goodwill associated therewith as well as all label and package designs embodying the trademarks and any unregistered trademark rights or common law trademark rights and all rights of copyright in all labels, packaging and packaging designs and components thereof which EB may have throughout the world, including all renewals thereof; and the right to sue and to recover damages or other appropriate relief for all past infringements of the foregoing and further provided that any and all intellectual property assets and rights owned by Heinz and Heinz Affiliates (other than EB) shall be expressly excluded from this definition of Trademarks.

## ARTICLE II

## Transfer of Assets

Section 2.1 Transfer of Assets. On the terms and subject to the conditions set forth in this Agreement, EB shall assign, transfer, deliver and convey to Hain the Trademarks (as herein defined).

ARTICLE III

Consideration

Section 3.1 Consideration. As consideration for the purchase of the Trademarks, Hain shall pay to Heinz on the Closing Date an amount equal to Twenty-Two Million Dollars ($22,000,000) consisting of: (i) Four Million Six Hundred Twenty Thousand Dollars ($4,620,000) in cash by wire transfer of immediately available United States funds to an account designated in writing by EB and (ii) 670,234 shares of common stock of Hain, par value $.01 per share (the "Acquisition Shares");

Section 3.2 Allocation of Consideration. The amount paid to EB pursuant to Clause 3.1, hereto, Twenty-Two Million Dollars ($22,000,000), represents the fair market value of the Trademarks. Each of EB and Hain agree that (i) such amount will be allocated to the Trademarks in accordance with the requirements of Section 1060 of the U.S. Internal Revenue code, and the regulations thereunder and (ii) all appropriate tax filings will be made on a basis consistent with the allocation referenced above.

Section 3.3 Legends. Each certificate representing the Acquisition Shares shall bear the following legend in addition to any other legend that may be required from time to time under applicable law or pursuant to any other contractual obligation:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF (A "TRANSFER") EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF AN INVESTOR'S AGREEMENT DATED SEPTEMBER 24, 1999 BY AND BETWEEN THE HAIN FOOD GROUP, INC. ("HAIN") AND EARTH'S BEST, INC. ("EBI"). SUCH SECURITIES ARE ALSO SUBJECT TO A REGISTRATION RIGHTS AGREEMENT DATED SEPTEMBER 24, 1999 BY AND BETWEEN HAIN AND EBI. ANY TRANSFEREE OF THESE SECURITIES TAKES SUBJECT TO THE TERMS OF SUCH AGREEMENTS, A COPY OF EACH OF WHICH IS ON FILE WITH HAIN.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR STATE SECURITIES LAWS AND NO TRANSFER OF THESE SECURITIES MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, OR (B) PURSUANT TO AN EXEMPTION THEREFROM WITH RESPECT TO WHICH HAIN MAY, UPON REQUEST, REQUIRE A SATISFACTORY OPINION

OF COUNSEL FOR THE HOLDER THAT SUCH TRANSFER IS EXEMPT FROM THE REQUIREMENTS OF THE ACT.

## ARTICLE IV

## Closing

Section 4.1 Closing Date. The closing of the transaction contemplated hereby (the "Closing") shall take place at the offices of Davis, Polk & Wardwell, 450 Lexington Ave., New York, New York 10017, or as soon thereafter as practicable, but not later than the fifth business day after the satisfaction or waiver of the conditions set forth herein and in Article III of the Stock Purchase Agreement, or at such other location, date and time as may be mutually agreed upon between EB and Hain. The day on which the Closing actually takes place is referred to herein as the "Closing Date". The Closing shall be deemed to have occurred on the close of business on the Closing Date.

Section 4.2 EB Closing Deliverables. At the Closing, EB shall deliver to Hain the following:

(a) a duly executed General Assignment of all Trademarks as set forth in Schedule 4.2 attached hereto;

(b) duly executed U.S. and foreign trademark assignments for each specified jurisdiction as set forth in Schedule A attached hereto;

(c) the officer's certificate and documents referred to in Section 7.1(c);

(d) a duly executed assignment for that certain Distribution Agreement dated May 17, 1997, as amended, by and between EB and Nutrimedic PTE, Ltd.;

(e) all other documents referenced in the Stock Purchase Agreement which may be required for the issuance of the Acquisition Shares;

(f) a notice of termination of the License Agreement which shall include mutually agreeable provisions relative to the payments required under the terms of such Agreement;

(g) a notice of termination of that certain license agreement dated March 7, 1996 by and between EB and Heinz U.S.A, a division of H.J. Heinz Company ("the HUSA Agreement).

