UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the Quarterly Period Ended June 30, 2007 Commission file number 0-18761

HANSEN NATURAL CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	39-1679918
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1010 Railroad Street
Corona, California 92882
(Address of principal executive offices) (Zip code)

(951) 739 – 6200
(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 ____

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ]

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

Yes ___ No __X__

The Registrant had 91,161,428 shares of common stock, par value $0.005 per share, outstanding as of July 31, 2007.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
JUNE 30, 2007

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PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2007 AND DECEMBER 31, 2006
(In Thousands, Except Share Amounts) (Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 55,482	$ 35,129
Short-term investments	142,613	101,667
Accounts receivable, net	111,928	54,624
Inventories	87,498	77,013
Prepaid expenses and other current assets	6,382	771
Deferred income taxes	5,170	5,953
Total current assets	409,073	275,157
PROPERTY AND EQUIPMENT, net	6,778	5,565
DEFERRED INCOME TAXES	13,813	5,001
INTANGIBLES, net	23,555	21,202
OTHER ASSETS	1,280	1,447
	$ 454,499	$ 308,372
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 91,822	$ 34,362
Accrued liabilities	8,097	9,465
Accrued distributor terminations	7,931	7,024
Customer deposit liabilities	1,123	3,324
Accrued compensation	3,682	4,378
Current portion of long-term debt	590	299
Income taxes payable	903	3,991
Total current liabilities	114,148	62,843
LONG-TERM DEBT, less current portion	-	4
DEFERRED REVENUE	39,352	20,441
COMMITMENTS AND CONTINGENCIES (Note 9)		

STOCKHOLDERS' EQUITY:		
Common stock - $0.005 par value; 120,000,000 shares authorized; 93,652,862 shares issued and 90,995,800 outstanding as of June 30, 2007; 92,713,212 shares issued and 90,059,124 outstanding as of December 31, 2006	468	464
Additional paid-in capital	66,422	48,892
Retained earnings	262,751	204,242
Common stock in treasury, at cost; 2,657,062 shares as of June 30, 2007 and 2,654,088 shares as of December 31, 2006	(28,642)	(28,514)
Total stockholders' equity	300,999	225,084
	$ 454,499	$ 308,372

See accompanying notes to condensed consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE- AND SIX-MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands, Except Per Share Amounts) (Unaudited)

	Three-Months Ended June 30		Six-Months Ended June 30	
	2007	**2006**	**2007**	**2006**
NET SALES	$ 244,763	$ 156,037	$ 410,615	$ 275,783
COST OF SALES	116,510	75,047	196,726	131,795
GROSS PROFIT	128,253	80,990	213,889	143,988
OPERATING EXPENSES	66,830	35,238	120,557	63,407
OPERATING INCOME	61,423	45,752	93,332	80,581
INTEREST INCOME, net	1,752	872	3,278	1,574
INCOME BEFORE PROVISION FOR INCOME TAXES	63,175	46,624	96,610	82,155
PROVISION FOR INCOME TAXES	24,864	18,424	38,101	32,864
NET INCOME	$ 38,311	$ 28,200	$ 58,509	$ 49,291
NET INCOME PER COMMON SHARE:				
Basic	$ 0.43	$ 0.31	$ 0.65	$ 0.55
Diluted	$ 0.39	$ 0.28	$ 0.59	$ 0.50
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK AND COMMON STOCK EQUIVALENTS:				
Basic	90,118	89,912	90,089	89,523
Diluted	98,455	99,289	98,388	98,815

See accompanying notes to condensed consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands) (Unaudited)

	Six-Months Ended	
	June 30,	**June 30,**

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 58,509	$ 49,291
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation and other amortization	947	710
Loss on disposal of property and equipment	4	24
Stock-based compensation	4,176	3,632
Deferred income taxes	(8,029)	286
Tax benefit from exercise of stock options	(9,290)	(16,156)
Provision for doubtful accounts	154	56
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(57,458)	(32,243)
Inventories	(10,485)	(18,897)
Prepaid expenses and other current assets	(5,611)	(1,766)
Prepaid income taxes	-	(6,905)
Accounts payable	57,460	31,152
Accrued liabilities	(1,368)	454
Customer deposit liabilities	(2,201)	-
Accrued distributor terminations	907	-
Accrued compensation	(696)	(999)
Deferred revenue	18,911	-
Income taxes payable	6,200	16,156
Net cash provided by operating activities	52,130	24,795
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales and maturities of held-to-maturity investments	3,528	8,100
Sales of available-for-sale investments	48,911	32,242
Purchases of held-to-maturity investments	-	(16,761)
Purchases of available-for-sale investments	(93,385)	(107,757)
Purchases of property and equipment	(1,599)	(1,966)
Proceeds from sale of property and equipment	219	30
Additions to trademarks	(2,381)	(3)
(Increase) decrease in other assets	84	(178)
Net cash used in investing activities	(44,623)	(86,293)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(384)	(622)
Tax benefit from exercise of stock options	9,290	16,156
Issuance of common stock	3,940	3,274
Net cash provided by financing activities	12,846	18,808
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,353	(42,690)
CASH AND CASH EQUIVALENTS, beginning of period	35,129	61,654
CASH AND CASH EQUIVALENTS, end of period	$ 55,482	$ 18,964
SUPPLEMENTAL INFORMATION:		
Cash paid during the year for:		
Interest	17	27
Income taxes	$ 40,020	$ 23,327

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands) (Unaudited) (Continued)

SUPPLEMENTAL DISCLOSURE OF NON-CASH ITEMS

The Company entered into capital leases for the acquisition of promotional vehicles and warehouse equipment of $672 and $685 for the six-months ended June 30, 2007 and 2006, respectively.

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Reference is made to the Notes to Consolidated Financial Statements, in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 ("Form 10-K"), for a summary of significant accounting policies utilized by Hansen Natural Corporation ("Hansen" or the "Company") and its wholly-owned subsidiaries, Hansen Beverage Company ("HBC") and Monster LDA Company ("MLDA"), formerly known as Hard e Beverage Company ("HEB") and previously known as Hard Energy Company and as CVI Ventures, Inc., and other disclosures, which should be read in conjunction with this Quarterly Report on Form 10-Q ("Form 10-Q"). HBC owns all of the issued and outstanding common stock of Blue Sky Natural Beverage Co. ("Blue Sky") and Hansen Junior Juice Company ("Junior Juice").

The Company's financial statements included in this Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and Securities and Exchange Commission ("SEC") rules and regulations applicable to interim financial reporting. They do not include all the information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP. The information set forth in these interim condensed consolidated financial statements for the three- and six-months ended June 30, 2007 and 2006 is unaudited and reflects all adjustments, which include only normal recurring adjustments and which in the opinion of management are necessary to make the interim condensed consolidated financial statements not misleading. Results of operations for periods covered by this report may not necessarily be indicative of results of operations for the full year.

The preparation of financial statements in conformity with GAAP necessarily requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Stock Split and Amendment of Articles of Incorporation – On June 1, 2006, the Company, after stockholder approval, increased the number of authorized shares of common stock to 120,000,000. On June 7, 2006, the Board of Directors approved a four-for-one stock split of the Company's common stock which was effected in the form of a 300% stock dividend. The accompanying condensed consolidated financial statements include the effects of the stock splits and the resulting increase in the number of authorized shares of common stock. All share and per share amounts have been recast to reflect the individual stock splits.

Revenue Recognition – The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured.Management believes that adequate provision has been made for cash discounts, returns and spoilage based on the Company's historical experience.

Amounts paid to the Company by newly appointed Anheuser-Busch Distributors (the "AB Distributors") for the costs of terminating certain of the Company's prior distributors are accounted for as deferred revenue, which will be recognized as revenue ratably over the

anticipated 20-year life of the respective Anheuser-Busch Distribution Agreements (the "AB Distribution Agreements") (see Note 13).

Net Sales – Net sales have been determined after deduction of promotional and other allowances in accordance with Emerging Issues Task Force ("EITF") Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products).*

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("SFAS No. 157"),which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the effect of adopting SFAS No. 157 on its condensed consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115* (SFAS No. 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. The provisions of SFAS No.159 are effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS No. 159 on its condensed consolidated financial statements.

3. SHORT-TERM INVESTMENTS

The Company considers all short-term, highly liquid investments having original maturities of three months or less to be cash equivalents. All investments with original maturities greater than three months but less than twelve months are considered to be short-term investments.

The Company classifies debt securities in one of two categories: held-to-maturity or available-for-sale in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* ("SFAS No. 115"). Held-to-maturity securities are those securities that the Company has the positive intent and

ability to hold until maturity. All other securities not included in held-to-maturity category are classified as available-for-sale. No securities are held for speculative or trading purposes.

Held-to-maturity securities are recorded at amortized cost which approximates fair market value. A decline in the market value of any held-to-maturity security below cost that is deemed other than temporary, results in a reduction in its carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. The Company evaluates whether the decline in fair value of its investments is other than temporary at each quarter-end. This evaluation consists of a review by management, and includes market pricing information and

maturity dates for the securities held, market and economic trends in the industry and information on the investee company's financial condition. Realized and unrealized gains and losses were not material in any periods presented.

Amortized cost, gross unrealized holding gains and losses and fair value for available-for-sale and held-to-maturity short-term investments at June 30, 2007 and December 31, 2006 are as follows:

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Continuous Unrealized Loss Position Less than 12 Months
June 30, 2007					
Available-for-sale					
Municipal bonds	$ 141,635	$ -	$ 1	$ 141,634	$ 1
Corporate bonds	978	-	-	978	-
	$ 142,613	$ -	$ 1	$ 142,612	$ 1

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Continuous Unrealized Loss Position Less than 12 Months
December 31, 2006					
Held-to-maturity					
Municipal bonds	$ 3,528	$ 10	$ -	$ 3,538	$ -
	3,528	10	-	3,538	-
Available-for-sale					
Municipal bonds	94,128	3	4	94,127	4
Corporate bonds	4,011	-	4	4,007	4
	$ 98,139	$ 3	$ 8	$ 98,134	$ 8
	$ 101,667	$ 13	$ 8	$ 101,672	$ 8

4. INVENTORIES

Inventories consist of the following at:

	June 30, 2007	December 31, 2006
Raw materials	$ 29,440	$ 20,488
Finished goods	58,058	56,525
	$ 87,498	$ 77,013

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at:

	June 30, 2007	December 31, 2006
Leasehold improvements	$ 1,240	$ 647
Furniture and office equipment	2,750	2,191
Equipment	1,898	1,941
Vehicles	4,658	3,797
	10,546	8,576
Less: accumulated depreciation and amortization	(3,768)	(3,011)
	$ 6,778	$ 5,565

6. INTANGIBLES

Intangibles consist of the following at:

	June 30, 2007	December 31, 2006
Amortizing trademarks	$ 1,169	$ 1,169
Accumulated amortization	(373)	(345)
	796	824
Non-amortizing trademarks	22,759	20,378
	$ 23,555	$ 21,202

All amortizing trademarks have been assigned an estimated finite useful life and such trademarks are amortized on a straight-line basis over the number of years that approximate their respective useful lives ranging from one to 25 years (weighted-average life of 19 years). Total amortization expense recorded was $ 0.01 and $0.03 million for the three- and six-months ended June 30, 2007 and 2006, respectively. As of June 30, 2007, future estimated amortization expense related to amortizing trademarks through June 30, 2012 is approximately $0.06 million per year.

7. SPECIAL MEETING OF STOCKHOLDERS

On April 20, 2007, the Company held a special meeting of stockholders to approve an amendment to Section 4(a) of the Company's Stock Option Plan for Outside Directors (the "1994 Plan"), which extended the time period during which grants may be made under the 1994 plan through November 30, 2004. The stockholders approved the amendment to the 1994 Plan.

8. EARNINGS PER SHARE

A reconciliation of the weighted average shares used in the basic and diluted earnings per common share computations for the three- and six-months ended June 30, 2007 and 2006 is presented below:

(In Thousands)	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2007	2006	2007	2006
Weighted-average shares outstanding:				
Basic	90,118	89,912	90,089	89,523
Dilutive securities	8,337	9,377	8,299	9,292
Diluted	98,455	99,289	98,388	98,815

For the three-months ended June 30, 2007, 0.2 million shares were excluded from calculations as their effect would have been antidilutive. For the three-months ended June 30, 2006, no options were deemed to have an antidilutive effect and therefore no options outstanding were excluded from the calculation for this period. For the six-months ended June 30, 2007 and 2006, options outstanding totaling 0.2 million and 0.01 million shares, respectively, were excluded from the calculations as their effect would have been antidilutive.

9. COMMITMENTS AND CONTINGENCIES

Purchase Commitments – The Company has purchase commitments aggregating approximately $13.6 million, which represent commitments made by the Company and its subsidiaries to various suppliers of raw materials for the manufacturing and packaging of its products. These obligations vary in terms.

In addition to the above obligations, pursuant to a can supply agreement between the Company and Rexam Beverage Can Company ("Rexam") dated as of January 1, 2006, as amended, the Company has undertaken to purchase a minimum volume of 24-ounce resealable aluminum beverage cans over the four year period commencing from January 1, 2006 through December 31, 2009. Under the terms of the agreement, if the Company fails to purchase the minimum volume,

the Company will be obligated to reimburse Rexam for certain capital reimbursements on a pro-rated basis. The Company's maximum liability under this agreement is $7.7 million subject to compliance by Rexam with certain conditions.

Facilities Commitments - In October 2006, the Company entered into a lease agreement pursuant to which it leased 346,495 square feet of warehouse and distribution space located in Corona, California. This lease commitment provides for minimum rental payments for 120 months commencing March 2007, excluding renewal options. The monthly rental payments are $167,586 at the commencement of the lease and increase over the lease term by 7.5% at the end of each 30 month period. The new warehouse and distribution space will replace the Company's existing warehouse and distribution space located in Corona, California. The Company has

sublet in excess of 50% of its existing office, warehouse and distribution space for the remainder of that lease term which expires in October 2010.

In October 2006, the Company also entered into an agreement to acquire 1.8 acres of vacant land for a purchase price of $1.4 million. The property is located adjacent to the newly leased warehouse and distribution space in Corona, California and will be used to construct a new office building, which will replace the Company's existing office space. In the interim, the Company will relocate its corporate offices in September 2007 to newly leased offices located at 550 Monica Circle, Corona, CA 92880.

Litigation – In June 2006, HBC filed a lawsuit against Rockstar, Inc., Rockstar Beverage Corporation and Rockstar Brewing Company, Inc., all Nevada corporations (collectively "Rockstar") for false designation of origin, trademark infringement, unfair competition, deceptive trade practices and unfair competition, seeking an injunction and damages based on Rockstar's unauthorized use of HBC's valuable and distinctive Monster Energy® trade dress in connection with its alcoholic energy beverage known as "Rockstar 21." On June 15, 2007, the parties entered into a confidential settlement agreement and dismissed the action.

In August 2006, HBC filed a lawsuit against National Beverage Company, Shasta Beverages, Inc., Newbevco Inc. and Freek'N Beverage Corp. (collectively "National") seeking an injunction and damages for trademark infringement, trademark dilution, unfair competition and deceptive trade practices based on National's unauthorized use of HBC's valuable and distinctive Monster Energy® trade dress in connection with a line of energy drinks it launched under the "Freek" brand name. In June 2007, the parties entered into a confidential settlement agreement resolving the parties' disputes in the litigation. National has since repudiated the settlement agreement and HBC has responded by filing a motion in the United States District Court for the Central District of California to enforce the terms of the confidential settlement agreement. A hearing on HBC's motion to enforce the settlement agreement is scheduled for August 13, 2007.

In August 2006, HBC filed an action in the Federal Courts of Australia, Victoria District Registry against Bickfords Australia (Pty) Limited and Meak (Pty) Ltd. (collectively "Bickfords"), in which HBC is seeking an injunction restraining Bickfords from selling or offering for sale or promoting for sale in Australia any energy drink or beverage under the Monster Energy or Monster marks or any similar marks and for damages and costs. The defendants cross-claimed seeking an order to restrain HBC from selling, or offering for sale, or promoting in Australia any drink product under the Monster Energy® or Monster® trademarks or any similar trademarks and for costs. The trial took place in February and closing oral submissions took place in June 2007. The Judge has not rendered his decision in the case to date.

In September 2006, Christopher Chavez purporting to act on behalf of himself and a class of consumers yet to be defined filed an action in the United States District Court, Northern District of California, against the Company and its subsidiaries for unfair business practices, false advertising, violation of California Consumers Legal Remedies Act, fraud, deceit and/or misrepresentation alleging that the Company misleadingly labels its Blue Sky beverages as originating in and/or being canned under the authority of a company located in Santa Fe, New

Mexico. On June 11, 2007, the United States District Court, Northern District of California granted the Company's motion to dismiss Chavez's complaint with prejudice. In late June, Mr. Chavez noticed an appeal in the United States Court of Appeal for the Ninth Circuit. Appellant's opening brief is due September 10, 2007, and appellees' answering brief is due October 10, 2007. No oral argument has been set to date.

The Company is subject to litigation from time to time in the normal course of business. Although it is not possible to predict the outcome of such litigation, based on the facts known to the Company and after consultation with counsel, management believes that such litigation in the aggregate will likely not have a material adverse effect on the Company's financial position or results of operations.

