

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under the Securities Act of 1933

HANSEN NATURAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

39-1679918
(I.R.S. Employer
Identification No.)

1010 Railroad Street
Corona, California 92882
(Address of Principal Executive Offices) (Zip Code)

HANSEN NATURAL CORPORATION 2001 STOCK OPTION PLAN
(Full Title of the Plan)

Rodney C. Sacks
Chairman of the Board of Directors
and Chief Executive Officer
Hansen Natural Corporation
1010 Railroad Street
Corona, California 92882
(Name and Address of Agent for Service)

(909) 739-6200
(Telephone Number, Including Area Code, of Agent for Service)

Copies to:
Benjamin M. Polk, Esq.
Winston & Strawn LLP
200 Park Avenue
New York, New York 10166
(212) 294-6700

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common stock, par value \$0.005 per share.	2,000,000 shares (1)	\$8.78	\$17,560,000	\$2,224.85

(1) Plus such indeterminate number of shares of common stock of the Registrant as may be issued to prevent dilution resulting from stock dividends, stock splits or similar transactions in accordance with Rule 416.

(2) Estimated pursuant to Rule 457(h) solely for the purpose of calculating the registration fee. It is not known how many of these shares will be purchased or at what price. The estimate of the proposed maximum aggregate offering price has been calculated based on the offering of all 2,000,000 shares registered under the registration statement, at a price of \$8.78 per share, which is the average of the high and low prices of the Registrant's Common Stock as quoted on the Nasdaq SmallCap Market on January 28, 2004.

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information specified in Part I of Form S-8

will be sent or given to employees, directors or others as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). In accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission") and the instructions to Form S-8, such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

Hansen Natural Corporation (the "Corporation") is subject to the informational and reporting requirements of Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. The following documents previously filed with the Commission by the Registrant pursuant to the Exchange Act, are incorporated by reference herein:

- (1) The Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2002;
- (2) The Registrant's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2003, June 30, 2003 and September 30, 2003;
- (3) The Registrant's Current Report on Form 8-K, dated September 17, 2003; and
- (4) The description of the Registrant's common stock, \$0.005 par value ("Common Stock"), contained in Post-Effective Amendment No. 12 to the Registrant's Registration Statement on Form S-3 (File No. 33-35796) filed on August 4, 1993, including any amendment thereto or report filed for the purpose of updating such description.

All documents subsequently filed with the Commission by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold shall be deemed to be incorporated by reference into the prospectus and this Registration Statement and to be part hereof from the date of filing of such documents. Any statement contained herein or in a document, all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Certain legal matters relating to the Common Stock offered hereby are being passed upon for the Registrant by Winston & Strawn LLP. Benjamin M. Polk, a partner of Winston & Strawn LLP, is a member of the Board of Directors of the Registrant.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law, as amended (the "DGCL"), permits, under certain circumstances, the indemnification of any person with respect to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, to which such person was or is a party or is threatened to be made a party by reason of the fact that such person is or was a director, officer, employee, or agent of the corporation or was serving in a similar capacity for another enterprise at the request of the corporation. To the extent that a director, officer, employee, or agent of the corporation has been successful in defending any such proceeding, the DGCL provides that he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

With respect to a proceeding by or in the right of the corporation, such person may be indemnified against expenses (including attorney's fees) if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. The statute provides, however, that no indemnification is allowed in such a proceeding if such person is adjudged liable to the corporation unless, and only to the extent that, the court may, upon application, determine that he is entitled to indemnification under the circumstances. With respect to proceedings other than those brought by or in the right of the corporation, such person may be indemnified against judgments, fines, and amounts paid in settlement, as well as expenses, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action, had no reasonable cause to believe his conduct was unlawful, notwithstanding the outcome of the proceeding. Except with respect to mandatory indemnification of expenses to successful defendants as described in the preceding paragraph or pursuant to a court order, the indemnification described in this paragraph may be made only upon a determination in each specific case by majority vote of a quorum of directors not parties to the proceeding, by written opinion of independent legal counsel, or by the stockholders, that the defendant met the applicable standard of conduct described above.