Section 4.3 Hain Closing Deliverables. At the Closing, Hain shall deliver to EB the following:

(a) the cash consideration set forth in Section 3.1;

(b) stock certificates in definitive form, registered in the name of EB or its designee, representing the Acquisition Shares;

(c) the officer's certificate and documents referred to in Section 7.2 (c);

(d) a consent agreement evidencing Hain's consent to Heinz Affiliates' continued distribution and manufacture (as applicable) of EB products in each of Canada, Australia and New Zealand from the Closing Date for a period of the earlier of (i) sixty (60) days or (ii) until such time as the Service Agreement (as defined herein) is finalized and executed by Hain and Heinz;

(e) all other documents referenced in the Stock Purchase Agreement which may be required for the issuance of the Acquisition Shares.

## ARTICLE V

## Representations and Warranties

Section 5.1 Representations and Warranties of EB.

(a) Incorporation. EB is a corporation duly organized, validly existing and in good standing under the laws of the State of Idaho and, except as provided in Section 9.5, shall remain in valid existence and in good standing under the laws of the State of Idaho after the Closing Date, for at least seven (7) years.

(b) Authority. EB has all requisite power and authority to execute and deliver this Agreement and any other agreements required or contemplated to be executed and delivered hereby, and to perform its obligations hereunder and thereunder. The execution, delivery and performance of the terms of this Agreement has been duly authorized by the Board of Directors of EB, and no other corporate act or proceeding on the part of EB or Heinz is necessary to approve the execution, delivery and performance of this Agreement.

(c) Execution and Binding Effect. This Agreement has been, and at Closing will be, duly executed and delivered by a duly authorized officer of EB and constitutes, and at Closing will constitute, the legally valid and binding obligations of EB, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy,

moratorium, insolvency, reorganization, liquidation or other laws relating to or affecting creditors' rights or by equitable principles.

(d) Trademarks.

(i) Attached as Schedule A is a listing and description of all United States and foreign pending trademark applications and issued registrations which are owned by EB;

(ii) Except as set forth in Schedule 5.1

(A) EB is the owner of all right, title and interest in and to each of the Trademarks;

(B) EB has not licensed or granted any party the right to use any of the Trademarks;

(C) All of the United States registered trademarks are valid and enforceable and are free and clear of all liens, security interests, charges, encumbrances, equities and other adverse claims;

(D) The United State trademark application, #75/480,504, is valid and upon issuance will be enforceable.

(E) The Canadian registered trademark is valid and enforceable and is free and clear of all liens, security interests, charges, encumbrances, equities and other adverse claims;

(F) The Canadian trademark application is valid and upon issuance will be enforceable;

(G) There are no current claims or proceedings pending or, to the knowledge of EB, threatened which challenge the rights of EB in any respect in and to any of the United States and Canadian trademark applications and registrations;

(H) As to Trademarks in jurisdictions other than the United States and Canada, to the knowledge of EB, EB has received no written notice of any current claims or proceedings pending in any respect in and to any of such Trademarks.

(I) To the knowledge of EB, none of the Trademarks are infringed by any trademark or tradename owned or used by another party;

(J) To the knowledge of EB, there are no orders, decrees, judgments or stipulations pending against or affecting the Trademarks.

(e) Litigation. There is no action, suit or proceeding pending or threatened against or affecting EB, in any of its rights or assets before any court or arbitrator or any governmental body, agency or official which seeks to prohibit or could adversely affect the ability of EB to enter into this Agreement or perform its obligations hereunder.

(f) Contravention. The execution, delivery and performance of this Agreement by EB and the consummation of the transactions contemplated hereby and thereby do not, or if to be executed at Closing will not, (i) contravene, violate or result in a breach of the Certificate of Incorporation or bylaws of EB or any order, judgment or decree to which EB is subject or bound; (ii) require the filing with, consent, waiver, approval, license or authorization of any governmental or public authority, except in connection with the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or in connection with filings with the SEC and state securities administrators; (iii) require the consent or approval not heretofore obtained of any shareholder, security holder or creditor of EB; or (iv) result in a contravention, violation or breach of any law or regulation or any agreement, license, permit, indenture or other instrument to which EB or any of its property is subject or bound.

(g) Brokers and Finders. Neither EB nor Heinz has employed any broker or finder or incurred liability for any brokerage fees or commissions or finders fees in connection with the transactions contemplated by this Agreement.