Derivative Litigation - From November 2006 through January 2007, purported derivative lawsuits relating to the Company's past stock option grants were filed by parties identifying themselves as shareholders of Hansen. These lawsuits name as defendants certain of Hansen's current and former employees, officers and directors, and name Hansen as a nominal defendant. Three of these cases, Chandler v. Sacks, et al. (No. RIC460186), Plotkin v. Sacks, et al. (No. RIC460485), and Alama v. Sacks, et al. (No. RIC463968), were filed in the Superior Court of California, County of Riverside (the "State Derivative Actions"). Two additional shareholder derivative lawsuits, Linan v. Sacks, et al. (No. ED CV 06-01393) and Cribbs v. Blower et al. (No. ED CV 07-00037), were filed in the United States District Court for the Central District of California. On March 26, 2007, the Cribbs and Linan actions were consolidated for all purposes before the District Court, which appointed lead and local counsel and restyled the action as In re Hansen Natural Corporation Derivative Litigation (No. ED CV 07-37 JFW (PLAx)) (the "Federal Derivative Action").

Plaintiffs in both the State Derivative Actions and the Federal Derivative Action, who purport to bring suit on behalf of the Company, have made no demand on the Board of Directors and allege that such demand is excused. The complaints in the derivative actions allege, among other things, that by improperly dating certain Hansen stock option grants, defendants breached their fiduciary duties, wasted corporate assets, unjustly enriched themselves and violated federal and California statutes. Plaintiffs seek, among other things, unspecified damages to be paid to Hansen, corporate governance reforms, an accounting, rescission, restitution and the creation of a constructive trust.

On April 4, 2007, the plaintiff in the Chandler action applied for a temporary restraining order and a preliminary injunction, seeking, inter alia, to restrain an April 20, 2007 shareholders meeting, to impose restrictions on the defendants' ability to issue or exercise stock options or to transfer the proceeds of stock option grants, and to compel discovery. On April 6, 2007, the Superior Court of California denied plaintiff's application for a temporary restraining order in its entirety. On April 24, 2007, the plaintiff in the Chandler action filed a motion for a preliminary injunction again seeking, inter alia, to impose restrictions on the defendants' ability to issue or exercise stock options or to transfer the proceeds of stock option grants, and to compel discovery. On April 24, 2007, defendants filed a motion to consolidate the State Derivative Actions as well as a motion seeking to stay the State Derivative Actions. By stipulation that was so ordered by the Court on May 25, 2007, the parties agreed to resolve the April 24, 2007

motions as follows: (i) the Chandler and Plotkin actions are now consolidated; (ii) the consolidated State Derivative Actions are stayed for all purposes until February 29, 2008; and (iii) the motion for a preliminary injunction has been withdrawn and may not be refiled while the stay is pending.

On April 16, 2007, the Alama v. Sacks, et al. lawsuit filed in California Superior Court was voluntarily dismissed. On May 23, 2007, Alama filed a substantially similar complaint in the Chancery Court of Delaware, New Castle County (No. 2978) and, on July 24, 2007, the Company and the individual defendants' moved to dismiss the complaint. By stipulation that was so ordered by the Court on July 21, 2007, the parties agreed to the terms of a stay of discovery pending the disposition of defendants' motion to dismiss the complaint.

On April 11, 2007, plaintiffs in the Federal Derivative Action filed an application for a temporary restraining order and preliminary injunction seeking to prevent an April 20, 2007, shareholders meeting and alleged violation of federal laws relating to proxy statements. On April 16, 2007, the District Court denied plaintiffs' application for a temporary restraining order and sua sponte ordered plaintiffs to show cause why sanctions should not be issued against plaintiffs' law firm for the filing of a frivolous motion. On May 30, 2007, the District Court, while noting that it still found that plaintiffs' application for a temporary restraining order "bordered on the frivolous," declined to impose sanctions against plaintiffs' law firm. On April 23, 2007, the Federal Derivative Action plaintiffs filed an amended consolidated complaint and, on June 11, 2007, the Company and the individual defendants' moved to dismiss the consolidated complaint.

Based on the allegations contained in the complaints, the Company believes that Plaintiffs' claims are without merit, and the Company intends to vigorously defend against the lawsuits. However, the ultimate outcome of these matters cannot be predicted with certainty.

Securities Litigation - From November 2006 through December 2006, several plaintiffs filed shareholder class actions in the United States District Court for the Central District of California against Hansen and certain of its employees, officers and directors, entitled Hutton v. Hansen Natural Corp., et al. (No. 06-07599), Kingery v. Hansen Natural Corp., et al. (No. 06-07771), Williams v. Hansen Natural Corp., et al. (No. 06-01369), Ziolkowski v. Hansen Natural Corp., et al. (No. ED 06-01403), Walker v. Hansen Natural Corp., et al. (No. 06-08229) (the "Class Actions"). On February 27, 2007, the Class Actions were consolidated by the District Court and styled as In re Hansen Natural Corporation Securities Litigation (CV06-07599 JFW (PLAx)). The Court appointed Jason E. Peltier as lead plaintiff ("Lead Plaintiff") and approved lead counsel. Lead Plaintiff filed a consolidated class action complaint on April 30, 2007.

The consolidated class action complaint supersedes all previously filed class action complaints and is the operative complaint to which the Company must respond. Lead Plaintiff alleges, on behalf of all persons who purchased Hansen common stock during the period beginning November 12, 2001 through November 9, 2006 (the "Class Period"), that Hansen and the individual defendants made misleading statements and omissions of material fact which artificially inflated the market price of Hansen common stock throughout the Class Period. Plaintiffs further allege that defendants violated Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by misrepresenting or failing to

disclose that defendants incorrectly dated stock option grants, that the Company's internal controls were inadequate, and that, as a result, defendants engaged in improper accounting practices. Plaintiffs seek an unspecified amount of damages. On June 25, 2007, the Company and the individual defendants' moved to dismiss the consolidated class action complaint.

Based on the allegations contained in the consolidated class action complaint, the Company believes that Plaintiffs' claims are without merit, and the Company intends to vigorously defend against the lawsuit. However, the ultimate outcome of this matter cannot be predicted with certainty.

10. INCOME TAXES

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"), on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in

accordance with FASB Statement No. 109, *Accounting for Income Taxes*, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As a result of the implementation of FIN 48, the Company made a comprehensive review of its portfolio of uncertain tax positions in accordance with recognition standards established by FIN 48. Based on its evaluation, the Company has concluded that there are no material uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax years ended December 31, 2006, 2005, 2004 and 2003, the tax years which remain subject to examination by major tax jurisdictions as of June 30, 2007. Effective upon adoption of FIN 48, the Company adopted the method to recognize interest and penalties accrued related to unrecognized tax benefits and penalties within its provision for income taxes. The Company had no such interest and penalties accrued at June 30, 2007.

The Company is evaluating actions it may take with respect to outstanding stock options that were affected by errors during prior periods in relation to Section 409A of the Internal Revenue Code, and any decision to reimburse or compensate employees for the potential inadvertent taxation will be recorded as an expense in the future period in which the decision is made.

The Internal Revenue Service ("IRS") has advised the Company its U.S. federal income tax return for the period ended December 31, 2005 has been selected for examination by the IRS, which is scheduled to commence on August 9, 2007.

11. STOCK-BASED COMPENSATION

The Company has two stock option plans under which shares were available for grant at June 30, 2007: the 2001 Hansen Natural Corporation Stock Option Plan (the "2001 Option Plan") and the 2005 Hansen Natural Corporation Stock Option Plan for Non-Employee Directors (the "2005 Directors Plan").

The 2001 Option Plan permits the granting of options to purchase up to 22,000,000 shares of the common stock of the Company to certain key employees of the Company and its subsidiaries. Options granted under the 2001 Option Plan may be incentive stock options under Section 422 of the Internal Revenue Code, as amended, non-qualified stock options or stock appreciation rights. Stock options are exercisable at such times and in such amounts as may be determined by the Compensation Committee of the Board of Directors of the Company up to a ten-year period after their date of grant. As of June 30, 2007, options to purchase 15,998,600 shares of the Company's common stock had been granted, net of cancellations, and options to purchase 6,001,400 shares of the Company's common stock remain available for grant under the 2001 Option Plan.

The 2005 Directors Plan permits the granting of options to purchase up to an aggregate of 800,000 shares of common stock of the Company to non-employee directors of the Company. On the date of the annual meeting of stockholders at which an eligible director is initially elected, each eligible director is entitled to receive a one-time grant of an option to purchase 24,000 shares of the Company's common stock exercisable at the closing price for a share of common stock on the date of grant. Additionally, on the fifth anniversary of the election of eligible directors elected or appointed to the Board of Directors, and each fifth anniversary thereafter, each eligible director shall receive an additional grant of an option to purchase 19,200 shares of the Company's common stock. Options become exercisable in four equal installments, with the grant immediately vested with respect to 25% of the grant and the remaining installments vesting on the three successive anniversaries of the date of grant; provided that all options held by an eligible director become fully and immediately exercisable upon a change in control of the Company. Options granted under the 2005 Directors Plan that are not exercised generally expire ten years after the date of grant. Option grants may be made under the 2005 Directors Plan for ten years from the effective date of the 2005 Directors Plan. The 2005 Directors Plan is a "formula plan" so that a non-employee director's participation in the 2005 Directors Plan does not affect his status as a "disinterested person" (as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). As of June 30, 2007, options to purchase 76,800 shares of the Company's common stock had been granted under the 2005 Directors Plan and options to purchase 723,200 shares of the Company's common stock remained available for grant.

Under the Company's stock option plans, all grants are made at prices based on the fair market value of the stock on the date of grant. Outstanding options generally vest over periods ranging from two to five years from the grant date and generally expire up to ten years after the grant date. The Company recorded $2.0 million and $1.7 million of compensation expense relating to outstanding options during the three-months ended June 30, 2007 and 2006, respectively. The Company recorded $4.2 million and $3.6 million of compensation expense relating to outstanding options during the six-months ended June 30, 2007 and 2006, respectively.

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes-Merton option pricing formula with the assumptions included in the table below. The Company uses historical data to determine the exercise behavior, volatility and forfeiture rate of the options. The following weighted-average assumptions were used to estimate the fair value of options granted during the six-months ended June 30, 2007 and 2006 using the Black-Scholes-Merton option pricing formula:

	Six-Months Ended June 30,

	2007	2006
Dividend yield	0.0%	0.0%
Expected volatility	61.0%	58.0%
Risk free interest rate	4.8%	4.6%
Expected lives	6 Years	6 Years

The following table summarizes the Company's activities with respect to its stock option plans for the six-months ended June 30, 2007 as follows:

Options	Number of Shares (in Thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2007	12,534	$ 5.18	6.9	$ 357,583
Granted	210	$ 38.84		
Exercised	(939)	$ 4.33		
Cancelled	(56)	$ 0.74		
Outstanding at June 30, 2007	11,749	$ 5.88	6.5	$ 435,971
Vested and expected to vest in the future at June 30, 2007	11,578	$ 5.81	6.5	$ 430,353
Exercisable at June 30, 2007	5,294	$ 2.63	5.3	$ 213,631

The weighted-average grant-date fair value of options granted during the three-months ended June 30, 2007 and 2006 was $23.46 per share and $21.17 per share, respectively. The weighted-average grant-date fair value of options granted during the six-months ended June 30, 2007 and 2006 was $23.25 per share and $15.15 per share, respectively. The total intrinsic value of options exercised during the three-months ended June 30, 2007 and 2006 was $37.1 million and $57.4 million, respectively. The total intrinsic value of options exercised during the six-months ended June 30, 2007 and 2006 was $37.1 million and $71.7 million, respectively.

Cash received from option exercises under all plans for the three-months ended June 30, 2007 and 2006 was approximately $3.9 million and $2.5 million, respectively.Cash received from option exercises under all plans for the six-months ended June 30, 2007 and 2006 was approximately $3.9 million and $3.3 million, respectively. The actual tax benefit realized for tax deductions from non-qualified stock option exercises and disqualifying dispositions of incentive stock options for the three-months ended June 30, 2007 and 2006 was $9.3 million and $15.5 million, respectively.The actual tax benefit realized for tax deductions from non-qualified stock option exercises and disqualifying dispositions of incentive stock options for the six-months ended June 30, 2007 and 2006 was $9.3 million and $16.2 million, respectively.

At June 30, 2007, total unrecognized compensation expense related to nonvested options granted to both employees and non-employees under the Company's share-based option plans amounted to $26.5 million. That cost is expected to be recognized over a weighted-average period of 2.5 years.

12. SEGMENT INFORMATION

The Company has two reportable segments, namely Direct Store Delivery ("DSD"), whose principal products comprise energy drinks, and Warehouse, whose principal products comprise juice based and soda beverages. The DSD segment develops, markets and sells products primarily through an exclusive distributor network, whereas the Warehouse segment develops, markets and sells products primarily direct to retailers. Corporate and unallocated amounts that do not relate to DSD or Warehouse segments have been allocated to "Corporate & Unallocated." Hansen's® energy drinks which were previously reported in the DSD segment are now reported in the Warehouse segment for the three- and six-months ended June 30, 2007. For presentation purposes, the change is assumed to have commenced January 1, 2006 and amounts for the three- and six-months ended June 30, 2006, as previously reported, have been recast to reflect this reclassification.

The net revenues derived from DSD and Warehouse segments and other financial information related thereto for the three-months ended June 30, 2007 and 2006 are as follows:

	Three-Months Ended June 30, 2007			
	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	$ 220,428	$ 24,335	$ -	$ 244,763

Contribution margin	74,982	934	-	75,916
Corporate & unallocated expenses	-	-	(14,493)	(14,493)
Operating income				61,423
Interest income, net	(11)	-	1,763	1,752
Income before provision for income taxes				63,175
Depreciation & amortization	220	9	261	490
Trademark amortization	-	11	3	14

	Three-Months Ended June 30, 2006			
	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	$ 131,976	$ 24,061	$ -	$ 156,037
Contribution margin	51,003	1,678	-	52,681
Corporate & unallocated expenses	-	-	(6,929)	(6,929)
Operating income				45,752
Interest income, net	(15)	(1)	888	872
Income before provision for income taxes				46,624
Depreciation & amortization	142	9	217	368
Trademark amortization	-	11	3	14

The reclassification of Hansen's® energy drinks which were previously reported in the DSD division to the Warehouse division, resulted in an increase in net sales of the Warehouse division and a decrease in net sales of the DSD division of $1.0 million for the three-months ended June 30, 2006. The reclassification also resulted in an increase in contribution margin of the Warehouse division and a decrease in contribution margin of the DSD division of $0.5 million for the three-months ended June 30, 2006, from amounts previously reported.

Revenue is derived from sales to external customers. Operating expenses that pertain to each segment are allocated to the applicable segment.

Contribution margin for the DSD division included $8.4 million attributable to the costs associated with terminating existing distributors. Corporate and unallocated expenses were $14.5 million for the three-months ended June 30, 2007 and included $5.9 million of payroll costs, of which $2.0 million was attributable to stock-based compensation expense (see Note 11, "Stock-Based Compensation"), and $5.3 million attributable to professional service expenses, including legal and accounting fees. Included in legal and accounting fees are costs of $4.2 million relating to the Company's special investigation of stock option grants and granting practices. Corporate and unallocated expenses were $6.9 million for the three-months ended June 30, 2006 and

included $4.6 million of payroll costs, of which $1.7 million was attributable to stock based compensation expense and $1.1 million of professional service expenses, including legal and accounting fees. Certain items, including operating assets and income taxes, are not allocated to individual segments and therefore are not presented above.

Two customers made up approximately 18% and 13% respectively, of the Company's net sales for the three-months ended June 30, 2007. Two customers made up approximately 19% and 11% respectively, of the Company's net sales for the three-months ended June 30, 2006.

The net revenues derived from DSD and Warehouse segments and other financial information related thereto for the six-months ended June 30, 2007 and 2006 are as follows:

	Six-Months Ended June 30, 2007			
	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	$ 363,722	$ 46,893	$ -	$ 410,615
Contribution margin	122,317	1,687	-	124,004
Corporate & unallocated expenses	-	-	(30,672)	(30,672)
Operating income				93,332
Interest income, net	(17)	-	3,295	3,278
Income before provision for income taxes				96,610
Depreciation & amortization	406	16	497	919
Trademark amortization	-	22	6	28

	Six-Months Ended June 30, 2006			
	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	$ 230,867	$ 44,916	$ -	$ 275,783
Contribution margin	90,935	3,497	-	94,432
Corporate & unallocated expenses	-	-	(13,851)	(13,851)
Operating income				80,581
Interest income, net	(24)	(2)	1,600	1,574
Income before provision for income taxes				82,155
Depreciation & amortization	255	16	411	682
Trademark amortization	-	22	6	28

The reclassification of Hansen's® energy drinks which were previously reported in the DSD division to the Warehouse division, resulted in an increase in net sales of the Warehouse division and a decrease in net sales of the DSD division of $2.4 million for the six-months ended June 30, 2006. The reclassification also resulted in an increase in contribution margin of the Warehouse division and a decrease in contribution margin of the DSD division of $1.2 million for the six-months ended June 30, 2006, from amounts previously reported.