The DGCL permits a corporation to advance expenses incurred by a proposed indemnitee in advance of final disposition of the proceeding provided the indemnitee undertakes to repay such advanced expenses if it is ultimately determined that he is not entitled to indemnification. A corporation may purchase insurance on behalf of an indemnitee against any liability asserted against him in his designated capacity, whether or not the corporation itself would be empowered to indemnify him against such liability.

Delaware law also provides that the above rights shall not be deemed exclusive of other rights of indemnification or advancement of expenses under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. The Registrant's Certificate of Incorporation and By-Laws generally require the Registrant to indemnify and advance expenses to its directors and its officers (and permit the Registrant to indemnify and advance expenses to its employees and agents) to the fullest extent permitted by law.

Section 102(b)(7) of the DGCL permits Delaware corporations in their certificates of incorporation to eliminate or limit the personal liability of directors to the corporation or its stockholders for monetary damages for breaches of certain duties. Under the Registrant's Certificate of Incorporation, a director of the Registrant shall, to the maximum extent currently or hereafter permitted by section 102(b)(7) of the DGCL (or any successor provision) have no personal liability to the Registrant or its stockholders. Section 102(b)(7) of the DGCL provides that Delaware corporations may not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (involving certain unlawful dividends and stock purchases or redemptions), or (iv) for any transaction from which the director derived an improper personal benefit.

The Registrant may maintain insurance covering the liability of the Registrant to its directors and officers under the terms and provisions of the By-Laws of the Registrant and covering its directors and officers for liability incurred in their capacities as such directors and officers.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

The Index to Exhibits immediately preceding the exhibits is attached hereto and incorporated herein by reference.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 above, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Corona, the State of California, on January 30, 2004.

HANSEN NATURAL CORPORATION

By: \s\ Rodney C. Sacks

Name: Rodney C. Sacks
Title: Chairman of the Board of Directors
and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Rodney C. Sacks and Hilton H. Schlosberg, and each of them (with full power to each of them to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, to do any and all acts and things and execute, in the name of the undersigned, any and all instruments which said attorneys-in-fact and agents may deem necessary or advisable in order to enable Hansen Natural Corporation to comply with the Securities Act of 1933, as amended, and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing with the Securities and Exchange Commission of the registration statement on Form S-8 under the Securities Act, including specifically, but without limitation, power and authority to sign the name of the undersigned to such registration statement, and any amendments to such registration statement (including post-effective amendments), and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, to sign any and all applications, registration statements, notices or other documents necessary or advisable to comply with applicable state securities laws, and to file the same, together with other documents in connection therewith with the appropriate state securities authorities, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and to perform each and every act and thing requisite or necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
----- /s/ RODNEY C. SACKS ----- Rodney C. Sacks	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)	February 4, 2004
----- /s/ HILTON H. SCHLOSBERG ----- Hilton H. Schlosberg	Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary (principal financial officer, controller, and principal accounting officer)	February 4, 2004
----- /s/ BENJAMIN M. POLK ----- Benjamin M. Polk	Director	February 4, 2004
----- /s/ NORMAN C. EPSTEIN ----- Norman C. Epstein	Director	February 4, 2004
----- /s/ HAROLD C. TABER, JR. ----- Harold C. Taber, Jr.	Director	February 4, 2004
----- /s/ MARK S. VIDERGAUZ ----- Mark S. Vidergauz	Director	February 4, 2004

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Certificate of Incorporation of the Registrant*
3.2	Amendment to Certificate of Incorporation of the Registrant**
3.3	By-Laws of the Registrant**
4.1	Hansen Natural Corporation 2001 Stock Option Plan
5.1	Opinion of Winston & Strawn LLP regarding the legality of the securities being registered
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Winston & Strawn LLP (included in Exhibit 5)
24.1	Powers of attorney (included in this Registration Statement under "Signatures")

* Filed previously as an exhibit to the Registrant's Registration Statement on Form S-3 (no. 33-35796) and incorporated herein by reference

** Filed previously as an exhibit to the Registrant's proxy statement dated October 21, 1992 and incorporated herein by reference

February 4, 2004

Hansen Natural Corporation
1010 Railroad Street
Corona, California 92882

RE: Registration Statement on Form S-8 of Hansen Natural Corporation (the "Registration Statement") registering 2,000,000 shares of Common Stock, \$.005 par value

Ladies and Gentlemen:

We have acted as special counsel for Hansen Natural Corporation, a Delaware corporation (the "Company"), in connection with the registration on Form S-8 of the offer and sale of up to 2,000,000 shares of common stock, \$.005 par value, of the Company (the "Common Stock") under the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan").