Section 5.2 Representations and Warranties of Hain. Hain hereby represents and warrants to EB as follows:

(a) Incorporation. Hain is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authority. Hain has all requisite power and authority to execute and deliver this Agreement and any other agreements required or contemplated to be executed and delivered hereby, and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement has been duly authorized by the Board of Directors of Hain, and no other corporate act or proceeding on the part of Hain is necessary to approve the execution, delivery and performance of this Agreement and any other agreements required or contemplated to be executed and delivered hereby.

(c) Execution and Binding Effect. The Agreement has been, and at Closing will be, duly executed and delivered by a duly authorized officer of Hain and constitutes, and at Closing will constitute, the legally valid and binding obligations of Hain, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization, liquidation or other laws relating to or affecting creditors' rights or by equitable principles.

(d) Litigation. There is no action, suit or proceeding pending or threatened against or affecting Hain or any of its rights or assets before any court or arbitrator or any governmental body, agency or official which seeks to prohibit or could adversely affect the ability of Hain to enter into this Agreement or perform its obligations hereunder or which in any manner draws into question the validity of this Agreement.

(e) No Contravention. The execution, delivery and performance of this Agreement by Hain and the consummation of the transactions contemplated hereby and thereby do not, or if to be executed at Closing will not, (i) contravene, violate or result in a breach of the Certificate of Incorporation or bylaws of Hain or any order, judgment or decree to which Hain is subject or bound; (ii) require the filing with, consent, waiver, approval, license or authorization of any governmental or public authority, except in connection with the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or in connection with filings with the SEC and state securities administrators; (iii) require the consent or approval not heretofore obtained of any shareholder, security holder or creditor of Hain; or (iv) result in a contravention, violation or breach of any law or regulation or any agreement, license, permit, indenture or other instrument to which Hain or any of its property is subject or bound.

(f) Brokers and Finders. Except as set forth in Schedule 5.2(f), Hain does not have any brokerage fees or commissions or finders fees in connection with the transactions contemplated by this Agreement.

## ARTICLE VI

## Covenants

Section 6.1 Covenants of EB. EB hereby covenants and agrees with Hain as follows:

(a) Access; Confidential Information. From the date hereof until the Closing Date, EB shall furnish to Hain and its representatives all information relating to the

Trademarks, reasonably requested by Hain; provided however, that nothing contained herein shall require EB, unless approved for release by counsel, to furnish to Hain any marketing, cost and/or pricing information. Any confidential information furnished to Hain prior to or following the Closing shall be subject to the terms of the Confidentiality Agreement entered into between Heinz USA, a division of H. J. Heinz Company ("HUSA") and Hain dated August 23, 1999 and the terms of the Confidentiality Agreement dated September 1, 1999 entered into between HUSA and Hain, respectively (such agreements shall be collectively referred to as the "Confidentiality Agreements"). The provisions of such Confidentiality Agreements shall survive any termination of this Agreement.

(b) Maintenance and Administration of Trademarks. From the date hereof until the Closing Date, EB shall maintain and administer the Trademarks in the ordinary course of business. Thereafter, EB shall reasonably cooperate with Hain in the confirmation of recordation of the appropriate chain-of-title documents to enable Hain to properly file and record the assignments pursuant to Section 6.2(e). Further, EB shall maintain the trademark applications depicted as Reference # T02096USO and Reference #T03045USO in Schedule A attached hereto through the Closing Date and shall abandon such trademark applications as soon as practicable after the Closing Date and Hain's filing of such trademark applications pursuant to Section 6.2(f).

(c) Reasonable Best Efforts; Notifications. EB shall use its best reasonable efforts to fulfill its conditions to Closing and otherwise to consummate the transactions contemplated by this Agreement. Prior to Closing, EB shall as promptly as reasonably practicable notify Hain in writing of the occurrence of any event as to which it obtains knowledge that is reasonably likely to result in the failure of a condition specified in Section 7.1.

(d) Preservation of Records. EB shall preserve and, during regular business hours and upon reasonable notice, make available to Hain and its representatives for inspection and copying all agreements, records, books and other documents pertaining to the Trademarks.

(e) Conduct of Business. Except as provided in Section 9.5, EB shall remain in valid existence and in good standing under the laws of the State of Idaho after the Closing Date for at least seven (7) years.

(f) Termination of Agreements. EB shall terminate the License Agreement and the HUSA Agreement as of the Closing Date.

(g) Change of Name. EB shall change its corporate name from Earth's Best, Inc. to a name which is not confusingly similar to Earth's Best, Inc. and which, at a

minimum does not include the words "Earth's", "Best", or a combination thereof. In addition, EB shall not hereafter adopt or otherwise use any trademark, service mark or tradename confusingly similar to "Earth's Best".

