

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 1999

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-7647

HAWKINS CHEMICAL, INC.  
-----

(Exact name of registrant as specified in its charter)

MINNESOTA  
-----

41-0771293  
-----

(State or other jurisdiction of incorporation of organization) (I.R.S. Employer Identification No.)

3100 East Hennepin Avenue, Minneapolis, Minnesota 55413  
-----

(Address of principal executive offices) Zip Code

(612) 331-6910  
-----

Registrant's telephone number, including area code

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

Yes    X    No  
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class -----	Outstanding at August 12, 1999 -----
Common Stock, par value \$.05 per share	10,951,281

HAWKINS CHEMICAL, INC.

INDEX TO FORM 10-Q

	Page No.
	-----
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements:	
Condensed Balance Sheets - June 30, 1999 and September 27, 1998...	3
Condensed Statements of Income - Three Months and Nine Months Ended June 30, 1999 and 1998 .....	4
Condensed Statements of Cash Flow - Nine Months Ended June 30, 1999 and 1998.....	5
Notes to Condensed Financial Statements.....	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	7-9
Item 3. Quantitative and Qualitative Disclosures about Market Risk.....	10
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings.....	10
Item 6. Exhibits and Reports on Form 8-K.....	11
Exhibit Index.....	12
Financial Data Schedule.....	13

## PART I. FINANCIAL INFORMATION

## Item I. Financial Statements

HAWKINS CHEMICAL, INC.  
CONDENSED BALANCE SHEETS

	June 30, 1999 ----- (Unaudited)	September 27, 1998 ----- (Derived from audited financial statements)
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 2,664,858	\$ 3,197,015
Investments available-for-sale.....	17,251,752	14,543,929
Trade receivables-net.....	10,969,182	11,436,690
Notes receivable.....	291,513	271,027
Inventories.....	6,933,495	10,816,460
Other current assets.....	1,547,020	1,848,662
	-----	-----
Total current assets.....	39,657,820	42,113,783
Property, plant and equipment-net.....	18,839,709	18,423,489
Notes receivable-non current.....	2,925,227	3,302,923
Other assets.....	2,727,456	2,695,280
	-----	-----
Total	\$ 64,150,212	\$ 66,535,475
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable-trade.....	\$4,644,445	\$4,970,341
Current portion of long-term debt.....	95,362	89,123
Dividends payable.....		1,147,090
Other current liabilities.....	3,485,021	5,414,051
	-----	-----
Total current liabilities.....	8,224,828	11,620,605
Long-term debt.....	328,040	423,402
Deferred income taxes.....	1,017,500	1,011,500
Commitments and contingencies.....		
Shareholders' equity:		
Common stock, par value \$.05 per share; issued and outstanding, 10,951,281 and 11,450,895 shares respectively.....	547,564	572,545
Additional paid-in capital.....	40,129,749	41,960,535
Retained earnings.....	13,902,531	10,946,888
	-----	-----
Total shareholders' equity.....	54,579,844	53,479,968
	-----	-----
Total	\$ 64,150,212	\$ 66,535,475
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See accompanying Notes to Condensed Financial Statements.