Revenue is derived from sales to external customers. Operating expenses that pertain to each segment are allocated to the applicable segment.

Contribution margin for the DSD division included $14.7 million attributable to the costs associated with terminating existing distributors. Corporate and unallocated expenses were $30.7 million for the six-months ended June 30, 2007 and included $11.7 million of payroll costs, of which $4.1 million was attributable to stock-based compensation expense (see Note 11, "Stock-Based Compensation"), and $13.5 million attributable to professional service expenses, including legal and accounting fees. Included in legal and accounting fees are costs of $10.9 million relating to the Company's special investigation of stock option grants and granting practices. Corporate and unallocated expenses were $13.9 million for the six-months ended June 30, 2006 and included $9.0 million of payroll costs, of which $3.6 million was attributable to stock based compensation expense and $2.2 million of professional service expenses, including legal and accounting fees. Certain items, including operating assets and income taxes, are not allocated to individual segments and therefore are not presented above.

Two customers made up approximately 18% and 13% respectively, of the Company's net sales for the six-months ended June 30, 2007. Two customers made up approximately 19% and 11% respectively, of the Company's net sales for the six-months ended June 30, 2006.

The Company's net sales by product line for the three- and six-months ended June 30, 2007 and 2006, respectively, were as follows:

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2007	2006	2007	2006
Energy drinks	$ 221,592	$ 133,161	$ 365,992	$ 233,636
Non-carbonated (primarily juice based beverages)	15,039	14,833	30,236	28,249
Carbonated (primarily soda beverages)	8,132	8,043	14,387	13,898
	$ 244,763	$ 156,037	$ 410,615	$ 275,783

13. DISTRIBUTION COORDINATION AGREEMENT

On May 8, 2006, HBC entered into the Monster Beverages Off-Premise Distribution Coordination Agreement and the Allied Products Distribution Coordination Agreement (jointly, the "Off-Premise Agreements") with Anheuser-Busch, Inc., a Missouri corporation ("AB"). Under the Off-Premise Agreements, select AB Distributors will distribute and sell, in markets designated by HBC, HBC's Monster Energy® and Lost® Energy™ brands non-alcoholic energy drinks, Rumba™ brand energy juice and Unbound Energy® brand energy drinks, as well as additional products that may be agreed between the parties.

Pursuant to the AB Distribution Agreements entered into with newly appointed AB Distributors, non-refundable amounts totaling $6.5 million and $19.8 million were recorded by the Company related to such newly appointed AB Distributors for the costs of terminating the Company's prior distributors in the three- and six-months ended June 30, 2007, respectively. Such amounts have been accounted for as deferred revenue in the accompanying condensed consolidated balance sheet as of June 30, 2007 and will be recognized as revenue ratably over the anticipated 20 year life of the respective AB Distribution Agreements. Revenue recognized was $0.5 million and $0.9 million for the three- and six-months ended June 30, 2007, respectively. Related distributor receivables of $9.2

million and $4.5 million are included in accounts receivable net, in the accompanying condensed consolidated balance sheets as of June 30, 2007 and December 31, 3006, respectively.

As of June 30, 2007 and December 31, 2006, amounts totaling $1.1 million and $3.3 million, respectively, were received by the Company from certain other AB Distributors in anticipation of executing AB Distribution Agreements with the Company. Such receipts have been accounted for as customer deposit liabilities in the accompanying condensed consolidated balance sheets as of June 30, 2007 and December 31, 2006.

The Company incurred termination costs amounting to $8.4 million and $14.7 million in aggregate during the three- and six-months ended June 30, 2007, respectively, to certain of its prior distributors. Such termination costs have been expensed in full and are included in operating expenses for the three- and six-months ended June 30, 2007. Accrued distributor terminations in the accompanying condensed consolidated balance sheets as of June 30, 2007 and December 31, 2006 were $7.9 million and $7.0 million, respectively.

On February 8, 2007, HBC entered into an On-Premise Distribution Coordination Agreement (the "On-Premise Agreement") with AB. Under the On-Premise Agreement, AB will manage and coordinate the sales, distribution and merchandising of Monster Energy® energy drinks to on-premise retailers including bars, nightclubs and restaurants in territories approved by HBC.

14. RELATED PARTY TRANSACTIONS

A director of the Company is a partner in a law firm that serves as counsel to the Company. Expenses incurred in connection with services rendered to the Company during the three-months ended June 30, 2007 and 2006 were $2.2 million and $0.1 million, respectively. Expenses incurred in connection with services rendered to the Company during the six-months ended June 30, 2007 and 2006 were $3.6 million and $0.2 million, respectively.

Two directors and officers of the Company and their families are principal owners of a company that provides promotional materials to the Company. Expenses incurred with such company in connection with promotional materials purchased during the three-months ended June 30, 2007 and 2006 were $0.3 million and $0.2 million, respectively. Expenses incurred with such company in connection with promotional materials purchased during the six-months ended June 30, 2007 and 2006 were $0.4 million and $0.5 million, respectively.

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

Our Business

Overview

We develop, market, sell and distribute "alternative" beverage category natural sodas, fruit juices and juice drinks, energy drinks and energy sports drinks, fruit juice smoothies and "functional drinks," non-carbonated ready-to-drink iced teas, children's multi-vitamin juice drinks, Junior Juice® juices and non-carbonated lightly flavored energy waters under the Hansen's® brand name. We also develop, market, sell and distribute energy drinks under the following brand names; Monster Energy®, Lost® Energy™, Joker Mad Energy™, Unbound Energy® and Ace™ brand names as well as Rumba™ brand energy juice. We also market, sell and distribute Java Monster™ brand non carbonated dairy based coffee drinks, natural sodas, premium natural sodas with supplements, organic natural sodas, seltzer waters, sports drinks and energy drinks under the Blue Sky® brand name. Our fruit juices for toddlers are marketed under the Junior Juice® brand name. We also market, sell and distribute vitamin and mineral drink mixes in powdered form under the Fizzit™ brand name.

We have two reportable segments, Direct Store Delivery ("DSD"), whose principal products comprise energy drinks, and Warehouse ("Warehouse"), whose principal products comprise juice based and soda beverages. The DSD segment develops, markets and sells products primarily through an exclusive distributor network whereas the Warehouse segment develops, markets and sells products primarily directly to retailers.

Our sales and marketing strategy for all our beverages and drink mixes is to focus our efforts on developing brand awareness and trial through sampling both in stores and at events. We use our branded vehicles and other promotional vehicles at events where we sample our products to consumers. We utilize "push-pull" methods to achieve maximum shelf and display space exposure in sales outlets and maximum demand from consumers for our products, including advertising, in-store promotions and in-store placement of point-of-sale materials and racks, prize promotions, price promotions, competitions, endorsements from selected public and extreme sports figures, coupons, sampling and sponsorship of selected causes such as cancer research and SPCAs, as well as extreme sports teams such as the Pro Circuit – Kawasaki Motocross and Supercross teams, Kawasaki Factory Motocross and Supercross teams, Alan Pflueger Desert Racing Team, Kenny Bernstein Drag Racing Team, extreme sports figures and athletes, sporting events such as the Monster Energy® Pro Pipeline surfing competition, Winter and Summer X-Games, marathons, 10k runs, bicycle races, volleyball tournaments and other health and sports related activities, including extreme sports, particularly supercross, freestyle motocross, surfing, skateboarding, wakeboarding, skiing, snowboarding, BMX, mountain biking, snowmobile racing, etc., and we also participate in musical concerts, product demonstrations, food tasting and other related events. Posters, print, radio and television advertising, together with price promotions and coupons, may also be used to promote our brands.

We believe that one of the keys to success in the beverage industry is differentiation, such as making Hansen's® products visually distinctive from other beverages on the shelves of retailers. We review our products and packaging on an ongoing basis and, where practical, endeavor to make them different, better and unique. The labels and graphics for many of our products are redesigned from time to time to maximize their visibility and identification, wherever they may be placed in stores, and we will continue to reevaluate the same from time to time.

During the second quarter of 2006, we entered into the Monster Beverages Off-Premise Distribution Coordination Agreement and the Allied Products Distribution Coordination Agreement (jointly, the "Off-Premise Agreements") with Anheuser-Busch, Inc., a Missouri corporation ("AB"). Under the Off-Premise Agreements, select Anheuser-Busch distributors (the "AB Distributors") will distribute and sell, in markets designated by HBC, HBC's Monster Energy® and Lost® Energy™ brands non-alcoholic energy drinks, Rumba™ brand energy juice and Unbound Energy® brand energy drinks, as well as additional products that may be agreed between the parties. We intend to continue building our national distributor network primarily with select AB distributors as well as with our sales force throughout 2007 to support and increase the sales of our products.

Pursuant to the Anheuser-Busch Distribution Agreements (the "AB Distribution Agreements") entered into with newly appointed AB Distributors, non-refundable amounts totaling $6.5 million and $19.8 million were recorded by us related to such newly appointed AB Distributors for the costs of terminating our prior distributors in the three- and six-months ended June 30, 2007, respectively. Such amounts have been accounted for as deferred revenue in the accompanying condensed consolidated balance sheet as of June 30, 2007 and will be recognized as revenue ratably over the anticipated 20 year life of the respective AB Distribution Agreements. Revenue recognized was $0.5 million and $0.9 for the three- and six-months ended June 30, 2007, respectively. Related distributor receivables of $9.2 million and $4.5 million are included in accounts receivable net, in the accompanying condensed consolidated balance sheets as of June 30, 2007 and December 31, 3006, respectively.

As of June 30, 2007 and December 31, 2006, amounts totaling $1.1 million and $3.3 million, respectively, were received by us from certain other AB Distributors in anticipation of executing AB Distribution Agreements with us. Such receipts have been accounted for as customer deposit liabilities in the accompanying condensed consolidated balance sheets as of June 30, 2007 and December 31, 2006.

We incurred termination costs amounting to $8.4 million and $14.7 million in aggregate during the three- and six-months ended June 30, 2007, respectively, to certain of our prior distributors. Such termination costs have been expensed in full and are included in operating expenses for the three- and six-months ended June 30, 2007. Accrued distributor terminations in the accompanying condensed consolidated balance sheets as of June 30, 2007 and December 31, 2006 were $7.9 million and $7.0 million, respectively.

As discussed under Review of Historic Stock Option Granting Practices in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Form 10-K for the fiscal year ended December 31, 2006 ("Form 10-K"), and Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Form 10-Q for the quarter ended March 31, 2007, our Special Committee concluded their review of our stock option grants and granting practices. In connection with this review and

related litigation and matters, we incurred professional service fees of $4.2 million and $10.9 million for the three- and six-months ended June 30, 2007, respectively.

The following table summarizes the selected items discussed above for the three- and six-months ended June 30, 2007:

	Three-Months Ended June 30, 2007	Six-Months Ended June 30, 2007
Deferred Revenue:	(In Thousands)	(In Thousands)
Receipts from newly appointed AB Distributors	$ 6,497	$ 19,847
Operating Expenses:		
Termination payments to prior distributors	$ 8,353	$ 14,700
Professional fees associated with review of stock option grants and stock option granting practices	$ 4,221	$ 10,905

During the second quarter of 2007, we continued to expand our existing product lines and further develop our markets. In particular, we continued to focus on developing and marketing beverages that fall within the category generally described as the "alternative" beverage category, with particular emphasis on energy type drinks.

On February 8, 2007, HBC entered into the On-Premise Distribution Coordination Agreement (the "On-Premise Agreement") with AB. Under the On-Premise Agreement, AB will manage and coordinate the sales, distribution and merchandising of Monster Energy® energy drinks to on-premise retailers including bars, nightclubs and restaurants in territories approved by HBC.

On March 1, 2007, HBC entered into a distribution agreement with Pepsi-QTG Canada, a division of PepsiCo Canada, ULC ("Pepsi Canada"), for the exclusive distribution by Pepsi Canada throughout Canada of our Monster Energy®, Lost® Energy™, Hansen's® and Joker Mad Energy™ energy products.

We again achieved record gross sales in the second quarter of 2007. The increase in gross sales for the three-months ended June 30, 2007 was primarily attributable to increased sales volumes of certain of our existing products, particularly our Monster Energy® brand energy drinks and to sales by volume of Java Monster™ brand non carbonated dairy based coffee drinks (introduced in April 2007). The percentage increase in gross sales was lower than the percentage increase in net sales primarily due to a decrease in promotional and other allowances as a percentage of gross sales, which decreased from 14.3% to 12.8%. The actual amount of promotional and other allowances increased to $35.8 million from $26.1 million for the three-months ended June 30, 2007 and 2006, respectively.*

A substantial portion of our gross sales are derived from our Monster Energy® brand energy drinks. Any decrease in sales of our Monster Energy® brand energy drinks could significantly adversely affect our future revenues and net income.*

During the three-months ended June 30, 2007, gross sales shipped outside of California represented 72.8% of our gross sales, as compared to 68.1% for the comparable period in 2006. During the six-months ended June 30, 2007, gross sales shipped outside of California represented 71.3% of our gross sales, as compared to 67.4% for the comparable period in 2006. During the three-

months ended June 30, 2007, gross sales to distributors outside the United States amounted to $13.4 million, as compared to $5.1 million for the three-months ended June 30, 2006. Such sales were approximately 4.8% of gross sales for the three-months ended June 30, 2007 and approximately 3.0% of gross sales for the comparable period in 2006. During the six-months ended June 30, 2007, gross sales to distributors outside the United States amounted to $19.0 million, as

compared to $8.5 million for the three-months ended June 30, 2006. Such sales were approximately 4.0% of gross sales for the six-months ended June 30, 2007 and approximately 3.0% of gross sales for the comparable period in 2006.*

Our customers are typically retail grocery and specialty chains, wholesalers, club stores, drug, mass merchandisers, convenience chains, full service beverage distributors, health food distributors and food service customers. Gross sales to our various customer types for 2007 and 2006 are reflected below. The allocations below reflect changes made by us to the categories historically reported.*

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2007	2006	2007	2006
Retail grocery, specialty chains and wholesalers	8%	12%	9%	13%
Club stores, drug chains and mass merchandisers	14%	13%	15%	13%
Full service distributors	74%	69%	72%	68%
Health food distributors	2%	3%	2%	3%
Other	2%	3%	2%	3%

* *Gross sales, although used internally by management as an indicator of operating performance, should not be considered as an alternative to net sales, which is determined in accordance with GAAP, and should not be used alone as an indicator of operating performance in place of net sales. Additionally, gross sales may not be comparable to similarly titled measures used by other companies as gross sales has been defined by our internal reporting requirements. However, gross sales is used by management to monitor operating performance including sales performance of particular products, salesperson performance, product growth or declines and our overall performance. The use of gross sales allows evaluation of sales performance before the effect of any promotional items, which can mask certain performance issues. Management believes the presentation of gross sales allows a more comprehensive presentation of our operating performance. Gross sales may not be realized in the form of cash receipts as promotional payments and allowances may be deducted from payments received from customers.*

Our customers include Cadbury Schweppes Bottling Group (formally known as Dr. Pepper Bottling/7UP Bottling Group), Wal-Mart, Inc. (including Sam's Club), Kalil Bottling Group, Trader Joe's, John Lenore & Company, Costco, Kroger, Safeway and Albertsons. A decision by any large customer to decrease amounts purchased from us or to cease carrying our products could have a material negative effect on our financial condition and consolidated results of operations. Cadbury Schweppes Bottling Group, a customer of the DSD division, accounted for approximately 18% and 19% of our net sales for the six-months ended June 30, 2007 and 2006, respectively. Wal-Mart, Inc. (including Sam's Club), a customer of both the DSD and Warehouse divisions, accounted for approximately 13% and 11% of the our net sales for the six-months ended June 30, 2007 and 2006, respectively.

In September 2000, HBC, through its wholly owned subsidiary Blue Sky, acquired the Blue Sky® Natural Soda business. The Blue Sky® natural soda brand is the leading natural soda in the health food trade. Blue Sky offers natural sodas, premium natural sodas with added ingredients such as Ginseng and antioxidant vitamins, organic sodas and seltzer waters in 12-ounce cans and a Blue Sky® Blue Energy drink in 8.3-ounce cans and in 2004 introduced a new line of Blue Sky® natural tea sodas in 12-ounce cans. In 2005, we introduced a new line of Blue Sky® lite natural sodas, a new line of Blue Sky® natural sodas made with real sugar and a new line of non-carbonated Blue Sky® isotonic sports drinks. In 2006, we introduced our Blue Sky® Blue Energy drinks in 16-ounce cans and introduced a new Blue Sky® juice based energy drink in both 8-ounce and 16-ounce cans.

In May 2001, HBC, through its wholly owned subsidiary Junior Juice, acquired the Junior Juice beverage business. The Junior Juice® product line is comprised of a line of 100% juices packaged in 4.23-ounce aseptic packages and is targeted at toddlers.

In October 2006, we acquired the Unbound Energy® trademark and assumed the production, marketing and sale ofUnbound Energy® energy drinks in 16-ounce cans. We subsequently introduced a lo-carb and juice version in 16-ounce cans.