This opinion is delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K promulgated under the Securities Act of 1933, as amended (the "Act").

In connection with this opinion, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of: (i) the Registration Statement to be filed with the Securities and Exchange Commission (the "Commission") under the Act; (ii) the Certificate of Incorporation of the Company, as amended and currently in effect; (iii) the By-Laws of the Company, as amended and currently in effect; (iv) the Plan; and (v) resolutions of the Board of Directors of the Company relating to, among other things, the filing of the Registration Statement. We have also examined such other documents as we have deemed necessary or appropriate as a basis for the opinion set forth below.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. As to any facts material to the opinions expressed herein that were not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Company and others.

Based upon and subject to the foregoing, we are of the opinion that when issued and delivered by the Company pursuant to the Plan, the shares of Common Stock being registered will be legally issued, fully paid and non-assessable shares of Common Stock.

The forgoing opinions are limited to the laws of the United States and the General Corporation Law of the State of Delaware, including the applicable provisions of the Delaware Constitution and reported judicial decisions interpreting these laws. We express no opinion as to the application of the securities or blue sky laws of the various states to the issuance and sale of Common Stock.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. In giving such consent, we do not concede that we are experts within the meaning of the Act or the rules and regulations thereunder or that this consent is required by Section 7 of the Act.

Very truly yours,

/s/ Winston & Strawn LLP

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Hansen Natural Corporation on Form S-8 of our report dated March 13, 2003 included in the Annual Report on Form 10-K of Hansen Natural Corporation for the year ended December 31, 2002.

/s/ DELOITTE & TOUCHE LLP

Costa Mesa, California
February 4, 2004

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HANSEN NATURAL CORPORATION

2001 STOCK OPTION PLAN

1. Purpose

The purpose of the Hansen Natural Corporation 2001 Stock Option Plan is to attract and retain persons of ability as employees of Hansen Natural Corporation and its subsidiaries and affiliates, and encourage such employees to continue to exert their best efforts on behalf of the Company, its subsidiaries and affiliates.

2. Definitions

When used herein, the following terms shall have the following meanings:

"Beneficiary" means the beneficiary or beneficiaries designated pursuant to Section 7 to receive the benefit, if any, provided under the Plan upon the death of an Employee.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. (All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.)

"Committee" means the Committee appointed by the Board pursuant to Section 8.

"Company" means Hansen Natural Corporation, and its successors and assigns.

"Employee" means an employee of a Participating Company who, in the judgment of the Committee, is responsible for or contributes to the growth or profitability of the business of the Company.

"Exchange" means the New York Stock Exchange, or if the Stock is not listed on the New York Stock Exchange, the principal exchange on which the Stock is listed or the NASDAQ system of the National Association of Securities Dealers.

"Exchange Act" means the Securities Exchange Act of 1934.

"Fair Market Value" means, as of any date, the mean between the reported high and low sales prices on the Exchange for one share of Stock on such date, or, if no sales of Stock have taken place on such date, the Fair Market Value of one share of Stock on the most recent date on which selling prices were reported on the Exchange. In the event that the Company's shares are not publicly traded on an Exchange, the Committee shall determine the fair market value for all purposes.

"Option" means an option to purchase Stock subject to the applicable provisions of Section 4 and awarded in accordance with the terms of the Plan and which may be an incentive stock option qualified under Section 422 of the Code or a nonqualified stock option.

"Option Agreement" means the written agreement evidencing each Option or SAR granted to an Employee under the Plan.

"Participating Company" means the Company or any subsidiary or other affiliate of the Company; provided, however, for incentive stock options only, "Participating Company" means the Company or any corporation which at the time such option is granted qualifies as a "subsidiary corporation" of the Company under Section 424(f) of the Code.