Section 6.2 Covenants of Hain. Hain hereby covenants and agrees with EB as follows:

(a) Reasonable Best Efforts; Notifications. Hain shall use its best reasonable efforts to fulfill its conditions to Closing and otherwise to consummate the transactions contemplated by this Agreement. Prior to Closing, Hain shall as promptly as reasonably practicable, notify EB in writing of the occurrence of any event as to which it obtains knowledge that is reasonably likely to result in the failure of a condition specified in Section 7.2.

(b) Preservation of Records. Hain shall preserve and, during regular business hours and upon reasonable notice, make available to EB and its representatives for inspection and copying all agreements, records, books and other documents pertaining to the transactions contemplated by this Agreement.

(c) Consent to Distribution of EB Products. Hain shall consent to Heinz Affiliates' continued distribution and manufacture (if applicable) of EB products in each of Canada, Australia and New Zealand from the Closing Date for a period of the earlier of (i) sixty (60) days or (ii) until such time as the Service Agreement (as defined herein) is finalized and executed by Hain and Heinz.

(d) Assumption of Third Party Agreement. Hain shall assume EB's obligations under that certain Distribution Agreement dated May 17, 1997 by and between Nutrimedic PTE Ltd. and EB.

(e) Recordation of Assignments. Hain shall be responsible for the filing and recordation of all U.S. and foreign trademark assignments in the relevant filing offices and shall pay all costs and fees associated therewith.

(f) Filing of Pending Trademark Applications. On the Closing Date, Hain shall file trademark applications in the United States Trademark Office for Reference #T02096USO and #T03045USO for the designated Classes and Description of Goods for Earth's Best and Earth's Best in Farm Design as set forth in Schedule A attached hereto.

ARTICLE VII

CONDITIONS

Section 7.1 Conditions to Hain's Obligations. The obligations of Hain under this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions, any of which may be waived in whole or in part by Hain:

(a) Accuracy of Representations and Warranties. The representations and warranties of EB contained in this Agreement shall be true and correct in all material respects on the date hereof and as of the Closing Date with the same effect as though such representations and warranties had been made or given again at and as of the Closing Date (except for any representation or warranty expressly stated to have been made or given as of a specified date, which, at the Closing Date, shall be true and correct as of the date expressly stated).

(b) Performance of Agreements. EB shall have performed and complied in all material respects with all of its agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

(c) Certificates. EB shall have delivered to Hain (i) a certificate of its President or any Vice President dated the Closing Date and certifying the fulfillment of the conditions set forth in this Section 7.1(a) and (b). EB shall have delivered to Hain (i) an incumbency certificate from the Secretary or an Assistant Secretary of EB and (ii) a copy of resolution of the Board of Directors of EB certified by the Secretary or an Assistant Secretary, authorizing and approving the transaction contemplated herein.

(d) Consents. Any notices to, and declarations, filings and registrations with, and consents, approvals and waivers from governmental and regulatory agencies necessary in order to consummate the transactions contemplated hereby shall have been obtained, including expiration of the Hart-Scott-Rodino waiting period.

(e) No Injunction. No preliminary or permanent injunction or other order shall have been issued by any court of competent jurisdiction, or by any governmental or regulatory body, which prevents the consummation of the transactions contemplated in this Agreement.

(f) Closing Deliveries. EB shall have delivered to Hain all deliveries to be made to it pursuant to Section 4.2.

Section 7.2 Conditions to EB's Obligation. The obligations of EB under this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions, all or any of which may be waived in whole or in part by EB:

(a) Accuracy of Representations and Warranties. The representations and warranties of Hain contained in this Agreement shall be true and correct in all material respects on the date hereof and as of the Closing Date with the same effect as though such representations and warranties had been made or given again at and as of the Closing Date (except for any representation or warranty expressly stated to have been made or given as of a specified date, which, at the Closing Date, shall be true and correct in all material respects as of the date expressly stated).

(b) Performance of Agreements. Hain shall have performed and complied in all material respects with all of its agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

(c) Certificates. Hain shall have delivered to EB a certificate of its President or any Vice President dated the Closing Date and certifying the fulfillment of the conditions set forth in this Section 7.2(a) and (b). Hain shall have delivered to EB (i) an incumbency certificate from the Secretary or an Assistant Secretary of Hain and (ii) a copy of the Board of Directors' resolutions of Hain certified by the Secretary or an Assistant Secretary, authorizing and approving the transaction contemplated herein.