HAWKINS CHEMICAL, INC.  
CONDENSED STATEMENTS OF INCOME

	Three Months Ended June 30		Nine Months Ended June 30	
	1999	1998	1999	1998
	(Unaudited)		(Unaudited)	
Net sales .....	\$ 24,959,934	\$ 25,719,653	\$ 71,034,944	\$ 70,703,030
Cost of sales .....	(18,353,963)	(19,537,731)	(53,999,756)	(54,514,634)
Gross profit .....	6,605,971	6,181,922	17,035,188	16,188,396
Selling, general and administrative ..	(2,894,343)	(2,805,881)	(7,900,237)	(7,526,496)
Litigation settlement reimbursement ..	97,708		2,851,708	
Income from operations .....	3,809,336	3,376,041	11,986,659	8,661,900
Other income (deductions):				
Interest income .....	276,843	301,764	826,914	963,513
Interest expense .....	(9,211)	(11,181)	(27,656)	(32,722)
Miscellaneous .....	(4,444)	16,823	(28,921)	50,608
Total other income (deductions)	263,188	307,406	770,337	981,399
Income before income taxes .....	4,072,524	3,683,447	12,756,996	9,643,299
Provision for income taxes .....	(1,631,800)	(1,454,200)	(5,101,300)	(3,799,500)
Net income .....	\$ 2,440,724	\$ 2,229,247	\$ 7,655,696	\$ 5,843,799
Weighted average number of shares outstanding .....	10,991,611	11,603,895	11,192,820	11,603,895
Earnings per share - basic and diluted.....	\$0.22	\$0.19	\$0.68	\$0.50

See accompanying Notes to Condensed Financial Statements.

HAWKINS CHEMICAL, INC.  
CONDENSED STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED JUNE 30	
	1999	1998
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income.....	\$ 7,655,696	\$ 5,843,799
Depreciation and amortization.....	1,465,723	1,357,843
Deferred income taxes.....	(12,800)	122,000
Other.....	(79,499)	(79,715)
Changes in certain current assets and liabilities..	2,415,989	(3,504,210)
	11,445,109	3,739,717
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment.....	(1,834,620)	(4,075,939)
Purchases and sales of investments-net.....	(2,707,823)	(2,410,955)
Payments received on notes receivable.....	357,210	234,643
	(4,185,233)	(6,252,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash dividends paid.....	(2,814,622)	(2,204,740)
Acquisition and retirement of stock.....	(4,888,288)	
Debt repayment.....	(89,123)	(59,928)
	(7,792,033)	(2,264,668)
DECREASE IN CASH AND CASH EQUIVALENTS	(532,157)	(4,777,202)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,197,015	8,065,021
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,664,858	\$ 3,287,819
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest.....	\$ 40,897	\$ 45,502
Cash paid for income taxes.....	\$ 4,113,666	\$ 4,624,487

See accompanying Notes to Condensed Financial Statements.

HAWKINS CHEMICAL, INC.  
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Prior to December 30, 1998, the basis of the financial statements presented included the accounts of Hawkins Chemical, Inc. and its wholly owned subsidiary, Hawkins Water Treatment Group, Inc. (the Company). All significant inter-company transactions and balances have been eliminated. Effective December 30, 1998 the subsidiary was merged into Hawkins Chemical, Inc.

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions for Form 10-Q and, accordingly, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended September 27, 1998, previously filed with the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments necessary to present fairly the Company's financial position and the results of its operations and cash flows for the periods presented. All adjustments made to the interim financial statements were of a normal recurring nature.

Effective September 28, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." For the periods presented, comprehensive income is the same as net income.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the 1998 Hawkins Chemical, Inc. Annual Report on Form 10-K, which is incorporated by this reference filed with the Securities and Exchange Commission on December 28, 1998.

2. The results of operations for the period ended June 30, 1999 are not necessarily indicative of the results that may be expected for the full year.
3. Inventories, principally valued by the LIFO method, are less than current cost by approximately \$1,274,000 at June 30, 1999. Inventory consists principally of finished goods. Inventory quantities fluctuate during the year. No material amounts of interim liquidation of inventory quantities have occurred that are not expected to be replaced by year-end.
4. During 1995, the Company had a fire in the office/warehouse of The Lynde Company, a former wholly owned subsidiary. Through the end of the fiscal year ended September 27, 1998, the Company had paid approximately \$2,728,000 in settlement and legal costs in connection with the Company's defense of a lawsuit filed against it as a result of the fire. The Company's insurers denied coverage and refused to defend the lawsuit. In the first quarter of fiscal 1999, the Company prevailed against its insurers to recover the legal and settlement costs in connection with the 1995 warehouse fire. Through the nine-month period ended June 30, 1999, the Company has received \$2,851,708, of which \$97,708 was received during the third quarter, which covers substantially all of its settlement and legal costs. The umbrella insurer has agreed to defend and indemnify the Company on remaining claims under the Settlement Agreement up to and in accordance with its policy limits of \$5,000,000. The Company's results of operations for the first nine months of fiscal 1999 include \$2,851,708 associated with this settlement.
5. During the nine-month period ended June 30, 1999, the Company acquired through open market purchases and retired 499,614 shares of its common stock for \$4,888,288.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS

Net sales decreased \$759,719, or 3.0%, in the third quarter of this fiscal year as compared to the same quarter a year ago, and increased \$331,914, or 0.5%, in the first nine months of fiscal 1999 as compared to the same period in fiscal 1998. The decrease in sales for the quarter is mainly attributable to selling price decreases of a single, large-volume product (caustic soda) which was partially offset by increased sales volumes in food additives, pharmaceuticals and most other product lines. Also contributing to the sales decrease was the above normal amount of rainfall in most of the areas we service. This decreased the chemical sales to the water treatment plants, waste treatment plants and municipal swimming pools that normally use large quantities of chemicals during the summer months. Municipalities normally pump approximately three times as much water in the summer months as in the winter months. Due to the heavier than normal rainfall, many of the municipalities were pumping what we would consider winter rates.

Gross margin, as a percentage of net sales, for the third quarter of this fiscal year was 26.5% compared to 24.0% for the same quarter one year ago, and 24.0% for the first nine months of this fiscal year, compared to 22.9% for the first nine months of fiscal 1998. These increases were mainly due to increased sales volumes in product lines which generally have a higher profit margin. Also contributing to the gross margin percentage increase was the decrease in the selling price of the single, large-volume product line mentioned above, where both the selling price and cost of the product had decreased from one year ago. The demand for this product does not fluctuate materially as the cost and selling price increases or decreases. The Company has generally been able to and expects to continue to adjust its selling prices as the cost of materials and other expenses change, thereby maintaining relatively stable dollar gross margins.

Selling, general and administrative expenses, as a percentage of net sales, for the third quarter of fiscal 1999 were 11.6% compared to 10.9% for the same quarter one year ago, and 11.1% for the first nine months of fiscal 1999 as compared to 10.6% for the first nine months of fiscal 1998. Stated as a percentage of the same period one year ago, the third quarter increase in such expenses was 3.2%, or \$88,462, and the nine-month increase was 5.0%, or \$373,741. These increases were mainly due to increased expenses for employee compensation and benefits, which make up the majority of the selling, general and administrative expenditures. Of the remaining expenses in this category, no single item is more than 6% of the total. Most of these remaining expenses fluctuate only slightly with sales.

During 1995, the Company had a fire in the office/warehouse of The Lynde Company, a former wholly owned subsidiary. Through the end of the fiscal year ended September 27, 1998, the Company had paid approximately \$2,728,000 in settlement and legal costs in connection with the Company's defense of a lawsuit filed against it as a result of the fire. The Company's insurers denied coverage and refused to defend the lawsuit. In the first quarter of fiscal 1999, the Company prevailed against its insurers to recover the legal and settlement costs in connection with the 1995 warehouse fire. Through the nine-month period ended June 30, 1999, the Company has received \$2,851,708, of which \$97,708 was received during the third quarter, which covers substantially all of its settlement and legal costs. The umbrella insurer has agreed to defend and indemnify the Company on remaining claims under the Settlement Agreement up to and in accordance with its policy limits of \$5,000,000. The Company's results of operations for the first nine months of fiscal 1999 include \$2,851,708 associated with this settlement.

Income from operations increased \$433,295, or 12.8%, in the third quarter and \$3,324,759, or 38.4%, in the first nine months of fiscal 1999 as compared to the same periods one year ago. The third quarter increase is primarily due to the gross profit increase. The nine-month increase is primarily attributable to the amounts received from the Company's insurers in connection with the 1995 fire referred to in the previous paragraph.