During 2004, we concluded exclusive contracts with the California Department of Health Services Women, Infants and Children Supplemental Nutrition Branch, to supply 100% apple juice and 100% blended juice in 64-ounce PET plastic bottles. The contracts commenced on July 12, 2004 and will expire in July 2008.

We continue to incur expenditures in connection with the development and introduction of new products and flavors.

As a result of the late filing of our 10-Q for the quarter ended September 30, 2006, our Form 10-K for the fiscal year ended December 31, 2006, and our 10-Q for the three-months ended March 31, 2007, we will be ineligible to register our securities on Form S-3 for sale by us or resale by others for one year. The inability to use Form S-3 could adversely affect our ability to raise capital during this period. However, we are still eligible to register our securities on Form S-1. If we fail to timely file a future periodic report with the Securities and Exchange Commission ("SEC") and our stock were delisted, it could severely impact our ability to raise future capital and could have an adverse impact on our overall future liquidity.

Results of Operations

The following table sets forth key statistics for the three- and six-months ended June 30, 2007 and 2006, respectively.

	Three-Months Ended June 30,		Percentage Change	Six-Months Ended June 30,		Percentage Change
	2007	2006	07 vs. 06	2007	2006	07 vs. 06

Gross sales, net of discounts & returns*	$ 280,582	$ 182,126	54.1%	$ 470,651	$ 319,950	47.1%
Less: Promotional and other allowances**	35,819	26,089	37.3%	60,036	44,167	35.9%
Net sales	244,763	156,037	56.9%	410,615	275,783	48.9%
Cost of sales	116,510	75,047	55.2%	196,726	131,795	49.3%
Gross profit***	128,253	80,990	58.4%	213,889	143,988	48.5%
Gross profit margin as a percentage of net sales	52.4%	51.9%		52.1%	52.2%	
Operating expenses	66,830	35,238	89.7%	120,557	63,407	90.1%
Operating income	61,423	45,752	34.3%	93,332	80,581	15.8%
Operating income as a percentage of net sales	25.1%	29.3%		22.7%	29.2%	
Interest income, net	1,752	872	100.9%	3,278	1,574	108.3%
Income before provision for income taxes	63,175	46,624	35.5%	96,610	82,155	17.6%
Provision for income taxes	24,864	18,424	35.0%	38,101	32,864	15.9%
Effective tax rate	39.4%	39.5%		39.4%	40.0%	
Net income	$ 38,311	$ 28,200	35.9%	$ 58,509	$ 49,291	18.7%
Net income as a percentage of net sales	15.7%	18.1%		14.2%	17.9%	
Net income per common share:						
Basic	$ 0.43	$ 0.31		$ 0.65	$ 0.55	
Diluted	$ 0.39	$ 0.28		$ 0.59	$ 0.50	
Case sales (in thousands) (in 192-ounce case equivalents)	26,950	19,136	40.8%	46,345	34,110	35.9%

**Gross sales – see definition above.*

****** Although the expenditures described in this line item are determined in accordance with GAAP and meet GAAP requirements, the disclosure thereof does not conform with GAAP presentation requirements. Additionally, the presentation of promotional and other allowances may not be comparable to similar items presented by other companies. The presentation of promotional and other allowances facilitates an evaluation of the impact thereof on the determination of net sales and illustrates the spending levels incurred to secure such sales. Promotional and other allowances constitute a material portion of our marketing activities.

Results of Operations for the Three-Months Ended June 30, 2007 Compared to the Three-Months Ended June 30, 2006

Segment Reclassification. Hansen's® energy drinks, which were previously reported in the DSD segment, are now reported in the Warehouse segment. The comparable figures for such products for the three-months ended June 30, 2006 as previously reported, have been recast to reflect the above reclassification. (See also Part I, Item 1. Note 12 to our Condensed Consolidated Financial Statements contained in this Form 10-Q).

*Gross Sales.** For the three-months ended June 30, 2007 gross sales were $280.6 million, an increase of approximately $98.4 million or 54.1% higher than gross sales of $182.1 million for the three-months ended June 30, 2006. The increase in gross sales was primarily attributable to increased sales by volume of our Monster Energy® brand energy drinks as well as certain new products such as Java Monster™ brand non carbonated dairy based coffee drinks (introduced in April 2007) and Monster M-80™ energy drinks (introduced in March 2007). To a lesser extent, the increase in gross sales was attributable to increased sales by volume of Rumba™ brand energy juice (introduced in December 2004) and Unbound Energy® energy drinks (commencing in October 2006). Promotional and other allowances were $35.8 million for the three-months ended June 30, 2007, an increase of $9.7 million or 37.3% higher than promotional and other allowances of $26.1 million for the three-months ended June 30, 2006. Promotional and other allowances as a percentage of gross sales decreased to 12.8% from 14.3% for the three-months ended June 30, 2007 and 2006, respectively. As a result, the percentage increase in gross sales for the three-months ended June 30, 2007 was lower than the percentage increase in net sales.

**Gross sales – see definition above.*

Net Sales. For the three-months ended June 30, 2007, net sales were $244.8 million, an increase of approximately $88.7 million or 56.9% higher than net sales of $156.0 million for the three-months ended June 30, 2006. The increase in net sales was primarily attributable to increased sales by volume of our Monster Energy® brand energy drinks, which include Monster Energy® drinks (introduced in April 2002), lo-carb Monster Energy® drinks (introduced in August 2003), Monster Energy® Assault™ energy drinks (introduced in September 2004) and Monster Energy® Khaos™ energy drinks (introduced in August 2005), as well

as certain new products such as Java Monster™ brand non carbonated dairy based coffee drinks and Monster M-80™ energy drinks. To a lesser extent, the increase in net sales was attributable to increased sales by volume of Unbound Energy® energy drinks and Rumba™ brand energy juice.

Case sales, in 192-ounce case equivalents, were 26.9 million cases for the three-months ended June 30, 2007, an increase of 7.8 million cases or 40.8% higher than case sales of 19.1 million cases for the three-months ended June 30, 2006. The overall average net sales price per case increased to $9.08 for the three-months ended June 30, 2007 or 11.4% higher than the average net sales price per case of $8.15 for the three-months ended June 30, 2006. The increase in the average net sales prices per case was attributable to an increase in the proportion of case sales derived from higher priced products.

Net sales for the DSD segment were $220.4 million for the three-months ended June 30, 2007, an increase of approximately $88.4 million or 67.0% higher than net sales of $132.0 million for the three-months ended June 30, 2006. The increase in net sales was primarily attributable to

increased sales by volume of our Monster Energy® brand energy drinks, which include Monster Energy® drinks, lo-carb Monster Energy® drinks, Monster Energy® Assault™ energy drinks as well as Monster Energy® Khaos™ energy drinks. To a lesser extent, the increase in net sales was attributable to sales by volume of Java Monster™ brand non carbonated dairy based coffee drinks and Monster M-80™ energy drinks.

Net sales for the Warehouse segment were $24.3 million for the three-months ended June 30, 2007, an increase of approximately $0.3 million or 1.1% higher than net sales of $24.0 million for the three-months ended June 30, 2006. The increase in net sales was primarily attributable toincreased sales by volume of aseptic juice drinks and Junior Juice® aseptic juices. The increase in net sales was partially offset by decreased sales by volume primarily of iced teas.

*Gross Profit.**** Gross profit was $128.3 million for the three-months ended June 30, 2007, an increase of approximately $47.3 million or 58.4% higher than the gross profit of $81.0 million for the three-months ended June 30, 2006. Gross profit as a percentage of net sales increased slightly to 52.4% for 2007 from 51.9% for 2006. Increases in sales volumes contributed to an increase in gross profit dollars. The increase in gross profit as a percentage of net sales was primarily due to increased sales of DSD segment products which have higher gross profit margins than those in the Warehouse segment. Such increase in gross profit as a percentage of net sales was partially offset by an increase in the percentage of sales within the DSD segment of certain packages that have lower gross profit margins. The increase in gross profit as a percentage of net sales was also partially offset by an increase in certain freight-in costs due to the addition of new co-packers and warehouses and an increase in the cost of certain raw materials including certain sweeteners, PET, aluminum cans and certain juice concentrates.

****Gross profit may not be comparable to that of other entities since some entities include all costs associated with their distribution process in cost of sales, whereas others exclude certain costs and instead include such costs within another line item such as operating expenses.*

Operating Expenses. Total operating expenses were $66.8 million for the three-months ended June 30, 2007, an increase of approximately $31.6 million or 89.7% higher than total operating expenses of $35.2 million for the three-months ended June 30, 2006. Total operating expenses as a percentage of net sales increased to 27.3% for the three-months ended June 30, 2007 from 22.6% for the three-months ended June 30, 2006. The increase in operating expenses was partially attributable to increased expenditures of $8.3 million attributable to the costs associated with terminating existing distributors, increased expenditures of $4.8 million for sponsorships and endorsements, increased expenditures of $4.1 million for professional services costs, including legal and accounting fees, increased expenditures of $3.5 million for commissions and royalties, increased out-bound freight and warehouse costs of $2.5 million primarily due to increased volumes of shipments and an increase in payroll expenses of $2.1 million. Included in legal and accounting fees are costs of $4.2 million relating to our special investigation of stock option grants. Total operating expenses, exclusive of increased expenditures of $8.3 million attributable to the costs associated with terminating existing distributors and exclusive of expenditures of $4.2 million relating to our special investigation of stock option grants, as a percentage of net sales were 22.2% for the three-months ended June 30, 2007 as compared to 22.6% for the three-months ended June 30, 2006.

Contribution Margin. Contribution margin for the DSD segment was $75.0 million for the three-months ended June 30, 2007, an increase of approximately $24.0 million or 47.1% higher than contribution margin of $51.0 million for the three-months ended June 30, 2006. The increase in contribution margin for the DSD segment was primarily attributable to the increase in net sales of

Monster Energy® brand energy drinks. Contribution margin for the Warehouse segment was $1.0 million for 2007, a decrease of approximately $0.7 million or 42.7% lower than contribution margin of $1.7 million for 2006. The decrease in the contribution margin for the Warehouse segment was primarily attributable to a reduction in gross margin as a result of increased costs of raw materials and production.

Operating Income. Operating income was $61.4 million for the three-months ended June 30, 2007, an increase of approximately $15.7 million or 34.3% higher than operating income of $45.8 million for the three-months ended June 30, 2006. Operating income as a percentage of net sales decreased to 25.1% for 2007 from 29.3% for 2006. The increase in operating income was primarily due to an increase in gross profit of $47.3 million. The decrease in operating income as a percentage of net sales was primarily attributable to increased operating expenses, which in turn were primarily due to increased expenditures of $8.3 million attributable to the costs associated with terminating existing distributors and expenditures of $4.2 million relating to our special investigation of stock option grants. Operating income, exclusive of increased expenditures of $8.3 million attributable to the costs associated with terminating existing distributors and exclusive of expenditures of $4.2 million relating to our special investigation of stock option grants, as a percentage of net sales, was 30.2% for the three-months ended June 30, 2007 as compared to 29.3% for the three-months ended June 30, 2006.

Interest Income, net. Net interest income was $1.8 million for the three-months ended June 30, 2007, an increase of $0.9 million from net interest income of $0.9 million for the three-months ended June 30, 2006. The increase in net interest income was primarily attributable to increased interest revenue earned on our invested cash balances which have increased significantly over the prior three-month period.

Provision for Income Taxes. Provision for income taxes for the three-months ended June 30, 2007 was $24.9 million, as compared to provision for income taxes of $18.4 million for the three-months ended June 30, 2006. The effective combined federal and state tax rate for the three-months ended June 30, 2007 was 39.4%, which was lower than the effective tax rate of 39.5% for the three-months ended June 30, 2006. The decrease in the effective tax rate was primarily attributable to certain interest income earned on securities that is exempt from federal income taxes and a decrease in state taxes due to the apportionment of sales to various states outside of California which have lower state tax rates. This decrease was partially offset by stock-based compensation relating to incentive stock options for which we received no tax benefit.

Net Income. Net income was $38.3 million for the three-months ended June 30, 2007, an increase of $10.1 million or 35.9% higher than net income of $28.2 million for the three-months ended June 30, 2006. The increase in net income was primarily attributable to an increase in gross profit of $47.3 million and, to a lesser extent, an increase in net interest income of approximately $0.9 million. This was partially offset by an increase in operating expenses of $31.6 million and an increase in provision for income taxes of $6.4 million. Net income, exclusive of increased expenditures of $8.3 million attributable to the costs associated with terminating existing distributors and exclusive of expenditures of $4.2 million relating to our special investigation of stock option grants was $50.9 million for the three-months ended June 30, 2007, an increase of $22.7 million or 80.5% higher than net income of $28.2 million for the three-months ended June 30, 2006.

Results of Operations for the Six-Months Ended June 30, 2007 Compared to the Six-Months Ended June 30, 2006

Segment Reclassification. Hansen's® energy drinks, which were previously reported in the DSD segment, are now reported in the Warehouse segment. The comparable figures for such products for the six-months ended June 30, 2006 as previously reported, have been recast to reflect the above reclassification. (See also Part I, Item 1. Note 12 to our Condensed Consolidated Financial Statements contained in this Form 10-Q).

*Gross Sales.** For the six-months ended June 30, 2007 gross sales were $470.7 million, an increase of approximately $150.7 million or 47.1% higher than gross sales of $320.0 million for the six-months ended June 30, 2006. The increase in gross sales was primarily attributable to increased sales by volume of our Monster Energy® brand energy drinks as well as certain new products such as Java Monster™ brand non carbonated dairy based coffee drinks and Monster M-80™ energy drinks. To a lesser extent, the increase in gross sales was attributable to increased sales by volume of Unbound Energy® energy drinks and Rumba™ brand energy juice. Promotional and other allowances were $60.0 million for the six-months ended June 30, 2007, an increase of $15.8 million or 35.9% higher than promotional and other allowances of $44.2 million for the six-months ended June 30, 2006. Promotional and other allowances as a percentage of gross sales decreased to 12.7% from 13.8% for the six-months ended June 30, 2007 and 2006, respectively. As a result, the percentage increase in gross sales for the six-months ended June 30, 2007 was lower than the percentage increase in net sales.

**Gross sales – see definition above.*

Net Sales. For the six-months ended June 30, 2007, net sales were $410.6 million, an increase of approximately $134.8 million or 48.9% higher than net sales of $275.8 million for the six-months ended June 30, 2006. The increase in net sales was primarily attributable to increased sales by volume of our Monster Energy® brand energy drinks, which include Monster Energy® drinks, lo-carb Monster Energy® drinks, Monster Energy® Assault™ energy drinks and Monster Energy® Khaos™ energy drinks, as well as certain new products such as Java Monster™ brand non carbonated dairy based coffee drinks and Monster M-80™ energy drinks. To a lesser extent, the increase in net sales was attributable to increased sales by volume of Unbound Energy® energy drinks and Rumba™ brand energy juice. The increase in net sales was partially offset by decreased sales by volume of Lost Energy® drinks (introduced in January 2004).

Case sales, in 192-ounce case equivalents, were 46.3 million cases for the six-months ended June 30, 2007, an increase of 12.2 million cases or 35.9% higher than case sales of 34.1 million cases for the six-months ended June 30, 2006. The overall average net sales price per case increased to $8.86 for the six-months ended June 30, 2007 or 9.5% higher than the average net sales price per case of $8.09 for the six-months ended June 30, 2006. The increase in the average net sales prices per case was attributable to an increase in the proportion of case sales derived from higher priced products.

Net sales for the DSD segment were $363.7 million for the six-months ended June 30, 2007, an increase of approximately $132.9 million or 57.6% higher than net sales of $230.9 million for the six-months ended June 30, 2006. The increase in net sales was primarily attributable toincreased sales by volume of our Monster Energy® brand energy drinks, which include Monster Energy® drinks, lo-carb Monster Energy® drinks, Monster Energy® Assault™ energy drinks as well as

Monster Energy® Khaos™ energy drinks. To a lesser extent, the increase in net sales was attributable to sales by volume of Java Monster™ brand non carbonated dairy based coffee drinks, Monster M-80™ energy drinks and Unbound Energy® energy drinks, as well as increased sales by volume of Rumba™ brand energy juice. The increase in net sales was partially offset by decreased sales by volume primarily of Lost Energy® drinks.

Net sales for the Warehouse segment were $46.9 million for the six-months ended June 30, 2007, an increase of approximately $2.0 million or 4.4% higher than net sales of $44.9 million for the six-months ended June 30, 2006. The increase in net sales was primarily attributable toincreased sales by volume of aseptic juice drinks, iced teas and Junior Juice® aseptic juices. The increase in net sales was partially offset by decreased sales by volume primarily of Hansen's® fruit juice smoothies, Hansen's® energy drinks and apple juice.