(d) Consents. Any notices to, and declarations, filings and registrations with and consents, approvals and waivers from governmental and regulatory agencies necessary in order to consummate the transactions contemplated hereby shall have been obtained, including expiration of the Hart-Scott-Rodino waiting period.

(e) No Injunction. No preliminary or permanent injunction or other order shall have been issued by any court of competent jurisdiction, or by any governmental or regulatory body, which prevents the consummation of the transactions contemplated in this Agreement.

(f) Closing Deliveries. Hain shall have delivered to EB all deliveries to be made to it pursuant to Section 4.3.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Survival of Representations and Warranties and Obligations. All representations, warranties, agreements, covenants and obligations made or undertaken by the parties in this Agreement or in any document or instrument executed and delivered pursuant hereto (including the exceptions to any representations or warranties) shall survive the Closing hereunder and shall not merge in the performance of any obligation by any party hereto, and will remain in full force and effect unless, in respect of any agreement or covenant, some specified period is set forth in this Agreement or in any document or instrument executed and delivered pursuant hereto.

Section 8.2 Indemnification by EB. Hain and its officers, directors, employees, successors and assigns shall be indemnified and held harmless by EB from any and all liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, reasonable legal costs and expenses), after taking into account any tax benefit with respect thereto, actually suffered or incurred by it actually arising out of or resulting from:

(a) the breach of any representation or warranty by EB contained herein; or

(b) the breach of any covenant or agreement by EB contained herein or in any document delivered hereunder at the Closing;

collectively ("Hain Losses").

Section 8.3 Indemnification by Hain. EB and its respective officers, directors, employees, successors and assigns shall be indemnified and held harmless by Hain from any and all liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, reasonable legal costs and expenses), after taking into account any tax benefit with respect thereto, actually suffered or incurred by it actually arising out of or resulting from:

(a) the breach of any representation or warranty by Hain contained herein; or

(b) the breach of any covenant or agreement by Hain contained herein or in any document delivered hereunder at the Closing;

collectively ("EB Losses").

Section 8.4 Indemnification Procedures. (a) For the purposes of this Section 8.4, the term "Indemnitee" shall refer to the person indemnified, or entitled, or claiming to be entitled to be indemnified, pursuant to the provisions of Section 8.2 or 8.3, as the case may be; the term "Indemnitor" shall refer to the person having the obligation to indemnify pursuant to such provisions; and "Losses" shall refer to the "Hain Losses" or the "EB Losses", as the case may be.

(b) An Indemnitee shall give written notice (a "Notice of Claim") to the Indemnitor within ten (10) business days after the Indemnitee has knowledge of any claim (including a Third Party Claim, as hereinafter defined) which an Indemnitee has determined has been given or could give rise to a right of indemnification under this Agreement. No failure to give such Notice of Claim within ten (10) business days as aforesaid shall affect the indemnification obligations of the Indemnitor hereunder, except to the extent Indemnitor can demonstrate such failure materially prejudiced such Indemnitor's ability to successfully defend the matter giving rise to the claim. The Notice of Claim shall state the nature of the claim, the amount of the Loss, if known, and the method of computation thereof, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises.

(c) The obligations and liabilities of an Indemnitor under this Article VIII with respect to those losses arising from claims of any third party that are subject to the indemnification provisions provided for in this Article VIII ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: The Indemnitee at the time it gives a Notice of Claim to the Indemnitor of the Third Party Claim shall advise the Indemnitor that it shall be permitted, at its option, to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives prompt notice of its intention to do so to the Indemnitee and confirms that the Third Party Claim is one with respect to which the Indemnitor is obligated to indemnity. In the event the Indemnitor exercises its right to undertake the defense against any such Third Party Claim as provided above, the Indemnitee shall cooperate with the Indemnitor in such defense and make available to the Indemnitor all witnesses, pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitor and the Indemnitee may participate by its own counsel and at its own expense in defense of such Third Party Claim. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnitor shall cooperate with the Indemnitee in such defense and make available to it all such witnesses, records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitee and the Indemnitor may participate by its own counsel and at its own expense in defense of such Third Party Action. Except for the settlement of a Third Party Claim which involves the payment of money only, no Third Party Claim may be settled by the Indemnitor without the written consent of the Indemnitee, which consent shall not be unreasonably withheld or de-

layed. No Third Party claim may be settled by the Indemnitee without the written consent of the Indemnitor, which consent shall not be unreasonably withheld or delayed.