Interest income decreased \$24,921 in the third quarter of fiscal 1999 as compared to the same quarter one year ago and \$136,599 for the first nine months of this fiscal year as compared to the same period one year ago. These decreases are the result of investing a larger amount of the cash available for investment in tax-free municipal bonds, which generally have a lower rate of return, since earnings from them are not taxable for Federal income tax purposes. Interest expense decreased slightly in the third quarter and the first nine months of fiscal 1999 compared to the same periods one year ago due to the decline in the amount of long-term debt outstanding. Other

miscellaneous income (deductions) decreased as compared to the previous periods due to a gain on the sale of land and building in 1998.

#### LIQUIDITY AND CAPITAL RESOURCES

For the nine-month period ended June 30, 1999, cash flows from operations were \$11,445,109. This amount was \$7,705,392 higher than cash provided by operations during the same period one year ago, due mainly to an increase in net income and to changes in certain current assets and liability accounts discussed below. During the nine-month period ended June 30, 1999, the Company invested \$1,834,620 in property and equipment additions and increased investments available-for-sale by \$2,707,823.

Accounts receivable and accounts payable decreased during the first nine months of fiscal 1999. These decreases are typical for the first nine months of our fiscal year. Inventories decreased due mainly to lower quantities and costs of the single, large-volume product (caustic soda). The Company expects to restore these quantities by fiscal year end. Other current assets decreased due to a reduction in prepaid income taxes that existed at fiscal year end. Other current liabilities decreased as a result of the payment of benefit plan accruals that existed at fiscal year end. The Company did not issue any securities during the nine-month period ended June 30, 1999.

Through open market purchases, the Company acquired and retired 165,249 shares of common stock for \$1,482,716 during the quarter ended June 30, 1999 and 499,614 shares of common stock for \$4,888,288 during the nine-month period ended June 30, 1999.

The cash flows from operations, combined with the Company's strong cash position, puts the Company in a position to fund both short and long-term working capital and capital investment needs with internally generated funds. Management does not, therefore, anticipate the need to engage in significant financing activities in either the short or long-term. If the need to obtain additional capital does arise, however, management is confident that the Company's total debt-to-capital ratio puts it in a position to issue either debt or equity securities on favorable terms.

Although management continually reviews opportunities to enhance the value of the Company through strategic acquisitions, other capital investments and strategic divestitures, no material commitments for such investments or divestitures currently exist. Until appropriate investment opportunities are identified, the Company will continue to invest excess cash in conservative investments pursuant to an investment policy adopted by the Board of Directors. The policy directs investment in short-term and mid-term fixed income instruments earning a market rate of interest without assuming undue risk of principal. Primary objectives are preservation of principal, maintenance of liquidity, and rate of return. Cash equivalents consist of short-term certificates of deposit and investments consist of relatively low-risk investment and annuity contracts with highly rated, stable insurance companies, and marketable securities consisting of investment grade municipal securities, all of which are carried at cost which approximates fair value. All cash equivalents are highly liquid and are available upon demand. There are some penalties associated with the early liquidation of the Company's investment and annuity contracts.

Other than as discussed above, management is not aware of any matters that have materially affected the first nine months of fiscal 1999, but are not expected to materially affect future periods, nor is management aware of other matters not affecting this period that are expected to materially affect future periods.

#### YEAR 2000 COMPLIANCE

As generally known, the Year 2000 issue pertains to the inability of some computer hardware and software and other electronic devices to operate properly as January 1, 2000 approaches, and beyond. The Company has taken, and will continue to take, actions intended to minimize the impact of the Year 2000 issue, although it is impossible to eliminate these risks entirely.