"Plan" means the Hansen Natural Corporation 2001 Stock Option Plan, as the same may be amended, administered or interpreted from time to time.

"SAR" means a stock appreciation right subject to the appropriate requirements under Section 4 and awarded in accordance with the terms of the Plan.

"Stock" means the common stock of the Company.

"Total Disability" means the complete and permanent inability of an Employee to perform all of his or her duties under the terms of his or her employment with any Participating Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Shares Subject to the Plan

The aggregate number of shares of Stock with respect to which awards may be granted under the Plan is 2,000,000 shares. Such shares shall be made available either from authorized and unissued shares or shares held by the Company in its treasury. If, for any reason, any shares of Stock subject to purchase or payment by exercising an Option or SAR under the Plan are not delivered or are reacquired by the Company, for reasons including, but not limited to, termination of employment, or expiration or cancellation of an Option or SAR, such shares of Stock shall again become available for award under the Plan.

4. Grant of Stock Options and Stock Appreciation Rights

(a) Subject to the provisions of the Plan, the Committee shall determine and designate from time to time those Employees to whom Options are to be granted; determine whether such Option shall be incentive stock options or nonqualified stock options or a combination of incentive stock options and nonqualified stock options; determine the number of shares of Stock subject to each Option or the number of shares of Stock that shall be used to determine the value of an SAR; determine the time or times when and the manner in which each Option shall be exercisable and the duration of the exercise period; determine whether or not all or part of each Option may be cancelled by the exercise of an SAR; and determine any other terms of each Option not inconsistent with the provisions herein; provided, however, that (A) no Option shall be granted after the expiration of ten years from the effective date of the Plan and (B) the aggregate Fair Market Value (determined as of the date an Option is granted) of the Stock for which incentive stock options granted to any Employee under this Plan may first become exercisable in any calendar year shall not exceed \$100,000.

(b) The exercise period for Options and SARs shall be no more than 10 years from the date of grant; provided, however, that the exercise period for an incentive stock option and any tandem SARs granted to an Employee who, at the time of grant, owns stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company (a "Ten Percent Shareholder") shall not exceed five years.

(c) The option or SAR exercise price per share shall be determined by the Committee at the time the Option is granted and shall be at least equal to the par value of one share of Stock if the Stock has a par value; provided, however, that the exercise price for an incentive stock option and any tandem SARs shall be not less than the Stock's Fair Market Value at date of grant, or in the case of an incentive stock option and any tandem SARs granted to a Ten Percent Shareholder, 110 percent of the Fair Market Value on the date of grant, all as determined by the Committee.

(d) No part of any Option or SAR may be exercised by an Employee until such Employee shall have remained in the employ of one or more Participating Companies for such period as the Committee may specify, if any, after the date on which the Option is granted, or achieved such performance or other criteria, as the Committee may specify, if any, of the Company or any other Participating Company, and the Committee may further require exercisability in installments; provided, however, the period during which an SAR is exercisable shall commence no earlier than six months following the date the SAR is granted.

(e) (i) If the Employee's employment terminates, he or she may exercise his or her Options or SARs to the extent that he or she shall have been entitled to do so at the date of the termination of his or her employment, at any time, or from time to time, within three months after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 4(b) above.

(ii) If an Employee who has been granted an Option or SAR dies while an Employee of a Participating Company, his or her Options or SARs may be exercised, to the extent that the Employee shall have been entitled to do so on the date of his or her death or such termination of employment, by his or her Beneficiary including, if applicable, his or her executors or administrators, at any time, or from time to time, within six months after the date of the Employee's death or within such other period, and subject to such terms and conditions as the Committee may specify, but no later than the expiration date specified in Section 4(b) above.

(iii) If the Employee's employment by a Participating Company terminates because of his or her Total Disability, he or she may exercise his or her Options or SARs, to the extent that he or she shall have been entitled to do so at the date of the termination of his or her employment, at any time, or from time to time, within six months after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 4(b) above.