## ARTICLE IX

## MISCELLANEOUS

Section 9.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Hain and EB; or

(b) by either party if the Closing shall not have occurred by December 31, 1999, provided however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any party whose failure to perform any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date; or

(c) by either party upon the occurrence of any of the adverse events described in Section 7.1(e) or Section 7.2(e).

In the event of termination of this Agreement by either or both of the parties pursuant to this Section 9.1, written notice thereof shall forthwith be given to the other party specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become void and there shall be no liability on the part of the parties hereto (or their respective officers, directors or affiliates) except (a) as set forth in Section 9.2 hereof and (b) nothing herein shall relieve either party from liability for any breach hereof. The parties acknowledge that, in the event this Agreement is terminated in accordance with this Section 9.1, the Confidentiality Agreements shall remain in full force and effect.

Section 9.2 Expenses. All costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred. The parties agree that all costs and expenses including, without limitation, fees and disbursements of counsel, incurred in connection with the filing and recordation of the U.S. and foreign trademark assignments referred to in Sections 4.2(b) and 6.2(e) shall be borne by Hain.

Section 9.3 Waiver. The accuracy of any representation or warranty, the performance of any covenant or agreement or the fulfillment of any condition of this Agreement by Hain on the one hand or EB on the other, may be expressly waived in writing by Hain or EB, as appropriate. Any waiver hereunder shall be effective only in the specific instance and for the purpose for which given. No failure or delay on the part of Hain or EB in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.4 Consents. Whenever this Agreement requires a permit or consent by or on behalf of either party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in Section 9.3.

Section 9.5 Assignment; Parties in Interest. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of, and be enforceable by, the parties hereto and their respective permitted successors and assigns, but neither this Agreement nor any of the rights, interests or obligations herein shall be assigned, including by operation of law or otherwise, by Hain without the prior written consent of EB; except that EB shall not unreasonably withhold its consent to the assignment of this Agreement. This Agreement may be assigned by EB by operation of law or otherwise without the consent of Hain. Nothing contained in this Agreement shall prevent any consolidation of EB and/or Heinz with, or merger of EB and/or Heinz into, any other corporation or corporations (whether or not affiliated with EB and/or Heinz), or shall prevent any sale, transfer or conveyance of the shares of EB and/or Heinz or the property of EB and/or Heinz as an entirety or substantially as an entirety to any person, or the assumption by another corporation of any of the obligations of EB hereunder. EB shall respond to any written request made by Hain under this Section 9.5 within twenty (20) days following receipt thereof.

Section 9.6 Further Assurances. Each of the parties hereto agrees that, from and after the Closing, upon the reasonable request of any other party hereto and without further consideration, such party will execute and deliver to such other party such documents and further assurances and will take such other actions (without cost to such party) as such other party may reasonably request in order to carry out the purpose and intention of this Agreement.

Section 9.7 Entire Agreement. This Agreement and the Stock Purchase Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to the subject matter

hereof. This Agreement shall supersede the License Agreement. However, that certain Co-Pack Agreement by and between Hain and Heinz dated April 1, 1999, shall not be superseded and shall remain in full force and effect until such time as the parties have negotiated and entered into that certain service agreement for procurement, manufacturing and logistics (i.e. warehousing, handling and distribution) of food products (the "Service Agreement").

Section 9.8 Amendment. This Agreement may be amended or modified in whole or in part only by a duly authorized written agreement that refers to this Agreement and is signed by the parties hereto or by their duly appointed representatives or successors.

Section 9.9 Limitations on Rights of Third Parties. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any person other than the parties hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby.

Section 9.10 Captions. The captions in this Agreement are inserted for convenience of reference only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 9.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

Section 9.12 Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and will be deemed to have been duly given if personally delivered or telecopied or on the date of receipt indicated on the return receipt if delivered or mailed (registered or certified mail, postage prepaid, return receipt requested) as follows:

Earth's Best, Inc.
877 West Main Street
Suite 510
Boise, Idaho 83702
Telecopy Number: (412) 237-3914

Attn: President

With a copy to:

Heinz U.S.A.
1062 Progress Street

Pittsburgh, PA 15212
Telecopy Number: 412-237-5377

Attention: President

With a copy to:

H. J. Heinz Company
600 Grant Street
Pittsburgh, Pennsylvania 15219
Telecopy Number: 412-456-6102

Attention: Senior Vice President and General Counsel

If to Hain:

The Hain Food Group, Inc.
50 Charles Lindbergh Boulevard
Uniondale, New York 11553
Telecopy Number: 516-237-6277

Attention: Senior Vice President Finance

With a copy to:

Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Telecopy Number 212-269-5420

Attention: Roger Meltzer, Esq.

or to such other address as the person to whom notice is to be given may have previously furnished to the other in writing in the manner set forth above.