*Gross Profit.**** Gross profit was $213.9 million for the six-months ended June 30, 2007, an increase of approximately $69.9 million or 48.5% higher than the gross profit of $144.0 million for the six-months ended June 30, 2006. Gross profit as a percentage of net sales decreased slightly to 52.1% for 2007 from 52.2% for 2006. Increases in sales volumes contributed to an increase in gross profit dollars. The decrease in gross profit as a percentage of net sales was primarily due to an increase in the percentage of sales within the DSD segment of certain packages that have lower gross profit margins. Such decrease in gross profit as a percentage of net sales was partially offset by increased sales of DSD segment products which have higher gross profit margins than those in the Warehouse segment. The decrease in gross profit as a percentage of net sales was also attributable to an increase in certain freight-in costs due to the addition of new co-packers and warehouses and an increase in the cost of certain raw materials including certain sweeteners, PET, aluminum cans and certain juice concentrates.

****Gross profit – see definition*

Operating Expenses. Total operating expenses were $120.6 million for the six-months ended June 30, 2007, an increase of approximately $57.2 million or 90.1% higher than total operating expenses of $63.4 million for the six-months ended June 30, 2006. Total operating expenses as a percentage of net sales increased to 29.4% for the six-months ended June 30, 2007 from 23.0% for the six-months ended June 30, 2006. The increase in operating expenses was partially attributable to increased expenditures of $14.4 million attributable to the costs associated with terminating existing distributors, increased expenditures of $11.3 million for professional services costs, including legal and accounting fees, increased expenditures of $8.1 million for sponsorships and endorsements, increased expenditures of $5.0 million for commissions and royalties, increased out-bound freight and warehouse costs of $4.4 million primarily due to increased volumes of shipments and an increase in payroll expenses of $4.2 million. Included in legal and accounting fees are costs of $10.9 million relating to our special investigation of stock option grants. Total operating expenses, exclusive of increased expenditures of $14.4 million attributable to the costs associated with terminating existing distributors and exclusive of expenditures of $10.9 million relating to our special investigation of stock option grants, as a percentage of net sales, were 23.2% for the six-months ended June 30, 2007 as compared to 23.0% for the six-months ended June 30, 2006.

Contribution Margin. Contribution margin for the DSD segment was $122.3 million for the six-months ended June 30, 2007, an increase of approximately $31.3 million or 34.5% higher than contribution margin of $90.9 million for the six-months ended June 30, 2006. The increase in contribution margin for the DSD segment was primarily attributable to the increase in net sales of

Monster Energy® brand energy drinks. Contribution margin for the Warehouse segment was $1.7 million for 2007, a decrease of approximately $1.8 million or 51.8% lower than contribution margin of $3.5 million for 2006. The decrease in the contribution margin for the Warehouse segment was primarily attributable to reduction in gross margin as a result of increased costs of raw materials and production.

Operating Income. Operating income was $93.3 million for the six-months ended June 30, 2007, an increase of approximately $12.8 million or 15.8% higher than operating income of $80.6 million for the six-months ended June 30, 2006. Operating income as a percentage of net sales decreased to 22.7% for 2007 from 29.2% for 2006. The increase in operating income was primarily due to an increase in gross profit of $69.9 million. The decrease in operating income as a percentage of net sales was primarily attributable to increased operating expenses, which in turn were primarily due to increased expenditures of $14.4 million attributable to the costs associated with terminating existing distributors and expenditures of $10.9 million relating to our special investigation of stock option grants. Operating income, exclusive of increased expenditures of $14.4 million attributable to the costs associated with terminating existing distributors and exclusive of expenditures of $10.9 million relating to our special investigation of stock option grants, as a percentage of net sales, was 28.9% for the six-months ended June 30, 2007 as compared to 29.2% for the six-months ended June 30, 2006.

Interest Income, net. Net interest income was $3.3 million for the six-months ended June 30, 2007, an increase of $1.7 million from net interest income of $1.6 million for the six-months ended June 30, 2006. The increase in net interest income was primarily attributable to increased interest revenue earned on our invested cash balances which have increased significantly over the prior six-month period.

Provision for Income Taxes. Provision for income taxes for the six-months ended June 30, 2007 was $38.1 million, as compared to provision for income taxes of $32.9 million for the six-months ended June 30, 2006. The effective combined federal and state tax rate for the six-months ended June 30, 2007 was 39.4%, which was lower than the effective tax rate of 40.0% for the six-months ended June 30, 2006. The decrease in the effective tax rate was primarily attributable to certain interest income earned on securities that is exempt from federal income taxes and a decrease in state taxes due to the apportionment of sales to various states outside of California which have lower state tax rates. This decrease was partially offset by stock-based compensation relating to incentive stock options for which we received no tax benefit.

Net Income. Net income was $58.5 million for the six-months ended June 30, 2007, an increase of $9.2 million or 18.7% higher than net income of $49.3 million for the six-months ended June 30, 2006. The increase in net income was primarily attributable to an increase in gross profit of $69.9 million and, to a lesser extent, an increase in net interest income of approximately $1.7 million. This was partially offset by an increase in operating expenses of $57.0 million and an increase in provision for income taxes of $5.2 million. Net income, exclusive of increased expenditures of $14.4 million attributable to the costs associated with terminating existing distributors and exclusive of expenditures of $10.9 million relating to our special investigation of stock option grants was $83.8 million for the six-months ended June 30, 2007, an increase of $34.5 million or 70.0% higher than net income of $49.3 million for the three-months ended June 30, 2006.

Liquidity and Capital Resources

Cash flows provided by operating activities –Net cash provided by operating activities was $52.1 million for the six-months ended June 30, 2007, as compared to $24.8 million in the comparable period in 2006. For the six-months ended June 30, 2007, cash provided by operating activities was primarily attributable to net income earned of $58.5 million and adjustments for certain non-cash expenses consisting of $4.2 million of share-based compensation and $0.9 million of depreciation and other amortization. For the six-months ended June 30, 2007, cash provided by operating activities also increased due to a $57.5 million increase in accounts payable, an $18.9 million increase in deferred revenue and a $6.2 million increase in income taxes payable. For the six-months ended June 30, 2007, cash provided by operating activities was reduced due to a $57.5 million increase in accounts receivable, a $10.5 million increase in inventories, a $5.6 million increase in prepaid expenses and other assets and a $2.2 million decrease in customer deposit liabilities. The increase in accounts receivable was attributable to increased sales volumes, as well as to increased sales to certain classes of customers who have longer payment terms.

Purchases of inventories, increases in accounts receivable and other assets, acquisition of property and equipment, acquisition of trademarks, payments of accounts payable and income taxes payable are expected to remain our principal recurring use of cash.

Cash flows used in investing activities – Net cash used in investing activities was $44.6 million for the six-months ended June 30, 2007, as compared to $86.3 in the comparable period in 2006. For the six-months ended June 30, 2007, cash used in investing activities was primarily attributable to purchases of short-term investments, particularly available-for-sale investments, and to a lesser extent by additions to trademarks. Cash provided by investing activities was primarily attributable to sales and maturities of held-to-maturity and available-for-sale investments. For both periods, cash used in investing activities included the acquisitions of fixed assets consisting of vans and promotional vehicles and other equipment to support our marketing and promotional activities, production equipment, computer and office furniture and equipment used for sales and administrative activities, coolers, as well as certain leasehold improvements. Management expects that it will continue to use a portion of its cash in excess of its requirements for operations, for purchasing short-term investments and for other corporate purposes. Management, from time to time, considers the acquisition of capital equipment, specifically items of production equipment required to produce certain of our products, storage racks, vans and promotional vehicles, coolers and other promotional equipment as well as the introduction of new product lines and businesses compatible with the image of our brands.

Cash flows provided by financing activities – Net cash provided by financing activities was $12.8 million for the six-months ended June 30, 2007, as compared to net cash provided by financing activities of $18.8 million for the comparable period in 2006. For the six-months ended June 30, 2007, cash provided by financing activities was primarily attributable to a $9.3 million tax benefit in connection with the exercise of certain stock options and proceeds of $3.9 million received from the issuance of common stock in connection with the exercise of certain stock options.

Debt and other obligations – HBC has entered into a credit facility with Comerica Bank ("Comerica") consisting of a revolving line of credit which was amended in May 2007. In accordance with the amended provisions of the credit facility, HBC increased its available borrowings under the revolving line of credit to $10.0 million non-collateralized debt.

The revolving line of credit is effective through June 1, 2008. Interest on borrowings under the line of credit is based on Comerica's base (prime) rate minus up to 1.5%, or varying LIBOR rates up to 180 days, plus an additional percentage of up to 1.75%, depending upon certain financial ratios maintained by HBC. We had

no outstanding borrowings on this line of credit at June 30, 2007. Comerica has issued letters of credit on behalf of the Company totaling $0.7 million under this credit facility.

The terms of our line of credit contain certain financial covenants, including certain financial ratios. We were in compliance with our covenants at June 30, 2007.

Under the terms of our credit facility, if any event of default occurs for any reason, Comerica may declare all or any portion outstanding on the line of credit immediately due and payable and exercise rights and remedies available to them, including instituting legal proceedings.

Commitments – Purchase obligations represent commitments made by us and our subsidiaries to various suppliers for raw materials used in the manufacturing and packaging of our products.

The following represents a summary of our contractual obligations and related scheduled maturities as of June 30, 2007:

	Payments Due by Period				
Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Contractual Obligations	$ 27,099	$ 14,891	$ 12,208	$ -	$ -
Capital Leases	590	590	-	-	-
Operating Leases	25,451	3,740	6,270	4,554	10,887
Purchase Commitments	13,550	13,550	-		
	$ 66,690	$ 32,771	$ 18,478	$ 4,554	$ 10,887

In addition to the above obligations, pursuant to a can supply agreement entered into with Rexam, dated as of January 1, 2006, as amended, we have undertaken to purchase a minimum volume of 24-ounce resealable aluminum beverage cans over the four-year period commencing from January 1, 2006 through December 31, 2009. Under the terms of the agreement, if we fail to purchase the minimum volume, we will be obligated to reimburse Rexam for certain capital reimbursements on a pro-rata basis. Our maximum liability under this agreement is $7.7 million, subject to compliance by Rexam with certain conditions.

Management believes that cash available from operations, including cash resources and the revolving line of credit, will be sufficient for our working capital needs, including purchase commitments for raw materials and inventory, increases in accounts receivable, payments of tax liabilities, debt servicing, expansion and development needs, purchases of shares of our common stock, as well as any purchases of capital assets or equipment, through at least the next twelve months. Based on our current plans, at this time we estimate that capital expenditures are likely to be less than $10.0 million through June 2008. However, future business opportunities may cause a change in this estimate.

In October 2006, we entered into a lease agreement pursuant to which we leased 346,495 square feet of warehouse and distribution space located in Corona, California. This lease

commitment provides for minimum rental payments for 120 months commencing March 2007, excluding renewal options. The monthly rental payments are $167,586 at the commencement of the lease and increase over the lease term by 7.5% at the end of each 30 month period. The new warehouse and distribution space will replace our existing warehouse and distribution space located in Corona, California. We have sublet in excess of 50% of our existing office, warehouse and distribution space for the remainder of that lease term which expires in October 2010.

In October 2006, we also entered into an agreement to acquire 1.8 acres of vacant land for a purchase price of $1.4 million. The property is located adjacent to the newly leased warehouse and distribution space in Corona, California and will be used to construct a new office building which will replace our existing office space. In the interim, we will relocate our corporate offices in September 2007 to newly leased offices located at 550 Monica Circle, Corona, CA 92880.

Sales

The table set forth below discloses selected quarterly data regarding sales for the three- and six-months ended June 30, 2007 and 2006, respectively. Data from any one or more quarters or periods is not necessarily indicative of annual results or continuing trends.

Sales of beverages are expressed in unit case volume. A “unit case” means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings) or concentrate sold that will yield 192 U.S. fluid ounces of finished beverage. Unit case volume means the number of unit cases (or unit case equivalents) of beverages directly or indirectly sold by us. Sales of Fizzit™ powdered drink mixes are expressed in actual cases.

Our quarterly results of operations reflect seasonal trends that are primarily the result of increased demand in the warmer months of the year. It has been our experience that beverage sales tend to be lower during the first and fourth quarters of each fiscal year. Because the primary historical market for our products is California, which has a year-long temperate climate, the effect of seasonal fluctuations on quarterly results may have been mitigated; however, such fluctuations may be more pronounced as the distribution of our products expands outside of California. Our experience with our energy drink products suggests that they are less seasonal than traditional beverages. As the percentage of our sales that are represented by such products continues to increase, seasonal fluctuations will be further mitigated. Quarterly fluctuations may also be affected by other factors, including the introduction of new products, the opening of new markets where temperature fluctuations are more pronounced, the addition of new bottlers and distributors, changes in the mix of the sales of our finished products and changes and/or increases in advertising and promotional expenses.

(In thousands, except	Three-Months Ended	Six-Months Ended

average price per case)	June 30		June 30	
	2007	2006	2007	2006
Net sales	$ 244,763	$ 156,037	$ 410,615	$ 275,783
Case sales (192-ounce case equivalents)	26,950	19,136	46,345	34,110
Average price per case	$ 9.08	$ 8.15	$ 8.86	$ 8.09

See Item 2, "Our Business" for additional information related to the increase in sales.

Critical Accounting Policies

There have been no material changes to our critical accounting policies from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Form 10-K for the fiscal year ended December 31, 2006.

Recently Issued Accounting Pronouncements Not Yet Adopted

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("SFAS No. 157"),which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are currently evaluating the effect of adopting SFAS No. 157 on our condensed consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115* (SFAS No. 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. The provisions of SFAS No.159 are effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact of adopting SFAS No. 159 on our condensed consolidated financial statements.

Inflation

We do not believe that inflation has a significant impact on our results of operations for the periods presented.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. Certain statements made in this report, including certain statements made in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", may constitute forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act) regarding the expectations of management with respect to revenues, profitability, adequacy of funds from operations and the Company's existing credit facility, among other things. All statements that address operating performance, events or developments that management expects or anticipates will or may occur in the future, including statements related to new products, volume growth, revenues, profitability, adequacy of funds from operations and/or the Company's existing credit facility, earnings per share growth, statements expressing general optimism about future operating results and non-historical information, are forward-looking statements within the meaning of the Act. Without limiting the foregoing, the words "believes," "thinks," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements.

Management cautions that these statements are qualified by their terms and/or important factors, many of which are outside the control of the Company, and involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made including, but not limited to, the following:

- Any proceedings which may be brought against the Company by the SEC or other governmental agencies;
- The outcome of the shareholder derivative actions and shareholders securities litigation filed against certain of the Company's officers and directors, and the possibility of other private litigation relating to stock option grants and related matters;
- Our ability to address any significant deficiencies or material weakness in our internal control over financial reporting;
- The Company's ability to generate sufficient cash flows to support capital expansion plans and general operating activities;
- Decreased demand for our products resulting from changes in consumer preferences;
- Changes in demand that are weather related, particularly in areas outside of California;
- Competitive products and pricing pressures and the Company's ability to gain or maintain its share of sales in the marketplace as a result of actions by competitors;
- The introduction of new products;
- An inability to achieve volume growth through product and packaging initiatives;
- The Company's ability to sustain the current level of sales of our Monster Energy® brand energy drinks;
- Laws and regulations and/or any changes therein, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws, as well as the Federal Food, Drug and Cosmetic Act, the Dietary Supplement Health and Education Act, and regulations made thereunder or in connection therewith, as well as changes in any other food and drug laws, especially those that may affect the way in which the Company's products are marketed, and/or labeled, and/or sold, including the contents thereof, as well as laws and regulations or

rules made or enforced by the Food and Drug Administration, and/or the Bureau of Alcohol, Tobacco and Firearms and Explosives, and/or the Federal Trade Commission and/or certain state regulatory agencies;
- Changes in the costs and availability of raw materials and the ability to maintain favorable supply arrangements and relationships and procure timely and/or adequate production of all or any of the Company's products;
- The Company's ability to achieve earnings forecasts, which may be based on projected volumes and sales of many product types and/or new products, certain of which are more profitable than others; there can be no assurance that the Company will achieve projected levels or mixes of product sales;
- The Company's ability to penetrate new markets;
- The marketing efforts of distributors of the Company's products, most of which distribute products that are competitive with the products of the Company;
- Unilateral decisions by distributors, convenience chains, grocery chains, specialty chain stores, club stores and other customers to discontinue carrying all or any of the Company's products that they are carrying at any time;
- The terms and/or availability of the Company's credit facility and the actions of its creditors;
- The effectiveness of the Company's advertising, marketing and promotional programs;
- Changes in product category consumption;
- Unforeseen economic and political changes;
- Possible recalls of the Company's products;
- Disruption in distribution or sales and/or decline in sales due to the termination of the distribution agreements with certain of the Company's existing distributors or distribution networks and the appointment of selected AB wholesalers as distributors in their place for the territories of such terminated distributors;

- The Company's ability to make suitable arrangements for the co-packing of any of its products including, but not limited to, its energy and functional drinks in 8.3-ounce slim cans, 16-ounce cans and/or 24-ounce cans, smoothies in 11.5-ounce cans, E_2O Energy Water®, Energade®, Monster Energy®, Lost® Energy™ drinks, Joker Mad Energy™ energy drinks and Unbound Energy® energy drinks in 8.3-ounce and/or 16-ounce and/or 24-ounce cans, Rumba™ energy juice in 16-ounce cans, Java Monster™ brand non carbonated dairy based coffee drinks in 16-ounce cans, juices in 64-ounce PET plastic bottles and aseptic packaging, sparkling orangeades and lemonades and apple cider in glass bottles and other products;
- Loss of the Company's intellectual property rights;
- Failure to retain the full-time services of senior management of the Company, and inability to immediately find suitable replacements;
- Volatility of stock prices which may restrict sales or other opportunities;
- Provisions in the Company's organizational documents and/or control by insiders which may prevent changes in control even if such changes would be beneficial to other stockholders;
- Exposure to significant liabilities due to litigation or legal proceedings.