(f) If the Employee's employment terminates for any reason prior to the date all or a portion of the Options become exercisable, such nonexercisable Options shall automatically expire on the date of termination of employment. However, if the Employee's termination of employment is due to death or Total Disability, the Committee may, in its sole discretion, pay such Employee or his or her Beneficiary an amount as the Committee determines to be reasonable compensation for the expired Options.

(g) No Option or SAR granted under the Plan shall be transferable other than by Will or by the laws of descent and distribution. During the lifetime of the optionee, an Option and SAR shall be exercisable only by him or her. Notwithstanding the foregoing, if the agreement evidencing such award so provides, an Employee may transfer any Option or SAR (other than an incentive stock option or related SAR) to the Employee's spouse, parents, children, and/or grandchildren, or to one or more trusts for the benefit of such family members, provided the Employee does not receive any consideration for the transfer. Any Option or SAR so transferred shall be subject to the same terms and conditions that applied to such Option or SAR immediately prior to its transfer (except that such transferred Option or SAR shall not be further transferable by the transferee during the transferee's lifetime).

(h) With respect to an incentive stock option, the Committee shall specify such terms and provisions as the Committee may determine to be necessary or desirable in order to qualify such Option as an incentive stock option within the meaning of Section 422 of the Code.

(i) Each Option granted under the Plan shall be evidenced by a written Option Agreement, in a form approved by the Committee. Such agreement shall be subject to and incorporate the express terms and conditions, if any, required under the Plan or as required by the Committee for the form of Option granted and such other terms and conditions as the Committee may specify. Further, each such Option Agreement shall provide that unless at the time of exercise of the Option there shall be, in the opinion of counsel for the Company, a valid and effective registration statement under the Securities Act of 1933 ("'33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Stock being acquired pursuant to the Option, the Employee shall upon exercise of the Option give a representation that he or she is acquiring such shares for his or her own account for investment and not with a view to, or for sale in connection with, the resale or distribution of such shares. In the absence of such registration statement, the Employee shall be required to execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent and to further agree that he or she will not sell or transfer any Stock acquired pursuant to the Option until he or she requests and receives an opinion of the Company's counsel to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he or she obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

(j) Except as otherwise provided in the Plan, the purchase price of the shares as to which an Option shall be exercised shall be paid to the Company at the time of exercise either in cash or in stock already owned by the optionee, or a combination of cash and stock, or in such other consideration as the Committee deems appropriate, having a total fair market value equal to the purchase price. Alternatively, an Option may be exercised in whole or in part by delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(k) Upon exercise of an SAR, the Employee shall be entitled to receive all or a portion of the excess of the Fair Market Value of a specified number of shares of Stock at the time of exercise over a specified amount which shall not, subject to Section 4(j), be less than the Fair Market Value of such specified number of shares of Stock at the time the SAR is granted. Upon exercise of an SAR, payment of such excess shall be made in cash.

(l) If the Option granted to an Employee allows the Employee to elect to cancel all or any portion of an unexercised Option by exercising a related (tandem) SAR, then the Option price per share of Stock shall be used as the specified price in Section 4(k), to determine the value of the SAR upon such exercise, and, in the event of the exercise of such SAR, the Company's obligation in respect of such Option or such portion thereof will be discharged by payment of the SAR so exercised.

(m) No officer of the Company may be (x) awarded shares of Stock or (y) granted Options during any consecutive 24-month period for more than 1,000,000 shares of Stock (subject to adjustment pursuant to Section 10).

5. Certificate for Awards of Stock

(a) Each Employee entitled to receive shares of Stock under the Plan shall be issued a certificate for such shares. Such certificate shall be registered in the name designated by the Employee, and shall bear an appropriate legend reciting the terms, conditions and restrictions, if any, applicable to such shares and shall be subject to appropriate stop-transfer orders.

(b) Shares of Stock shall be made available under the Plan either from authorized and unissued shares, or shares held by the Company in its treasury. The Company shall not be required to issue or deliver any certificates for shares of Stock prior to the listing of such shares on any stock exchange on which the Stock may then be listed, the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any governmental body, which the Committee shall, in its sole discretion, determine to be necessary or advisable and the recipient's execution of a shareholders agreement providing such terms and conditions as the Committee may determine in its sole discretion.