The Company's major information technology (IT) systems and infrastructure have been upgraded or replaced in the ordinary course of business over the last two years. Approximately \$534,300 has been spent through June 30, 1999 to upgrade the Company's primary IT systems, IT infrastructure, shipping system and security systems, and to replace the telephone, voicemail and timekeeping systems to Year 2000 compliant systems. The Company will continue to invest in technology to accommodate the Company's future growth, with such improvements intended to achieve Year 2000 compliance as a byproduct of the upgrades.

The Company has completed the majority of its hardware, software and equipment testing for Year 2000 compliance. Testing included, but was not limited to, corporate IT systems, IT infrastructure, security systems, telephone systems, manufacturing and laboratory equipment, and timekeeping systems. The Company is currently in the final stage of its testing process and is scheduled to complete all testing by September 1999. Although the Company does not expect that costs necessary to replace non-compliant systems will have a material impact on the Company's results of operations, liquidity, or financial condition, it is not possible to estimate the total expected cost associated with achieving Year 2000 issue readiness.

The Company relies on computer processing for its business activities and the Year 2000 issue creates risk for the Company from unforeseen problems in the Company's systems and from third parties with whom the Company does business. The failure of the Company's systems and/or third party systems could have a material adverse effect on the Company's results of operations, liquidity, and financial condition.

Year 2000 readiness of third parties with whom the Company does business, particularly suppliers of critical products and providers of utility and communication services, could impair the Company's ability to deliver products and services and could cause system failures or errors, business interruptions and, in a worst case scenario, the inability to engage in normal business practices for an unknown length of time. This worst case scenario, if it should occur, could have a material adverse effect on the Company's operations, liquidity or financial condition, particularly if the disruption continues for a significant length of time.

While third party risk related to the Year 2000 issues is difficult to quantify or control, the Company is taking steps to try to minimize the potential adverse effect that could arise. The Company has sent Year 2000 surveys to its suppliers asking for the compliance status of suppliers' products and internal operations. The responses received by the Company to date indicate that most of its suppliers expect to be Year 2000 compliant in a timely manner. The Company is developing third party contingency plans as it identifies partners evidencing inadequate Year 2000 preparations. Contingency plans include plans to accumulate extra inventory and/or establish alternative sources of supply and channels of distribution. However, even with diligent planning, third party providers pose an uncertain risk which cannot be entirely eliminated.

Due to the general uncertainty inherent in the Year 2000 issue, resulting in part from the uncertainty of the Year 2000 issue readiness of third-party suppliers and customers, the Company is unable to determine at this time whether the consequences of Year 2000 issue failures will have a material impact on the Company's results of operations, liquidity, or financial condition.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 redefines how operating segments are determined and requires disclosures of certain financial and descriptive information about a company's operating segments. In accordance with SFAS No. 131, the segment disclosure, if any, will be included in the Company's Form 10-K for the year ending October 3, 1999.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. In July 1999, the FASB issued SFAS No. 137 delaying the effective date of SFAS No. 133 for one year, for fiscal years beginning after June 15, 2000. Management has not yet determined the effects SFAS No. 133 will have on its financial position or the results of its operations.

#### FORWARD-LOOKING STATEMENTS

THE INFORMATION CONTAINED IN THIS FORM 10-Q INCLUDES FORWARD-LOOKING STATEMENTS AS DEFINED IN SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE FORWARD-LOOKING STATEMENTS INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES, INCLUDING DEMAND FROM MAJOR CUSTOMERS, COMPETITION, CHANGES IN PRODUCT OR CUSTOMER MIX OR REVENUES, CHANGES IN PRODUCT COSTS AND OPERATING EXPENSES AND OTHER FACTORS DISCLOSED THROUGHOUT THIS REPORT. THE