The foregoing list of important factors and other risks detailed from time to time in the Company's reports filed with the SEC is not exhaustive. See the section entitled "Risk Factors" in our Form 10-K for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. Those factors and the other risk factors described therein are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, our actual results could be materially different from the results described or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than anticipated. Given these uncertainties, you should not rely on forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this report, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, our financial position is routinely subject to a variety of risks. The principal market risks (i.e., the risk of loss arising from adverse changes in market rates and prices) to which the Company is exposed are fluctuations in energy and fuel prices, commodity prices affecting the costs of juice concentrates and other raw materials (including, but not limited to, increases in the price of aluminum for cans, resin for PET plastic bottles, as well as sucrose and high fructose corn syrup, which are used in many of the Company's products), changes in interest rates on the Company's long-term debt and limited availability of certain raw materials such as sucralose. We are also subject to market risks with respect to the cost of commodities because our ability to recover increased costs through higher pricing is limited by the competitive environment in which we operate. In addition, we are subject to other risks associated with the business environment in which we operate, including the collectibility of accounts receivable.

At June 30, 2007, the Company's debt consisted of amounts owed in connection with certain fixed-rate capital leases. There have been no significant changes to the Company's exposure to market risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures –Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting – There have been no changes in internal control over financial reporting that occurred during the fiscal period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In June 2006, HBC filed a lawsuit against Rockstar, Inc., Rockstar Beverage Corporation and Rockstar Brewing Company, Inc., all Nevada corporations (collectively "Rockstar") for false designation of origin, trademark infringement, unfair competition, deceptive trade practices and unfair competition, seeking an injunction and damages based on Rockstar's unauthorized use of HBC's valuable and distinctive Monster Energy® trade dress in connection with its alcoholic energy beverage known as "Rockstar 21." On June 15, 2007, the parties entered into a confidential settlement agreement and dismissed the action.

In August 2006, HBC filed a lawsuit against National Beverage Company, Shasta Beverages, Inc., Newbevco Inc. and Freek'N Beverage Corp. (collectively "National") seeking an injunction and damages for trademark infringement, trademark dilution, unfair competition and deceptive trade practices based on National's unauthorized use of HBC's valuable and distinctive Monster Energy® trade dress in connection with a line of energy drinks it launched under the "Freek" brand name. In June 2007, the parties entered into a confidential settlement agreement resolving the parties' disputes in the litigation. National has since repudiated the settlement agreement and HBC has responded by filing a motion in the United States District Court for the Central District of California to enforce the terms of the confidential settlement agreement. A hearing on HBC's motion to enforce the settlement agreement is scheduled for August 13, 2007.

In August 2006, HBC filed an action in the Federal Courts of Australia, Victoria District Registry against Bickfords Australia (Pty) Limited and Meak (Pty) Ltd. (collectively "Bickfords"), in which HBC is seeking an injunction restraining Bickfords from selling or offering for sale or promoting for sale in Australia any energy drink or beverage under the Monster Energy or Monster marks or any similar marks and for damages and costs. The defendants cross-claimed seeking an order to restrain HBC from selling, or offering for sale, or promoting in Australia any drink product under the Monster Energy® or Monster® trademarks or any similar trademarks and for costs. The trial took place in February and closing oral submissions took place in June 2007. The Judge has not rendered his decision in the case to date.

In September 2006, Christopher Chavez purporting to act on behalf of himself and a class of consumers yet to be defined filed an action in the United States District Court, Northern District of California, against the Company and its subsidiaries for unfair business practices, false advertising, violation of California Consumers Legal Remedies Act, fraud, deceit and/or misrepresentation alleging that the Company misleadingly labels its Blue Sky beverages as originating in and/or being canned under the authority of a company located in Santa Fe, New Mexico. On June 11, 2007, the United States District Court, Northern District of California granted the Company's motion to dismiss Chavez's complaint with prejudice. In late June, Mr. Chavez noticed an appeal in the United States Court of Appeal for the Ninth Circuit. Appellant's opening brief is due September 10, 2007, and appellees' answering brief is due October 10, 2007. No oral argument has been set to date.

The Company is subject to litigation from time to time in the normal course of business. Although it is not possible to predict the outcome of such litigation, based on the facts known to the Company and after consultation with counsel, management believes that such litigation in the aggregate will likely not have a material adverse effect on the Company's financial position or results of operations.

Derivative Litigation - From November 2006 through January 2007, purported derivative lawsuits relating to the Company's past stock option grants were filed by parties identifying themselves as shareholders of Hansen. These lawsuits name as defendants certain of Hansen's current and former employees, officers and directors, and name Hansen as a nominal defendant. Three of these cases, Chandler v. Sacks, et al. (No. RIC460186), Plotkin v. Sacks, et al. (No. RIC460485), and Alama v. Sacks, et al. (No. RIC463968), were filed in the Superior Court of California, County of Riverside (the "State Derivative Actions"). Two additional shareholder derivative lawsuits, Linan v. Sacks, et al. (No. ED CV 06-01393) and Cribbs v. Blower et al. (No. ED CV 07-00037), were filed in the United States District Court for the Central District of California. On March 26, 2007, the Cribbs and Linan actions were consolidated for all purposes before the District Court, which appointed lead and local counsel and restyled the action as In re Hansen Natural Corporation Derivative Litigation (No. ED CV 07-37 JFW (PLAx)) (the "Federal Derivative Action").

Plaintiffs in both the State Derivative Actions and the Federal Derivative Action, who purport to bring suit on behalf of the Company, have made no demand on the Board of Directors and allege that such demand is excused. The complaints in the derivative actions allege, among other things, that by improperly dating certain Hansen stock option grants, defendants breached their fiduciary duties, wasted corporate assets, unjustly enriched themselves and violated federal and California statutes. Plaintiffs seek, among other things, unspecified damages to be paid to Hansen, corporate governance reforms, an accounting, rescission, restitution and the creation of a constructive trust.

On April 4, 2007, the plaintiff in the Chandler action applied for a temporary restraining order and a preliminary injunction, seeking, inter alia, to restrain an April 20, 2007 shareholders meeting, to impose restrictions on the defendants' ability to issue or exercise stock options or to transfer the proceeds of stock option grants, and to compel discovery. On April 6, 2007, the Superior Court of California denied plaintiff's application for a temporary restraining order in its entirety. On April 24, 2007, the plaintiff in the Chandler action filed a motion for a preliminary injunction again seeking, inter alia, to impose restrictions on the defendants' ability to issue or exercise stock options or to transfer the proceeds of stock option grants, and to compel discovery. On April 24, 2007, defendants filed a motion to consolidate the State Derivative Actions as well as a motion seeking to stay the State Derivative Actions. By stipulation that was so ordered by the Court on May 25, 2007, the parties agreed to resolve the April 24, 2007 motions as follows: (i) the Chandler and Plotkin actions are now consolidated; (ii) the consolidated State Derivative Actions are stayed for all purposes until February 29, 2008; and (iii) the motion for a preliminary injunction has been withdrawn and may not be refiled while the stay is pending.

On April 16, 2007, the Alama v. Sacks, et al. lawsuit filed in California Superior Court was voluntarily dismissed. On May 23, 2007, Alama filed a substantially similar complaint in the Chancery Court of Delaware, New Castle County (No. 2978) and, on July 24, 2007, the Company and the individual defendants' moved to dismiss the complaint. By stipulation that was so ordered by the Court on July 21, 2007, the parties agreed to the terms of a stay of discovery pending the disposition of defendants' motion to dismiss the complaint.

On April 11, 2007, plaintiffs in the Federal Derivative Action filed an application for a temporary restraining order and preliminary injunction seeking to prevent an April 20, 2007, shareholders meeting and alleged violation of federal laws relating to proxy statements. On April 16, 2007, the District Court denied plaintiffs' application for a temporary restraining order and sua sponte ordered plaintiffs to show cause why sanctions should not be issued against plaintiffs' law firm for the filing of a frivolous motion. On May 30, 2007, the District Court, while noting that it still found that plaintiffs' application for a temporary restraining order "bordered on the frivolous," declined to impose sanctions against plaintiffs' law firm. On April 23, 2007, the Federal Derivative Action plaintiffs filed an amended consolidated complaint and, on June 11, 2007, the Company and the individual defendants' moved to dismiss the consolidated complaint.

Based on the allegations contained in the complaints, the Company believes that Plaintiffs' claims are without merit, and the Company intends to vigorously defend against the lawsuits. However, the ultimate outcome of these matters cannot be predicted with certainty.

Securities Litigation - From November 2006 through December 2006, several plaintiffs filed shareholder class actions in the United States District Court for the Central District of California against Hansen and certain of its employees, officers and directors, entitled Hutton v. Hansen Natural Corp., et al. (No. 06-07599), Kingery v. Hansen Natural Corp., et al. (No. 06-07771), Williams v. Hansen Natural Corp., et al. (No. 06-01369), Ziolkowski v. Hansen Natural Corp., et al. (No. ED 06-01403), Walker v. Hansen Natural Corp., et al. (No. 06-08229) (the "Class Actions"). On February 27, 2007, the Class Actions were consolidated by the District Court and styled as In re Hansen Natural Corporation Securities Litigation (CV06-07599 JFW (PLAx)). The Court appointed Jason E. Peltier as lead plaintiff ("Lead Plaintiff") and approved lead counsel. Lead Plaintiff filed a consolidated class action complaint on April 30, 2007.

The consolidated class action complaint supersedes all previously filed class action complaints and is the operative complaint to which the Company must respond. Lead Plaintiff alleges, on behalf of all persons who purchased Hansen common stock during the period beginning November 12, 2001 through November 9, 2006 (the "Class Period"), that Hansen and the individual defendants made misleading statements and omissions of material fact which artificially inflated the market price of Hansen common stock throughout the Class Period. Plaintiffs further allege that defendants violated Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by misrepresenting or failing to disclose that defendants incorrectly dated stock option grants, that the Company's internal controls were inadequate, and that, as a result, defendants engaged in improper accounting practices. Plaintiffs seek an unspecified amount of damages. On June 25, 2007, the Company and the individual defendants' moved to dismiss the consolidated class action complaint.

Based on the allegations contained in the consolidated class action complaint, the Company believes that Plaintiffs' claims are without merit, and the Company intends to vigorously defend against the lawsuit. However, the ultimate outcome of this matter cannot be predicted with certainty.

ITEM 1A. RISK FACTORS

There have been no material changes with respect to the risk factors disclosed in our Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 20, 2007, the Company held a special meeting of stockholders to approve an amendment to Section 4(a) of the Company's Stock Option Plan for Outside Directors (the "1994 Plan"), which extended the time period during which grants may be made under the 1994 Plan though November 30, 2004. The stockholders approved the amendment by a vote of 51,977,232 for, 10,496,620 against, 115,816 abstaining and no broker non-votes. The Company has informed Nasdaq that such stockholder approval was obtained.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1*	Business Loan Agreement between Hansen Beverage Company and Comerica Bank
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*** Filed herewith**

SIGNATURES

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

HANSEN NATURAL CORPORATION
Registrant

Date: August 9, 2007

/s/ RODNEY C. SACKS
Rodney C. Sacks
Chairman of the Board of Directors
and Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rodney Sacks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hansen Natural Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2007

/s/ Rodney C. Sacks

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

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Hilton Schlosberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hansen Natural Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2007

/s/ Hilton H. Schlosberg

Hilton H. Schlosberg
Vice Chairman of the Board of Directors, President,
Chief Operating Officer, Chief Financial Officer
and Secretary

EXHIBIT 32.1

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

In connection with the quarterly report of Hansen Natural Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Rodney C. Sacks, Chairman of the Board of Directors and Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2007

/s/ Rodney C. Sacks
Rodney C. Sacks
Chairman of the Board of Directors
and Chief Executive Officer

BUSINESS LOAN AGREEMENT

This Business Loan Agreement (this "Agreement") is entered into by and between Comerica Bank ("Bank") and Hansen Beverage Company, a Delaware corporation ("Borrower") as of May 8, 2007, at Bank's Western Market headquarters office at 333 West Santa Clara Street, San Jose, California 95113 with reference to the following facts:

WHEREAS, Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement, dated December 1, 2004 (as modified, amended, supplemented or revised from time to time, the "Prior Agreement") pursuant to which Bank has made certain credit facilities available to Borrower. Borrower and Bank desire to amend and restate the Prior Agreement in its entirety in accordance herewith.

NOW THEREFOR, in consideration of the mutual covenants and conditions hereof, the parties to this Agreement hereby agree the Prior Agreement is hereby amended and restated in full as follows:

1. Revolving Loan. Bank shall make available to Borrower a revolving line of credit in the maximum principal amount of Ten Million Dollars ($10,000,000) (the "Maximum Revolving Amount") which shall be evidenced by the Master Revolving Note. Subject to the terms and conditions of this Agreement and the Master Revolving Note, from time to time prior to the maturity date set forth in the Master Revolving Note, Bank shall, upon Borrower's request in accordance with this Agreement, make advances (each a "Revolving Loan," and collectively, the "Revolving Loans") to Borrower in an aggregate amount outstanding not to exceed at any one time the Maximum Revolving Amount, the proceeds of which shall be used by Borrower only for general working capital.

(a) Revolving Loans may be repaid and reborrowed, subject to the terms and conditions hereof including the provisions of any LIBOR Addendum to the Master Revolving Note, provided, that the outstanding principal amount of all Revolving Loans, together with all accrued and unpaid interest thereon, shall be due and payable in full on the maturity date set forth in the Master Revolving Note.

(b) Anything contained in the foregoing to the contrary notwithstanding, the proceeds of the initial Revolving Loan shall be applied to the repayment of existing outstanding Indebtedness under the Prior Agreement.

2. Letter of Credit Usage and Sublimit. Subject to availability of Revolving Loans and subject to the terms and conditions of this Agreement and the Master Revolving Note, from time to time prior to the maturity date set forth in the Master Revolving Note, Bank shall issue for the account of Borrower such standby and commercial letters of credit (each a "Letter of Credit," and collectively, the "Letters of Credit") as Borrower may request, which requests shall be made by delivering to Bank a duly executed letter of credit application on Bank's standard form; provided, however, that the outstanding and undrawn amounts under all such Letters of Credit (i) shall not at any time exceed Ten Million Dollars ($10,000,000) in the aggregate (the "Letter of Credit Sublimit") and (ii) shall be deemed to constitute Revolving Loans for the purpose of calculating the availability of Revolving Loans.

(a) Unless agreed to in writing by Bank, no commercial Letter of Credit issued hereunder shall have an expiration date that is more than one hundred eighty (180) days from the date of issuance, and no standby Letter of Credit issued hereunder shall have an expiration date that is more than three hundred sixty five (365) days from the date of issuance. All Letters of Credit shall be in form and substance acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's form letter of credit application and agreement and such other agreements as are required by Bank. Borrower shall pay all usual issuance and other fees that Bank notifies Borrower it will be charged for issuing and processing Letters of Credit for Borrower.

(b) The obligation of Borrower to immediately reimburse Bank for drawings made under Letters of Credit shall be absolute, unconditional and irrevocable in accordance with the terms of the Master Revolving Note and the letter of credit application and agreement with respect to each such Letter of Credit. In the absence of such reimbursement, the amount so advanced immediately and automatically shall be deemed to be an advance under the Master Revolving Note, thereafter, shall bear interest at the rate then applicable to Revolving Loans thereunder. Borrower shall indemnify, defend, protect and hold Bank harmless from any loss, cost, expense, or liability, including, without limitation, reasonable attorney's fees incurred by Bank, whether in-house or outside counsel is used, arising out of or in connection with any Letters of Credit.

(c) If at any time for any reason, the amount of Indebtedness owed by Borrower to Bank with respect to the Letters of Credit issued on behalf of Borrower pursuant to this Agreement is greater than the aggregate amount available to be drawn under the Master Revolving Note, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

(d) Borrower acknowledges and agrees that (i) at any time following the occurrence and during the continuation of any Default, and/or (ii) termination of Bank's commitment or obligation to make advances, loans or otherwise extent credit to or in favor of Borrower under the Master Revolving Note and the other Loan Documents, in the event that and to the extent that there are any outstanding and undrawn amounts under any Letters of Credit, at such time, upon demand of Bank, Borrower shall deliver to Bank, or cause to be delivered to Bank, cash collateral in an amount not less than any such outstanding and undrawn amounts under any such Letters of Credit, which cash collateral shall be held and retained by Bank as cash collateral for the repayment of such any drawings under any such Letter of Credit, together with any and all other Indebtedness of Borrower to Bank remaining unpaid, and Borrower pledges to Bank and grants to Bank a continuing first priority security interest in any such cash collateral so delivered to Bank. Alternatively, Borrower shall cause to be delivered to Bank an

irrevocable standby letter of credit issued in favor of Bank by a bank acceptable to Bank, in its sole discretion, in an amount not less than any such outstanding and undrawn amounts under any such Letter of Credit, and upon terms acceptable to Bank, in its sole discretion.