Section 9.13 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania without regard to its provisions concerning conflicts or choice of law.

Section 9.14 Transfer Taxes. All excise, sales, value added, use, registration, stamp, transfer and similar taxes, levies, charges and fees incurred in connection with this Agreement and the transactions contemplated hereby, shall be shared equally by the

parties. The parties shall cooperate in providing each other appropriate resale exemption certificates and other appropriate tax documentation.

Section 9.15 Public Announcements. All public announcements relating to this Agreement or the transactions contemplated hereby shall be made at such time and in such manner as the parties hereto shall mutually agree, except that nothing in this Agreement shall prevent a party hereto from making any disclosure in connection with the transactions contemplated by this Agreement to the extent required by law or to the extent required by any securities exchange on which a party has listed its securities provided that prior notice of such disclosure is given to the other party.

Section 9.16 Heinz Guaranty. Heinz hereby guarantees the prompt performance by EB of its covenants and obligations hereunder. In the event of nonperformance by EB of any such covenants or obligations, Heinz shall promptly perform or cause EB to promptly perform such covenants and obligations. Heinz shall be entitled to the benefit of all defenses to and limitations on the guaranteed covenants and obligations to the same extent EB would have had such benefit, except that in no event shall the validity of this guarantee or the obligations of EB be in any way terminated, affected or impaired by its dissolution or the rejection of such obligations under any bankruptcy, insolvency or similar laws, now or hereafter enacted.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of Hain, EB and Heinz as of the date first above written.

THE HAIN FOOD GROUP, INC.

By: /s/ Irwin D. Simon
---
Name: Irwin D. Simon
Title: President

EARTH'S BEST, INC.

By: /s/ Robert Yoshida
---
Name: Robert Yoshida
Title: President

H. J. HEINZ COMPANY

By: /s/ Paul F. Renne
---
Name: Paul F. Renne
Title: Executive Vice President
and Chief Financial Officer

Exhibit 20

NEWS RELEASE

# Heinz to Acquire 19.5% of Hain Food Group; Global strategic Alliance Part of Heinz and Hain Growth Strategies; Hain Acquires Earth's Best Baby Food Brand from Heinz

Pittsburgh, PA and Uniondale, NY -- September 27, 1999 -- H.J. Heinz Company (NYSE:HNZ) and The Hain Food Group, Inc. (Nasdaq:HAIN) today announced an agreement to form a strategic alliance for the global production and marketing of natural and organic foods and soy-based beverages. This nearly $100 million investment by Heinz will give it a minority stake (19.5% or 3.5 million shares) in Hain and was based on a per-share purchase price in excess of the $28.4375 closing price of Hain stock on Friday, September 24, 1999. Further, Heinz will provide procurement, manufacturing and logistic expertise while Hain will provide marketing, sales and distribution services.

The natural and organic food category represents a $20 billion U.S. business growing at 15 to 18 percent annually. Hain is projecting more than $300 million for the current year, following revenues of $206 million in the year ended June 30, up from $104 million the prior year. Hain is the U.S.A.'s leading natural and organic food company, with more than 3,500 products offered under such well-known names as Health Valley cereal, bakery and soups; Terra Chip snacks; and Westsoy, the largest soy beverage marketer.

"This strategic alliance thrusts Heinz into the natural and organic food segment, which is among the fastest growing in the international food industry. Heinz is the first major U.S. food company to gain such direct access to natural food retail stores. We see attractive opportunities for us in our global markets," explained William R. Johnson, Heinz president and chief executive officer. "We will marry Heinz's great strength and scale in low-cost international procurement, manufacturing and logistics with Hain's talent and success in the marketing, sales and distribution to specialty food outlets. The resulting sales growth and cost synergies will benefit shareholders of both Heinz and Hain and will be accretive to the earnings per share of both companies in the first year."

As part of the strategic alliance, Heinz will be represented on the expanded Hain board of directors by Joseph Jimenez, president and CEO of Heinz North America, and Malcolm



Ritchie, executive vice president of the H.J. Heinz Company and president Heinz Europe. Heinz and Hain will exchange some technical and management personnel in collaborative research and manufacturing programs. Additionally, Hain will acquire from Heinz the trademark and name for Earth's Best organic baby foods.