ACTUAL RESULTS THAT THE COMPANY ACHIEVES MAY DIFFER MATERIALLY FROM ANY FORWARD-LOOKING STATEMENTS DUE TO SUCH RISKS AND UNCERTAINTIES. THE COMPANY UNDERTAKES NO OBLIGATION TO REVISE ANY FORWARD-LOOKING STATEMENTS IN ORDER TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS REPORT. READERS ARE URGED TO CAREFULLY REVIEW AND CONSIDER THE VARIOUS DISCLOSURES MADE BY THE COMPANY IN THIS REPORT AND IN THE COMPANY'S OTHER REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION THAT ATTEMPT TO ADVISE INTERESTED PARTIES OF THE RISKS AND UNCERTAINTIES THAT MAY AFFECT THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATION.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At June 30, 1999, the Company had an investment portfolio of fixed income securities of \$2,309,414, excluding \$19,529,673 of those classified as cash and cash equivalents and variable rate securities. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, the Company has the ability to hold its fixed income investments until maturity and therefore the Company would not expect to recognize an adverse impact in income or cash flows.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As of the date of this filing, the Registrant was not involved in any pending legal proceedings to which the Registrant was a party or of which any property of the Registrant was the subject other than ordinary routine litigation incidental to their business, except as follows:

LYNDE COMPANY WAREHOUSE FIRE. On March 1, 1995, the Company and its former subsidiary, The Lynde Company, were named as defendants in an action entitled DONNA M. COOKSEY, ET AL. V. HAWKINS CHEMICAL, INC. AND THE LYNDE COMPANY ("COOKSEY"). This action was certified as a partial class action in state district court in Hennepin County, Minnesota. The plaintiffs sought damages for personal injury and other damages alleged to have been caused by the alleged release of hazardous substances as a result of a fire at an office/warehouse facility used by The Lynde Company. The Registrant entered into a class settlement agreement with the class, pursuant to which the Registrant agreed to pay certain of the class' costs and expenses, as well as certain compensation to the class pursuant to a Matrix and Plan of Distribution which form a part of the settlement agreement (the "Settlement Agreement"). The district court gave final approval of the settlement.

The Registrant's primary and umbrella insurers had denied a tender of the defense of the lawsuit and had denied any obligation to indemnify the Registrant for damages claimed by third parties in connection with the fire. On July 7, 1995, the Registrant commenced suits against The North River Insurance Company and the Westchester Fire Insurance Company, the primary and umbrella insurers, respectively, in the United States District Court for the District of Minnesota. On October 6, 1996, the Court entered an Order for Judgment against the two insurers declaring that they each owed the Registrant a duty to defend the Cooksey action, that the insurers had breached their duty to defend and that the Registrant was entitled to judgment against North River in the amount of \$890,174 and against Westchester in the amount of \$90,868 for fees and expenses incurred by the Registrant through October of 1996 in defending against the Cooksey action and in prosecuting the action against the two insurers. The two insurers appealed the judgments to the Eighth Circuit Court of Appeals, which affirmed the lower court judgments.

During fiscal 1995, the Registrant recorded \$750,000 to cover expected legal and settlement costs for this litigation and an additional \$1,771,439 in fiscal 1997. Since the beginning of fiscal 1999, the Registrant has been reimbursed for substantially all of its settlement and litigation expenses. Hawkins' umbrella insurer has agreed to defend and indemnify Hawkins on remaining claims under the Settlement Agreement up to and in accordance with its policy limits of \$5,000,000.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

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

Exhibit No.	Description of Exhibit
27	Financial Data Schedule

(b) Reports on Form 8-K.

No reports on Form 8-K have been filed during the fiscal quarter ended June 30, 1999.

SIGNATURE

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

HAWKINS CHEMICAL, INC.

BY /s/ Howard M. Hawkins

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

Dated: August 12, 1999

EXHIBIT INDEX

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

Exhibit No.	Description of Exhibit	Page No.
27	Financial Data Schedule	12



9-MOS

OCT-03-1999

SEP-27-1998

JUN-30-1999

2,664,858

17,251,752

11,227,529

258,347

6,933,495

39,657,820

34,251,492

15,411,783

64,150,212

8,224,829

328,040

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547,564

54,032,280

64,150,212

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53,999,756

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