3. Additional Loans To Borrower. Bank and Borrower agree that all present and future Loans which Bank in its sole discretion has made or may now or hereafter make to Borrower shall be subject to the terms and conditions of this Agreement unless otherwise agreed to in writing by Bank and Borrower. In the event there are contradictions between the provisions of this Agreement and any other written agreement with the Bank, this Agreement shall prevail. All

Loans shall be subject to the terms and conditions of this Agreement, promissory note(s) executed in connection herewith and/or previously or subsequently executed, and all amendments, renewals and extensions thereof (sometimes hereinafter referred to collectively with the Master Revolving Note as the "Notes"), and all those certain security agreements and/or such other security or other documents as Bank has required or may now or hereafter require in connection with the Loans, the Letters of Credit or the Notes (collectively with this Agreement and the Notes, the "Loan Documents"). Any commitment of Bank to make Loans or otherwise extend financial accommodations under this Agreement or any other Loan Document shall expire on the maturity date set forth in the applicable Note evidencing such Loan, subject to Bank's right to renew said commitment in its sole and absolute discretion at Borrower's request. Any such renewal of said commitment shall not be binding upon Bank unless it is in writing and signed by an officer of Bank.

4. Legal Effect. This Agreement supplements the terms and conditions of the Loan Documents. Except as otherwise specified herein, all terms used in this Agreement shall have the same meaning as given in the Note and/or Loan Documents which are incorporated herein by this reference. Any and all terms used in this Agreement, the Note and/or the Loan Documents shall be construed and defined in accordance with the meaning and definition of such term under and pursuant to the California Uniform Commercial Code, as amended. Except as specifically modified hereby, all of the terms and conditions of the Note and/or the Loan Documents shall remain in full force and effect.

5. Interest Rate; Payment Terms; Loan and Letter of Credit Fees. The principal and interest on the Loans and the Letters of Credit shall be payable on the terms set forth in the Notes and/or the Loan Documents.

(a) In addition to all Bank's customary charges, commissions, fees and costs payable to Bank in connection with all Letters of Credit issued hereunder in accordance with Letter of Credit Application and Agreement entered into in connection therewith, Borrower shall pay Bank an annual fee equal to the Applicable Letter of Credit Fee Percentage set forth below in connection with each Letter of Credit issued or outstanding hereunder. The Applicable Letter of Credit Fee Percentage shall be determined on the basis of the ratio of Senior Funded Debt to EBITDA of Hansen Natural calculated on a consolidated basis according to the quarterly financial statements and compliance certificate submitted to Bank in accordance with the terms of this Agreement.

Total Senior Funded Debt To EBITDA Ratio	**Applicable Letter of Credit Fee Percentage**
< 1.50:1.00	1.25%
≥ 1.50:1.00 and < 2.50:1.00	1.50%
≥ 2.50:1.00	1.75%

Bank will determine the Applicable Letter of Credit Fee Percentage for each quarterly period on the sixtieth (60th) day following the last day of each such period. The ratio of Senior Funded Debt to EBITDA must meet the above referenced thresholds for any decrease in the Applicable Letter of Credit Fee Percentage to occur.

(b) In addition to any other amounts due, or to become due, concurrently with the execution hereof, Borrower agrees to pay to Bank a legal documentation fee in the amount of One Thousand Five Hundred Dollars ($1,500) and all other costs and expenses incurred by Bank in the preparation of this Agreement, the other documents, instruments and agreements entered into in connection herewith, and the release of any security interest previously granted to Bank by Borrower.

(c) In addition, Borrower shall pay such additional loan fees from time to time in the future as agreed between Bank and Borrower.

6. Security. As security for Borrower's obligations to Bank under this Agreement, the Note and/or the Loan Documents and all other indebtedness and liabilities whatsoever of Borrower to Bank, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, evidenced by the Note and/or the Loan Documents (collectively, the "Indebtedness"), Borrower hereby grants to Bank, prior to or simultaneously with the borrowing hereunder, a continuing security interest in all deposit accounts of Borrower with Bank, and in all collateral provided to Bank pursuant to any security agreement and/or all collateral that is delivered to Bank and/or which Bank possesses from time to time, and all proceeds thereof, (collectively, the "Collateral").

7. Representations and Warranties of Borrower. Borrower represents and warrants to Bank that as of the date of acceptance of this Agreement, the Note and/or the Loan Documents, as of the date of borrowing hereunder and at all times the Loan or any other Indebtedness are outstanding hereunder:

(a) Borrower is duly organized, validly existing and in good standing under the laws of the state of its incorporation;

(b) Hansen Natural is duly organized, validly existing and in good standing under the laws of the state of its incorporation;

(c) Each Guarantor of the Indebtedness is duly organized, validly existing and in good standing under the laws of the state of its incorporation;

(d) Borrower has the legal power and authority, to own its properties and assets and to carry out its business as now being conducted; it is qualified to do business in every jurisdiction wherein such qualification is necessary; it has the legal power and authority to execute and perform this Agreement, the Note and/or the Loan Documents to borrow money in accordance with its terms, to execute and deliver this Agreement, the Note and the Loan Documents, and to do any and all other things required of it hereunder; and this Agreement, the Note and all the Loan Documents, when executed on behalf of Borrower by its duly authorized officers, shall be its valid and binding obligations legally enforceable in accordance with their terms;

(e) The execution, delivery and performance of this Agreement, the Note and/or the Loan Documents and the borrowings hereunder and thereunder (i) have been duly authorized by all requisite corporate action; (ii) do not require governmental approval; (iii) will not result (with or without notice and/or the passage of time) in any conflict with or breach or violation of or default under, any provision of law, the articles of incorporation, bylaws or other operating agreements of Borrower, any provision of any indenture, agreement or other instrument to which Borrower is a party, or by which it or any of its

properties or assets are bound; and (iv) will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of Borrower;

(f) The balance sheet of Hansen Natural as provided to Bank by Borrower in connection herewith and the related statement of income of Hansen Natural provided to Bank for the period ended December 31, 2005, fairly present the financial condition of Hansen Natural in accordance with generally accepted accounting principles ("GAAP") consistently applied; and from the date thereof to the date hereof, there has been no material adverse change in such condition or operations; and

(g) There is not pending nor, to the best of Borrower's knowledge, threatened, any litigation, proceeding or governmental investigation which could materially and adversely affect its business or its ability to perform its obligations, pay the Indebtedness and/or comply with the covenants set forth herein and/or in the Note and/or the other Loan Documents.

8. Affirmative Covenants. Until the Indebtedness is paid in full, Borrower covenants and agrees to do the following:

(a) Furnish to Bank within sixty (60) days after the end of each fiscal quarter, the Form 10-Q as filed with the US Securities and Exchange Commission by Hansen Natural or any Subsidiary of Hansen Natural with respect to such fiscal quarter, which shall include, without limitation, an unaudited company prepared balance sheet and statement of income covering the consolidated operations of Hansen Natural and its Subsidiaries;

(b) Within ninety five (95) days of the end of each fiscal year, furnish to Bank the Form 10-K as filed with the US Securities and Exchange Commission by Hansen Natural or any Subsidiary of Hansen Natural with respect to such fiscal year, which shall include, without limitation statements of the financial condition of Hansen Natural and each of its Subsidiaries for each such fiscal year, including but not limited to, a balance sheet, profit and loss statement, and statement of cash flow. Said annual financial statements shall be prepared by an independent certified public accountant selected by Hansen Natural and acceptable to Bank on an audited basis; and

(c) Promptly after the same are available, copies of all such proxy statements, financial statements and reports as Hansen Natural or any Subsidiary shall send to its members or stockholders, or to any holders of Subordinated Debt as applicable, if any, and copies of all reports on Form 8-Q or otherwise filed by Hansen Natural or any Subsidiary of Hansen Natural with the Securities and Exchange Commission or any governmental authority at any time substituted therefore.

(d) In addition to the financial statements requested above, Borrower agrees to provide Bank with quarterly compliance certificates, including a calculation of each financial covenant set for the in the Addendum A to this Agreement, within sixty (60) days after the end of each fiscal quarter of Hansen Natural and its Subsidiaries; and

(e) Promptly inform Bank of the occurrence of any default or event of default as defined in the Note and/or the Loan Documents (hereinafter referred to as "Default") or of any event which could have a materially adverse effect upon Borrower's business, properties, financial condition or ability to comply with its obligations hereunder, including without limitation its ability to pay the Indebtedness;

(f) Furnish such other information as Bank may reasonably request from time to time;

(g) Keep in full force and effect its own corporate, company or partnership existence in good standing; continue to conduct and operate its business substantially as presently conducted and operated and maintain and protect all franchises and trade names and preserve all the remainder of its property used or useful in the conduct of its business and keep the same in good repair and condition;

(h) Comply with the financial covenants set forth in Addendum A, attached hereto and made a part hereof;

(i) Maintain a standard and modern system of accounting in accordance with GAAP consistently applied with ledger and account cards and/or computer tapes and computer disks, computer printouts and computer records pertaining to the Collateral which contain information as may from time to time be requested by Bank, not modify or change its method of accounting without the written consent of Bank first obtained, permit Bank and any of its employees, officers, or agents, upon demand, during Borrower's usual business hours, or the usual business hours of any third person having control thereof, to have access to and examine all of Borrower's records relating to the Collateral, Borrower's financial condition and the results of Borrower's operations and in connection therewith, permit Bank or any of its agents, employees, or officer to copy and make extracts therefrom;

(j) Maintain Borrower's same place of business or chief executive office as indicated below, and not relocate said address without giving Bank thirty (30) days prior written notice;

(k) Maintain insurance with such insurers in such amounts and of a type satisfactory to Bank, with Bank to be designated as the payee of any such insurance policies under a payee/secured lender clause acceptable to Bank;

(l) To keep all of its principal bank accounts with Bank and shall notify Bank immediately in writing of the existence of any other bank account, deposit account, or any other account into which money can be deposited;

(m) On a continuing basis from the date of this Agreement until the Indebtedness is paid in full and Borrower has performed all of its other obligations hereunder, Borrower represents and agrees that:

(1) There are not and will not be Hazardous Materials (as later defined) on, in or under any real or personal property ("Property") now or at any time owned, occupied or operated by Borrower which in any manner violate any Environmental Law (as later defined).

(2) Borrower shall promptly conduct all investigations, testing and other actions necessary to clean up and remove all Hazardous Materials on or affecting the Property in accordance with every Environmental Law.

(3) Borrower shall defend, indemnify and hold harmless Bank, its employees, agents, officers, shareholders and directors from and against any and all claims, damages, fines, expenses, liabilities or causes of action of whatever kind, including without limit consultant fees, legal expenses and reasonable attorneys' fees, suffered by any of them as a direct or indirect result of any actual or asserted violation of any Environmental Law.

(4) Upon ten days notice to Borrower (except in an emergency), Bank may (but is not obligated to) enter on the Property or take such other actions as it deems appropriate to inspect, test for, clean up, remove or minimize the impact of any Hazardous Materials upon Bank's receipt of any notice from any source asserting the existence of any Hazardous Materials in violation of any Environmental Law. All costs and expenses so incurred by Bank, including without limit consultant fees, legal expenses and reasonable attorneys' fees, shall be payable by Borrower upon demand.

(5) The provisions of this section shall survive the repayment of the Indebtedness, the satisfaction of all other obligations of Borrower to Bank, the discharge or termination by Bank of any lien or security interest from Borrower, and the foreclosure of or exercise of rights as to any collateral given to Bank.

(6) "Hazardous Materials" mean all of the following: any asbestos, petroleum, petroleum by-products, flammable explosives, or radioactive materials or any hazardous or toxic materials as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.) or in any other Environmental Law.

(7) "Environmental Law" means any federal, state, local or other law, ordinance, statute, directive, rule, order or regulation on object of which is to regulate or improve health, safety or the environment.

(n) Prior to the occurrence of an Event of Default, Bank shall not require that Bank be permitted to conduct audits of the accounts or inventory of Borrower. Upon the occurrence of an Event of Default, and during the continuation thereof, Bank shall be entitled to conduct such audits of Borrower's accounts and inventory as Bank reasonably may require, at Borrower's expense.

9. Negative Covenants. Borrower shall not, without Bank's prior written consent, do any of the following:

(a) Grant a security interest in or permit a lien, claim or encumbrance upon any of the Collateral to any person, association, firm, corporation, entity, governmental agency or instrumentality, except as held by Bank from time to time and except for warehouse liens, packer's liens and co-packer's liens arising in the ordinary course of Borrower's business;

(b) Permit any levy, attachment or restraint to be made affecting any of Borrower's assets;

(c) Permit any judicial officer or assignee to be appointed or to take possession of any or all of Borrower's assets;

(d) Sell, lease or otherwise dispose of, move, or transfer, whether by sale or otherwise, any of Borrower's properties or assets in excess of Five Hundred Thousand and 00/100 Dollars ($500,000.00), other than sales of inventory in the ordinary course of Borrower's business;

(e) Change its name, business structure, corporate identity or structure; add any new fictitious name, dissolve, liquidate, merge or consolidate with or into any other corporation, entity or other business organization, or permit another corporation, entity or other business organization to merger into it;

(f) Move or relocate any collateral except in the ordinary course of Borrower's business;

(g) Acquire any other business organization;

(h) Enter into any transaction or series of transactions aggregating One Million and 00/100 Dollars ($1,000,000.00) or more not in the usual course of Borrower's business;

(i) Without Bank's prior written consent, pledge or otherwise hypothecate any of its assets;

(j) Make any change in Borrower's financial structure or in any of its business objects, purposes or operations which would adversely affect the ability of Borrower to pay its obligations;

(k) Incur any debt outside the ordinary course of Borrower's business;

(l) Make loans, advances or extensions of credit to any Person in an aggregate amount in excess of Five Hundred Thousand and 00/100 Dollars ($500,000.00), except for sales on open account and otherwise in the ordinary course of Borrower's business;

(m) Guaranty or otherwise, directly or indirectly, in any way be or become responsible for obligations of any other person, whether by agreement to purchase the indebtedness of any other person, agreement for the furnishing of funds to any other person through the furnishing of goods, supplies or services, by way of stock purchase, capital contribution, advance or loan, for the purpose of paying and discharging (or causing the payment or discharge of) the indebtedness of any other person, or otherwise, except for the endorsement of negotiable instruments by Borrower in the ordinary course of business for deposit or collection;

(n) Acquire all or substantially all of the properties or assets of any other person, enter into any reorganization or recapitalization or reclassify its capital stock, or enter into any sale-lease back transaction;

(o) Purchase or hold beneficially any stock or other securities of, or make any investment or acquire any interest whatsoever in, any other person, except for the common stock of the subsidiaries owned by Borrower on the date of this Agreement or other applicable date and except for certificates of deposit with maturities of one year or less of a United States commercial bank with capital, surplus and undivided profits in excess of One Hundred Million Dollars ($100,000,000), and direct obligations of the United States government maturing within one (1) year from the date of acquisition thereof;

(p) Allow any fact, condition or event to occur or exist with respect to any employee, pension or profit sharing plan established or maintained by it which might constitute grounds for termination of any such plan or for the court appointment of a trustee to administer any such plan;

(q) Without Bank's prior written consent, acquire or expend for or commit itself to acquire or expend for fixed assets by lease, purchase or otherwise, except in the ordinary course of Borrower's business;

(r) Without Bank's prior written consent, become liable for borrowed money or finance loans ;

(s) Borrower shall not lend, advance or otherwise downstream the proceeds of any Loan or other extension of credit under this Agreement or the other Loan Documents to any Subsidiary of Borrower, including without limitation Hard E Beverage Company, Hansen Junior Juice Company or Blue Sky Natural Beverage Co.;

(t) Borrower shall not loan, advance, make capital contributions to or otherwise transfer cash or assets in any manner to any Subsidiary, or permit any Subsidiary to do so with respect to any other Subsidiary, except for (i) transfers of working capital by Borrower to any Subsidiary when and as necessary to meet the working capital needs of such Subsidiary in the ordinary course of Borrower's and such Subsidiary's business and so long as such transfer would not impair Borrower's operations or its ability to perform the Indebtedness; or (ii) transfers of raw material and work-in-process inventory to such Subsidiary for purposes of the completion of production of such inventory by such Subsidiary.

(u) Borrower will not make any distribution or declare or pay any dividend (in stock or in cash) to any shareholder or on any of its capital stock, of any class, whether now or hereafter outstanding, or purchase, acquire, repurchase, or redeem or retire any such capital stock, provided, however, that Borrower may declare and pay dividends in cash or in stock in an aggregate amount not in excess of Borrower's current increase in retained earnings for the most recent fiscal quarter ended as of the date of any such payment; and

(v) Borrower shall not materially sublicense Trademark Rights other than pursuant to contracts for or in connection with the sale or distribution of finished products or other sublicenses entered into in the ordinary course of business, or otherwise entered into prior to the date of this Agreement and disclosed to Bank; provided, however, that Borrower shall within ten (10) days after entering into any material sublicense give notice to Bank of such sublicense and the name and address of the sublicensee and a copy of such material sublicense. A "material

sublicense" means a material sublicense by Borrower to a third party granting sole control and use of Borrower's material Trademark Rights.