(c) All certificates for shares of Stock delivered under the Plan shall also be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed and any applicable federal or state securities laws, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. The foregoing provisions of this Section 5(c) shall not be effective if and to the extent that the shares of Stock delivered under the Plan are covered by an effective and current registration statement under the Securities Act of 1933, or if, and so long as, the Committee determines that application of such provisions is no longer required or desirable. In making such determination, the Committee may rely upon an opinion of counsel for the Company.

(d) Each Employee who receives Stock upon exercise of an Option shall have all of the rights of a shareholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions. No Employee awarded an Option shall have any right as a shareholder with respect to any shares subject to such Option prior to the date of issuance to him or her of a certificate or certificates for such shares.

6. Loans

(a) The Committee may provide for supplemental loans to Employees at such time and in such manner as the Committee may determine in connection with the exercise of an Option.

(b) Any such loan shall be evidenced by a written loan agreement or other instrument in such form and shall contain such terms and conditions, including without limitation, provisions for interest, payment schedules, collateral, events of default or acceleration of such loans or parts thereof, as the Committee shall specify; provided, however, that in the case of an incentive stock option, the interest rate set by the Committee under such an arrangement shall be no lower than that required to avoid the imputation of unstated interest under the Code and the Committee shall specify no such term or condition that would result in such Option failing to qualify as an incentive stock option.

7. Beneficiary

(a) Each Employee shall file with the Company a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Option or SAR, if any, awarded under the Plan upon his or her death. An Employee may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Company. The last such designation received by the Company shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Employee's death, and in no event shall it be effective as of a date prior to such receipt.

(b) If no such Beneficiary designation is in effect at the time of an Employee's death, or if no designated Beneficiary survives the Employee or if such designation conflicts with law, the Employee's estate shall be entitled to receive the Option and SAR, if any, awarded under the Plan upon his or her death. If the Company is in doubt as to the right of any person to receive such Option or SAR, the Company may retain such Option or SAR, without liability for any income thereon, until the Company determines the rights thereto, or the Company may transfer such Option or SAR into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor.

8. Administration of the Plan

(a) The Plan shall be administered by the Compensation Committee of the Board or such other committee as appointed by the Board (the "Committee"). The Committee shall have at least two members and each member shall be a member of the Board and (unless otherwise determined by the Board) shall satisfy the "nonemployee director" requirements of Rule 16b-3 under the Exchange Act and the "outside director" provisions of Section 162(m) of the Code, or any successor regulations or provisions.

(b) All decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole discretion of the Committee and shall be final, conclusive and binding on all persons for all purposes.

(c) The Committee shall have full power, discretion and authority to interpret, construe and administer the Plan and any part thereof, and its interpretations and constructions thereof and actions taken thereunder shall be final, conclusive and binding on all persons for all purposes.

(d) The Committee's decisions and determinations under the Plan need not be uniform and may be made selectively among Employees, whether or not such Employees are similarly situated.

(e) The act of a majority of the members present at a meeting duly called and held shall be the act of the Committee. Any decision or determination reduced to writing and signed by all members of the Committee shall be fully as effective as if made by unanimous vote at a meeting duly called and held.

(f) Notwithstanding anything else herein to the contrary, Options or SARs may be granted to an Employee who is not an officer of the Company by the Board or the Executive Committee of the Board (in lieu of being granted by the Committee), in which event the Board or the Executive Committee of the Board (as the case may be) may exercise any discretionary authority with respect to such Options or SARs that would otherwise be exercisable by the Committee.

9. Amendment or Discontinuance

(a) The Board may, at any time, amend or terminate the Plan. No amendment shall become effective unless approved by affirmative vote of the Company's stockholders if such approval is necessary or desirable for the continued validity of the Plan or if the failure to obtain such approval would adversely affect the compliance of the Plan with Rule 16b-3 or any successor rule under the Exchange Act or Section 162(m) of the Code or any other rule or regulation. No amendment or termination shall materially impair the rights of any person with respect to a previously granted Option or SAR without such person's consent.