"I am happy that Hain has forged this alliance with one of the world's foremost food companies. Hain has been marketing and distributing Earth's Best products since 1998; we have increased sales by more than 25% and believe there is great global potential for the brand beyond infant feeding," noted Irwin Simon, president and CEO of Hain. "This alliance is a strategic fit with our expanding product line, and we have some of the strongest names in the natural and organic food industry with great growth opportunities internationally and domestically."

The $20 billion U.S. market for natural and organic foods includes $12 billion in sales in specialty stores (natural and organic food shops) and $8 billion through traditional supermarkets. Hain has number-one or number-two market shares in 11 of the top 15 natural and organic food categories.

"With growing consumer demand for natural and functional foods in North America, Heinz and Hain will form a powerful global team. This will enable Heinz to leverage the Hain sales and distribution network to drive functional food sales in North America," Mr. Jimenez said.

Mr. Simon added: "Traditional supermarkets, drug stores and mass merchandisers are rapidly expanding their natural and organic product offerings and, by joining with Heinz, we will grow and, at the same time, reach economies of scale in production and improve our supply chain. And, with the resources and global capabilities of Heinz, Hain will be positioned for the first time to

satisfy the growing international demand for healthy foods and snacks."

"We expect to greatly extend our European sales in this segment as a result of the Hain partnership, which gives us access to the rapidly growing natural and organic food business, in addition to other items in the cereal, snack, condiment and baked goods categories," explained Mr. Ritchie.

The alliance with Hain complements Heinz's worldwide portfolio of brands that meet special nutritional needs. The $100 million Heinz range includes an array of gluten-free and

other special diet products made by Heinz Italy under the brand names Bi-Aglut, Aproten and Dieterba. Additionally, it offers Complan and Glucon D nutritional drink mixes, sold in India and parts of Europe and South Africa. "We will expand sales of these foods in the United States through Hain's outstanding marketing and distribution network," Mr. Simon explained.

"The goal of our strategic alliance is to heighten consumer awareness of the benefits of natural and organic food and make Heinz a global leader in this profitable segment of the industry," Mr. Jimenez said. "Heinz has been known as the pure food company since its founding. This partnership with Hain positions Heinz in the forefront of one of the leading consumer trends in the food industry."

Heinz and Hain have worked together on other products for the past two years. Hain manufactures, markets and sells certain Weight Watchers brand dry and refrigerated products under a 1997 licensing agreement with Heinz. The line includes salad dressings, canned soups, sauces, cookies and mayonnaise, among other items. Also in 1997, Hain acquired from Heinz the Alba Foods line of regular and non-fat dry milk products, cocoa mixes and dairy shakes.

This transaction is subject to customary regulatory approval.

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The above contains certain forward-looking statements which are based on management's current views and assumptions regarding future events and financial performance. For Heinz, reference should be made to the section "Forward-Looking Statements" in Item 1 of H.J. Heinz Company's Annual Report on Form 10-K for the fiscal year ended April 28, 1999 for a description of the important factors that could cause actual results to differ materially from those discussed above. For Hain, certain of the statements in this press release are forward looking in nature and, accordingly, are subject to risks and uncertainties. The actual results may differ materially from those described or contemplated.

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ABOUT HEINZ: With sales over $9 billion, H.J. Heinz Company is one of the world's leading food processors and purveyors of nu-

tritional services. Its 50 affiliates operate in some 200 countries, offering more than 5,700 varieties. Among the company's famous brands are Heinz, StarKist, Ore-Ida, 9-Lives, Weight Watchers, Wattie's, Plasmon, Farley's, Smart Ones, The Budget Gourmet, Rosetto, Bagel Bites, John West, Petit Navire, Skippy, Kibbles 'n Bits, Pounce, Wagwells, Nature's Recipe, Orlando, Olivine and Pudliszki. Information on Heinz is available at http://www.heinz.com.

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ABOUT HAIN: The Hain Food Group, headquartered in Uniondale, NY, is a natural, specialty and snack food company. The Company is a leader in many of the top 15 natural food categories, with such well-known natural food brands as Hain Pure Foods(R), Westbrae(R), Natural, Westsoy(R), Arrowhead Mills(R), Health Valley(R), Breadshop's(R), Casbah(R), Garden of Eatin(R), Terra Chips(R), DeBoles(R), Earth's Best(R), and Nile Spice. The company's principal specialty and snack food product lines include Hollywood(R) cooking oils, Estee(R) sugar-free products, Weight Watchers(R) dry and refrigerated products, Kineret(R) kosher foods, Boston Better Snacks(R), Harry's Premium Snacks and Alba Foods(R). Hain's Internet web site is www.thehainfoodgroup.com.

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