10. Negative Pledge. In connection with this Agreement, Borrower hereby further acknowledges and agrees that, except as expressly permitted under this Agreement, there exists no lien, pledge, encumbrance, security interest, deed of trust, mortgage or other charge upon, and at all times during the effectiveness of this Agreement Borrower shall not create, incur, assume, suffer or permit to exist any lien, pledge, encumbrance, security interest, deed of trust, mortgage or other charge upon, any of its property or assets, whether now owned or hereafter acquired, including without limitation any real or intellectual property. In addition, Borrower further acknowledges and agrees that it has and at all times during the effectiveness of this Agreement shall not enter into an agreement with a third party providing financing to Borrower by which Borrower places an additional negative pledge on any such property or assets or promises not to hypothecate or transfer any such property or assets.

11. Default. The terms "Default" or "Event of Default", as used herein, shall have the meaning given in the Note and/or the Loan Documents. In addition, the parties agree that any one or more of the following events shall constitute a default by Borrower under this Agreement, the Note and/or the Loan Documents:

(a) If Borrower fails or neglects to perform, keep or observe any term, provision, condition, covenant, agreement, warranty or representation contained in this Agreement, the Note, the Loan Documents or any other present or future agreement between Borrower and Bank;

(b) If any material representation, statement, report or certificate made or delivered by Borrower, or any of its officers, employees or agents to Bank is not true and correct;

(c) If Borrower fails to pay when due and payable or declared due and payable, all or any portion of the Indebtedness (whether or principal, interest, taxes, reimbursement of Bank expenses, or otherwise) and such failure continues for three (3) business days after notice of such failure is delivered by the Bank to Borrower;

(d) If there is a material impairment of the prospect of repayment of all or any portion of Borrower's obligations, including without limitation the Indebtedness or a material impairment of the value or priority of Bank's security interest in any Collateral including, without limitation, any action by any subcontractor or warehouseman holding or asserting a lien in Collateral or asserting a setoff right;

(e) If all or any of Borrower's assets are affected, become subject to a writ or distress warrant, or are levied upon, or come into the possession of any judicial officer or assignee and the same are not released, discharged or bonded against within ten (10) days thereafter;

(f) If any insolvency proceeding is filed or commenced by or against Borrower without being dismissed within ten (10) days thereafter;

(g) If any bankruptcy or other proceeding is filed or commenced by or against Borrower for its reorganization, dissolution or liquidation without being dismissed within ten (10) days of its commencement;

(h) If Borrower is enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs;

(i) If a notice of lien, levy or assessment is filed of record with respect to any or all of Borrower's assets by the United States Government, or any department, agency or instrumentality thereof, or by any state, county, municipal or other government agency, or if any taxes or debts owing at any time hereafter to any one or more of such entities becomes a lien, whether inchoate or otherwise, upon any or all of the Borrower's assets and the same is not paid on the payment date thereof;

(j) If a judgment or other claim becomes a lien or encumbrance upon any or all of Borrower's assets and the same is not satisfied, dismissed or bonded against within ten (10) days thereafter;

(k) If Borrower's records are prepared and kept by an outside computer service bureau at the time this Agreement, the Note and/or the Loan Documents are entered into or during the term of this Agreement, the Note and/or the Loan Documents, such an agreement with an outside service bureau is entered into, and at any time thereafter, without first obtaining the written consent of Bank, Borrower terminates, modifies, amends or changes its contractual relationship with said computer service bureau or said computer service bureau fails to provide Bank with any requested information or financial data pertaining to Bank's Collateral, Borrower's financial condition or the results of Borrower's operations;

(l) If Borrower permits a default in any material agreement to which Borrower is a party with third parties so as to result in an acceleration of the maturity of Borrower's indebtedness to others, whether under any indenture, agreement or otherwise;

(m) If Borrower makes any payment on account of indebtedness which has been subordinated to Borrower's obligations to Bank, including without limitation the Indebtedness;

(n) If any material misrepresentation exists now or thereafter in any warranty or representation made to Bank by any officer or director of Borrower, or if any such warranty or representation is withdrawn by any officer or director;

(o) If any party subordinating its claims to that of Bank's or any guarantor of Borrower's obligations terminates its subordination or guaranty, becomes insolvent or an insolvency proceeding is commenced by or against any such subordinating party or guarantor;

(1) If there is a change of ownership or control of twenty five percent (25%) or more of the issued and outstanding capital stock of Borrower; or

(p) If any reportable event, which the Bank determines constitutes grounds for the termination of any deferred compensation plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any such plan, shall have occurred and be continuing thirty (30) days after written notice of such determination shall have been given to Borrower by Bank, or any such Plan shall be terminated within the meaning of Title IV of the Employment Retirement Income Security Act ("ERISA"), or a trustee shall be appointed by the appropriate United States District Court to administer any such plan, or the Pension Benefit Guaranty Corporation shall institute proceedings to terminate any plan and in case of any event described in this Section 11, the aggregate amount of the Borrower's liability to the Pension Benefit Guaranty Corporation under Sections 4062, 4063 or 4064 of ERISA shall exceed five percent (5%) of Borrower's Tangible Effective Net Worth.

Bank shall not be obligated to make advances to Borrower during any cure period provided for in Sections 11(e), 11(f), 11(j), and 11(r) above.

12. Rights and Remedies. The parties have agreed as follows with respect to Bank's rights and remedies upon Default:

(a) Bank shall have all rights and remedies available hereunder and under the Note and the Loan Documents and under applicable law;

(b) Bank may at its option without notice, accelerate the Indebtedness and declare all Indebtedness to be due, owing and payable in full;

(c) Bank may at its option without notice, cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or any other agreement between Borrower and Bank.

(d) No Default (as defined in this Agreement, the Note and/or the Loan Documents) shall be waived by Bank except in writing and a waiver of any Default shall not be a waiver of any other default or of the same default on a future occasion;

(e) No single or partial exercise of any right, power or privilege hereunder, or any delay in the exercise hereof, shall preclude other or further exercise of the rights of the parties under this Agreement, the Note and/or the Loan Documents; and

(f) No forbearance on the part of Bank in enforcing any of its rights under this Agreement, the Note and/or the Loan Documents nor any renewal, extension or rearrangement of any payment or covenant to be made or performed by Borrower hereunder shall constitute a waiver of any of the terms of this Agreement, the Note, and/or the Loan Documents, or of any such right.

13. Cross-Default. A Default under this Agreement shall also be a Default under the Note and the Loan Documents, and vice versa. A Default under this Agreement, the Note and/or the Loan Documents shall also be a Default under every other note and other agreement between Bank and Borrower, and vice versa.

14. Cross-Collateral. Any Collateral for this Agreement, the Note and/or the Loan Documents shall also be Collateral for any other obligations owing by Borrower to Bank. Notwithstanding the above, (i) to the extent that any portion of the Indebtedness is a consumer loan, that portion shall not be secured by any deed of trust or mortgage on or other security interest in any of the undersigned's principal dwelling or in any of the undersigned's real property which is not a purchase money security interest as to that portion, unless expressly provided to the contrary in another place, or (ii) if the undersigned (or any of them) has

(have) given or give(s) Bank a deed of trust or mortgage covering real property, that deed of trust or mortgage shall not secure this Note or any other indebtedness of the undersigned (or any of them), unless expressly provided to the contrary in another place.

15. Survival of Covenants, Agreements, Representations and Warranties. All covenants, agreements, representations and warranties (a) previously made (except as specifically subsequently modified); (b) made in connection herewith or with the Note and/or the Loan Documents and/or any document contemplated hereby; or (c) executed hereafter (unless such document expressly states that this Agreement does not apply thereto) shall survive the borrowing hereunder and thereunder and the repayment in full of the Note and/or the Loan Documents and any amendments, renewals or extensions thereof and shall be deemed to have been relied upon by Bank. All statements contained in any certificate or other document delivered to Bank at any time by or on behalf of Borrower shall constitute representations and warranties by Borrower.

16. Miscellaneous. The parties agree to the following miscellaneous terms:

(a) This Agreement, the Note and the Loan Documents shall be governed by California law, without regard for the effect of conflict of laws;

(b) Borrower agrees that it will pay all out of pocket costs of Bank and expenses (including, without limitation, Bank's attorneys' fees and costs and/or fees, transfer charges and costs of Bank's in-house counsel) in connection with the preparation of this Agreement, the Note and/or the Loan Documents and/or the documents contemplated hereby and the closing of the Loan;

(c) This Agreement, the Note and/or the Loan Documents shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns; provided, however, that Borrower shall not assign or transfer its right or obligations under this Agreement, the Note and/or the Loan Documents without the prior written consent of Bank;

(d) Borrower acknowledges that Bank may provide information regarding Borrower and the Loan to Bank's parent, subsidiaries and affiliates and service providers, and

(e) This Agreement is an integrated agreement and supersedes all prior negotiations and agreements regarding the subject matter hereof. Any amendments hereto shall be in writing and be signed by all parties hereto.

17. JURY WAIVER. THE BORROWER AND THE BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE INDEBTEDNESS OR ANY OTHER DOCUMENT, INSTRUMENT OR AGREEMENT BETWEEN THE UNDERSIGNED PARTIES.

18. Judicial Reference Provision.

(a) In the event the Jury Trial Waiver set forth above is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

(b) With the exception of the items specified in clause (c), below, any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Agreement, the Indebtedness, the Note, the other Loan Documents or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the "Comerica Documents"), will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Comerica Documents, venue for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "Court").

(c) The matters that shall not be subject to a reference are the following: (i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

(d) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(e) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(f) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(g) Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(h) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(i) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(j) THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT, THE INDEBTEDNESS OR THE OTHER COMERICA DOCUMENTS.

19. Counterparts; Entire Agreement. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement, together with the Notes, the other Loan Documents and each other document, instrument and agreement entered into in connection with the Prior Agreement, to the extent not amended and restated hereby, constitute the entire understanding among the parties hereto with respect to the subject matter hereof and, as applicable amends and restates in full the Prior Agreement and any other agreement, written or oral, with respect thereto. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Prior Agreement that are not amended and restated in connection with this Agreement, the Notes and the other Loan Documents.

IN WITNESS WHEREOF, the parties have executed this Business Loan Agreement as of the date first set forth above.

Accepted and effective as of: May 8, 2007
at Bank's Headquarters Office

"Bank"

COMERICA BANK

By: /s/Thomas M. Hicks
Name: Thomas M. Hicks
Title: Vice President-Western Market

"Borrower"

HANSEN BEVERAGE COMPANY
a Delaware corporation

By: /s/ Rodney Sacks
Name: Rodney Sacks
Title: Chairman /CEO

By: /s/ Hilton Schlosberg
Name: Hilton Schlosberg
Title: Vice Chairman/President

Address for Notices:

75 East Trimble Road
San Jose, California 95131
Attn: Credit Manager

Address for Notices:

1010 Railroad St.
Corona, California 92882
Attn: Tom Kelly

Fax number: (408) 556-5097 Fax Number: (951) 739-6212

ADDENDUM A TO BUSINESS LOAN AGREEMENT
(DEFINITIONS AND FINANCIAL COVENANTS)

1. Definitions. When used in the Business Loan Agreement dated as of May 8, 2006 by and between Comerica Bank ("Bank") and Hansen Beverage Company, a Delaware corporation ("Borrower") the following terms shall have the following meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

Agreement shall mean and includes that certain Business Loan Agreement, dated as of May 8, 2006, entered into between Borrower and Bank, and any extensions, supplements, amendments or modifications thereto.

Current Assets shall mean, in respect of a Person and as of any applicable date of determination, all current assets of such Person determined in accordance with GAAP.

Current Liabilities shall mean, in respect of a Person and as of any applicable date of determination, all liabilities of such Person that should be classified as current in accordance with GAAP.

Current Maturities of Long Term Indebtedness shall mean, in respect of a Person and as of any applicable date of determination thereof, that portion of Long Term Indebtedness that should be classified as current in accordance with GAAP.

Current Ratio shall mean, in respect of a Person and as of an applicable date of determination, the sum of all Current Assets plus the amount of all Senior Funded Debt not included therein, divided by the sum of all Current Liabilities plus the amount of all Senior Funded Debt not included therein.

Debt shall mean, in respect of a Person and as of any applicable date of determination, all items of indebtedness, obligation or liability of a Person, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, that should be classified as liabilities in accordance with GAAP. In the case of Borrower and Hansen Natural, the term "Debt" shall include, without limitation, the Indebtedness.

EBITDA shall mean, in respect of a Person and as of any applicable period, such Person's consolidated pre-tax Net Income; plus (a) the aggregate of all interest paid or accrued by such Person and its Subsidiaries including, without limitation, all interest, fees and costs payable with respect to Indebtedness and the interest portion of capitalized lease payments; paid or accrued during such period; plus (b) amortization and depreciation deducted in determining Net Income for such period; plus (c) any non-cash charge in determining Net Income for such period

GAAP shall mean, as of any applicable period, generally accepted accounting principles in effect during such period.

Hansen Natural shall mean Hansen Natural Corporation, a Delaware corporation.

Loans shall mean and includes the Revolving Loans, the Letters of Credit and all other loans and advances of any kind made by Bank to Borrower pursuant to the Agreement and the Notes.

Long Term Indebtedness shall mean, in respect of a Person and as of any applicable date of determination thereof, all Debt which should be classified as "funded indebtedness" or "long term indebtedness" on a balance sheet of such Person as of such date in accordance with GAAP.

Master Revolving Note shall mean that certain revolving promissory note dated as of even date in the original principal amount of Ten Million Dollars ($10,000,000) entered into by Borrower in favor of Bank and any extensions, supplements, amendments or modifications thereto.

Net Income shall mean the net income (or loss) of a Person for any period of determination, determined in accordance with GAAP but excluding in any event:

a. any gains or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, and any taxes on the excluded gains and any tax deductions or credits on account on any excluded losses; and

b. in the case of Borrower or Hansen Natural, net earnings of any Person in which Borrower or Hansen Natural has an ownership interest, unless such net earnings shall have actually been received by Borrower or Hansen Natural in the form of cash distributions.

Person or person shall mean and includes any individual, corporation, partnership, joint venture, firm, association, trust, unincorporated association, joint stock company, government, municipality, political subdivision or agency or other entity.

Senior Funded Debt shall mean, as of an applicable date of determination all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, and (iii) all capital lease obligations, but excluding all Subordinated Debt.

Subordinated Debt shall mean in respect of a Person and as of an applicable date of determination all indebtedness of such Person to third parties which has been subordinated to the Indebtedness pursuant to a subordination agreement in form and content satisfactory to Bank.

Subsidiary shall mean, with respect to any Person, any corporation, association or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof, is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

Tangible Effective Net Worth shall mean, with respect to any Person and as of any applicable date of determination, Tangible Net Worth plus Subordinated Debt.

Tangible Net Worth shall mean, with respect to any Person and as of any applicable date of determination, the excess of:

a. the net book value of all assets of such Person (excluding affiliate receivables, patents, patent rights, trademarks, trade names, franchises, copyrights, licenses, goodwill, and all other intangible assets of such Person) after all appropriate deductions in accordance with GAAP (including, without limitation, reserves for doubtful receivables, obsolescence, depreciation and amortization), less

b. all Debt of such Person at such time.

Trademark Rights shall mean all Borrower's rights under license agreements and revenue sharing agreements for trademarks and all trademarks which the Borrower now owns or acquires in the future.

Working Capital shall mean, as of any applicable date of determination, Current Assets less Current Liabilities.

2. Financial Covenants. Compliance with the following financial covenants shall be determined based upon the financial condition of Hansen Natural, on a consolidated basis with Borrower and each other Subsidiary of Hansen Natural, and all references to financial statements and financial information shall be deemed to refer to the financial statements and financial information of Hansen Natural and its consolidated Subsidiaries. The following financial ratios and covenants shall be monitored on a quarterly basis, except as noted below.

(a) Tangible Effective Net Worth in an amount not less than Thirty Five Million Dollars ($35,000,000);

(b) A Current Ratio of not less than 1.25:1.00;

(c) A ratio of Senior Funded Debt to EBITDA of not more than 1.75:1.00, calculated on the basis of EBITDA for the four (4) fiscal quarters immediately preceding each applicable date of determination and Senior Funded Debt as of the date of determination;

(d) Minimum Net income of at least One Dollar ($-1-), measured annually as of the end of each fiscal year; and

(e) No more than two (2) consecutive quarterly losses.

All financial covenants shall be computed in accordance with GAAP consistently applied except as otherwise specifically set forth in this Agreement. All monies due from affiliates (including officers, directors and shareholders) shall be excluded from Hansen Natural's assets for all purposes hereunder.

EXHIBIT 32.2

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

In connection with the quarterly report of Hansen Natural Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Hilton H. Schlosberg, Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2007

/s/ Hilton H. Schlosberg

Hilton H. Schlosberg
Vice Chairman of the Board of Directors, President,
Chief Operating Officer, Chief Financial Officer and
Secretary