10. Adjustments in Event of Change in Common Stock

(a) Subject to Section 10(b), if the outstanding shares of Stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of stock or securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of Stock or other securities, then, to the extent permitted by the Company, an appropriate and proportionate adjustment shall be made in (i) the maximum number and kind of shares provided in Section 3, (ii) the maximum number and kind of shares with respect to which an officer of the Company may be granted an award pursuant to Section 4(m), (iii) the number and kind of shares or other securities subject to the outstanding Options and tandem SARs, if any, and (iv) the price for each share or other unit of any other securities subject to outstanding Options without change in the aggregate purchase price or value as to which such Options remain exercisable or subject to restrictions. Any adjustment under this Section 10(a) shall be made by the Company, whose determination as to what adjustments shall be made and the extent thereof will be final, binding and conclusive. No fractional interests will be issued under the Plan resulting from any such adjustment.

(b) Notwithstanding anything else herein to the contrary, the Board, in its sole discretion may provide, at the time of grant of an Option or at any time thereafter, that upon the occurrence of a change in control of the Company (as determined by the Board) all or a specified portion of any outstanding Options not theretofore exercisable shall immediately become exercisable and that any Option not exercised prior to such change in control shall be canceled.

11. Miscellaneous

(a) Nothing in this Plan or any Option Agreement hereunder shall confer upon any employee any right to continue in the employ of any Participating Company or interfere in any way with the right of any Participating Company to terminate his or her employment at any time.

(b) No Option or SAR granted under the Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of any Participating Company for the benefit of its employees unless any such Participating Company shall determine otherwise.

(c) No Employee shall have any claim to an Option or SAR until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company.

(d) Absence on leave approved by a duly constituted officer of a Participating Company shall not be considered interruption or termination of employment for any purposes of the Plan; provided, however, that no Option or SAR may be granted to an employee while he or she is absent on leave.

(e) If the Committee shall find that any person to whom any Option or SAR, or portion thereof, is awarded to under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, then any payment due him or her (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

(f) The right of any Employee or other person to any Option, SAR or Stock under the Plan may not be assigned, transferred, pledged or encumbered, either voluntarily or by operation of law, except as provided in Section 7 with respect to the designation of a Beneficiary or as may otherwise be required by law, and except as provided in Section 4(g). If, by reason of any attempted assignment, transfer, pledge, or encumbrance or any bankruptcy or other event happening at any time, any amount payable under the Plan would be made subject to the debts or liabilities of the Employee or his or her Beneficiary or would otherwise devolve upon anyone else and not be enjoyed by the Employee or his or her Beneficiary, then the Committee may terminate such person's interest in any such payment and direct that the same be held and applied to or for the benefit of the Employee, his or her Beneficiary or any other persons deemed to be the natural objects of his or her bounty, taking into account the expressed wishes of the Employee (or, in the event of his or her death, those of his or her Beneficiary) in such manner as the Committee may deem proper.

(g) Copies of the Plan and all amendments, administrative rules and procedures and interpretations shall be made available to all Employees at all reasonable times at the Company's headquarters.

(h) The Committee may cause to be made, as a condition precedent to the grant of any Option or SAR, or otherwise, appropriate arrangements with the Employee or his or her Beneficiary, for the withholding of any federal, state, local or foreign taxes.

(i) The Plan and the grant of Options and SARs shall be subject to all applicable federal and state laws, rules, and regulations and to such approvals by any government or regulatory agency as may be required.

(j) All elections, designations, requests, notices, instructions and other communications from an Employee, Beneficiary or other person to the Committee, required or permitted under the Plan, shall be in such form as is prescribed from time to time by the Committee and shall be mailed by first class mail or delivered to such location as shall be specified by the Committee.

(k) The terms of the Plan shall be binding upon the Company and its successors and assigns.

(l) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

(m) The Company shall have the right to require an optionee to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Effective Date and Stockholder Approval

The effective date of the Plan shall be July 1, 2001, subject to approval by a majority of the Company's stockholders at their 2001 Annual Meeting. Notwithstanding anything in the Plan to the contrary, if the Plan shall have been approved by the Board prior to such Annual Meeting, Employees may be selected and award criteria may be determined as provided herein subject to such subsequent stockholder approval.